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

FORM 20-F

(Mark One)

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

OR

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

For the fiscal year ended December 31, 2020

OR

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

OR

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

Date of event requiring this shell company report

For the transition period from_____ to _____

Commission file number: 001-34153

Global Ship Lease, Inc.
(Exact name of Registrant as specified in its charter)

N/A
(Translation of Registrant's name into English)

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

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

Ian J. Webber, Chief Executive Officer, 25 Wilton Road, London SW1V 1LW, United Kingdom
Tel number: + 44 (0) 20 3998 0063
ian.webber@globalshiplease.com
(Name, Telephone, Email and/or Facsimile Number and Address of Company Contact Person)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Shares, par value of $0.01 per share	**GSL**	**New York Stock Exchange**
Depositary Shares, each of which represents a 1/100th interest in a share of 8.75% Series B Cumulative Redeemable Perpetual Preferred Shares, par value $0.01 per share	**GSL-B**	**New York Stock Exchange**
8.75% Series B Cumulative Redeemable Perpetual Preferred Shares*	**N/A***	**N/A***
8.00% Senior Unsecured Notes due 2024	**GSLD**	**New York Stock Exchange**

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

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

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

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

17,741,008 Class A common shares, par value of $0.01 per share
22,822 Series B Cumulative Redeemable Perpetual Preferred Shares, par value of $0.01 per share
250,000 Series C Perpetual Preferred Shares, par value of $0.01 per share

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

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

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

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

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

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

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

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

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

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

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

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

Item 17 ☐ Item 18 ☐

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

GLOBAL SHIP LEASE, INC.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

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

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

PART I

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

On November 15, 2018, we completed a transformative transaction 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 vessels that were acquired by us upon consummation of the Poseidon Transaction, one of which has subsequently been sold.

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

Item 1. Identity of Directors, Senior Management and Advisers

Not applicable.

Item 2. Offer Statistics and Expected Timetable

Not applicable.

Item 3. Key Information

A. Selected Financial Data

The following table sets forth our selected consolidated financial and other data as of and for the years ended December 31, 2020, 2019, 2018, 2017 and 2016, which is derived from our audited consolidated financial statements which have been prepared in accordance with United States generally accepted accounting principles ("U.S. GAAP"). Our audited consolidated statements of operations and statements of cash flows for the years ended December 31, 2020, 2019 and 2018 and our audited consolidated balance sheets as of December 31, 2020 and 2019, together with the notes thereto, are included in this Annual Report. Our audited consolidated statements of income and cash flows for the years ended December 31, 2017 and 2016 and our audited consolidated balance sheets as of December 31, 2018, 2017, and 2016, and the notes thereto, are not included herein.

You should read the information set forth below in conjunction with "Item 5. Operating and Financial Review and Prospects—A. Operating Results—Management's Discussion and Analysis of Financial Condition and Results of Operations" and our audited consolidated financial statements and notes thereto.

	2020	2019	2018 (1)	2017	2016
	(Expressed in millions of U.S. dollars, except for per share data)				
Statement of Operations					
Operating revenues:					
Time charter revenue	$ 282.8	$ 261.1	$ 157.1	$ 159.3	$ 166.8
Operating expenses:					
Vessel operating expenses	(102.8)	(87.8)	(49.3)	(42.7)	(45.4)
Time charter and voyage expenses	(11.2)	(9.0)	(1.6)	(1.0)	(0.7)
Depreciation and amortization	(47.0)	(43.9)	(35.5)	(38.0)	(42.8)
General and administrative expenses	(8.4)	(8.8)	(9.2)	(5.4)	(6.2)
Impairment of vessels	(8.5)	—	(71.8)	(87.6)	(92.4)
Loss on sale of vessels	(0.2)	—	—	—	—
Total operating expenses	**(178.1)**	**(149.5)**	**(167.4)**	**(174.7)**	**(187.5)**
Operating Income / (Loss)	**104.7**	**111.6**	**(10.3)**	**(15.4)**	**(20.7)**
Non-operating income/(expenses)					
Interest income	1.0	1.8	1.4	0.5	0.2
Interest and other finance expenses	(65.4)	(75.0)	(48.7)	(59.4)	(44.8)
Other income, net	1.3	1.5	0.3	0.1	0.2
Income / (Loss) before income taxes	**41.6**	**39.9**	**(57.3)**	**(74.2)**	**(65.1)**
Income taxes	(0.0)	(0.0)	0.0	(0.0)	(0.0)
Net Income / (Loss)	41.6	39.9	(57.3)	(74.2)	(65.1)
Earnings allocated to Series B Preferred Shares	(4.0)	(3.1)	(3.1)	(3.1)	(3.1)
Net Income / (Loss) available to common shareholders (2)	**37.6**	**36.8**	**(60.4)**	**(77.3)**	**(68.2)**
Net Earnings / (Loss) per Class A common share in $					
Basic	1.23	1.48	(7.42)	(12.89)	(11.39)
Diluted	1.22	1.48	(7.42)	(12.89)	(11.39)
Weighted average number of Class A common shares outstanding					
Basic in millions	17.7	11.9	6.5	6.0	6.0
Diluted in millions	17.8	11.9	6.5	6.0	6.0
Net income per Class B common share in $					
Basic and diluted	Nil	Nil	Nil	Nil	Nil
Weighted average number of Class B common shares outstanding					
Basic and diluted in millions	Nil	Nil	0.9	0.9	0.9
Dividend per Class A common share in $	—	—	—	—	—
Statement of cash flow					
Net cash provided by Operating Activities	104.4	93.3	47.7	66.9	71.6
Net cash (used in)/provided by Investing Activities	(39.6)	(99.9)	24.3	(4.9)	(6.9)
Net cash (used in)/provided by Financing Activities	(120.2)	64.1	(55.2)	(42.9)	(64.1)
Balance sheet data (at year end)					
Total current assets	98.6	161.9	99.0	77.4	57.1
Vessels in operation	1,140.6	1,155.6	1,112.8	586.5	707.3
Total assets	1,274.2	1,351.8	1,233.5	675.9	777.2
Debt (current and non-current portion), net	769.5	896.9	877.2	398.5	419.9
Class B and C Preferred Shares	—	—	—	—	—
Class A and B common shares	0.2	0.2	0.1	0.1	0.1
Shareholders' equity	464.7	406.4	316.4	251.6	328.9
Other data					
Number of vessels in operation at year end	43	43	38	18	18
Ownership days	16,044	14,326	7,675	6,570	6,588
Utilization	93.0%	94.4%	98.7%	98.4%	98.4%

(1) On November 15, 2018, we completed the Poseidon Transaction. The consideration given was 3,005,603 Class A common shares and 250,000 Series C perpetual convertible preferred shares of par value $0.01 (the "Series C Preferred Shares"). On January 20, 2021, all 250,000 Series C Preferred Shares were converted into an aggregate of 12,955,188 Class A common shares.

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

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

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

Risk Factor Summary

- Our financial and operating performance may be adversely affected by global public health threats, including the recent outbreak of the novel coronavirus (COVID-19).
- The volatile container shipping market and difficulty finding profitable charters for our vessels upon their expiry.
- We are dependent on our charterers, particularly CMA CGM, and other counterparties fulfilling their obligations under agreements with us, and their inability or unwillingness to honor these obligations could significantly reduce our revenues and cash flow.
- Our growth and long-term profitability depend mainly upon growth in demand for containerships, the condition of the charter market and the availability of capital. The container shipping industry is cyclical and volatile.
- Our ability to comply with various financial and collateral covenants in our credit facilities.
- Our substantial indebtedness could adversely affect our ability to raise additional capital to fund our operations and limit our ability to react to changes in the economy or our industry.
- The current state of the world financial market and current economic conditions could have a material adverse impact on our results of operations, financial condition and cash flows.
- A decrease in the export of goods or an increase in trade protectionism will harm our customers' business and, in turn, harm our business, results of operations and financial condition.
- Our growth depends on continued growth in the demand for containerships, our ability to purchase additional vessels and obtain new charters. We will require additional financing to be able to grow and will face substantial competition.

- Vessel values may fluctuate, which may adversely affect our financial condition, result in the incurrence of a loss upon disposal of a vessel or increase the cost of acquiring additional vessels.
- We must make substantial expenditures to maintain our fleet, meet new regulatory requirements or to acquire vessels.
- As our fleet ages, we may incur increased operating costs beyond normal inflation, which would adversely affect our results of operations.
- Increased competition in technology and innovation could reduce our charter hire income and our vessels' values.
- We rely on our information systems to conduct our business, and failure to protect these systems against security breaches, or the failure or unavailability of these systems, could adversely affect our business and results of operations.
- Despite our indebtedness levels, we may be able to incur substantially more indebtedness. This could further exacerbate the risks associated with our substantial indebtedness.
- We are exposed to volatility in, and related to the phasing out of, LIBOR and to exchange rate fluctuations.
- Due to our lack of diversification, adverse developments in our containership transportation business could harm our business, results of operations and financial condition.
- We are subject to regulation and liability under environmental laws that could require significant expenditures and affect our cash flows and net income.
- Increased inspection procedures, tighter import and export controls and new security regulations could cause disruption of our containership business.
- If our vessels call on ports located in countries or territories that are the subject of sanctions or embargoes imposed by the United States government, the European Union, the United Nations, or other governments, it could lead to monetary fines or penalties and have a material adverse effect on the market for our securities.
- Governments could requisition our vessels during a period of war or emergency without adequate compensation, which under most of our time charter agreements would permit the customer to terminate the charter agreement for that vessel.
- Our insurance may be insufficient to cover losses that may occur to our property or result from our operations.
- Compliance with safety and other vessel requirements imposed by classification societies may be costly and may adversely affect our business and operating results.
- Should we expand our business or provide additional services to third parties, we may need to improve our operating and financial systems, expand our commercial and technical management staff, and recruit suitable employees and crew for our vessels.
- Our third-party ship managers are privately-held companies and there is little or no publicly available information about them.
- We are incorporated in the Republic of the Marshall Islands, which does not have a well-developed body of corporate law.
- Our operating income could fail to qualify for an exemption from U.S. federal income taxation, which would reduce our cash flow.

Risks Relating to Our Business

Operating Revenue Risk

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

Payments to us by our charterers under time charters are, and will continue to be, our sole source of operating cash flow. As at December 31, 2020, 14 of our 43 vessels were chartered to CMA CGM. CMA CGM's payments to us under these charters are an important source of operating revenue. We are consequently dependent on the performance by CMA CGM of its obligations under these charters. The container shipping industry is cyclical and, whilst financial performance improved from time to time, suffered an extended cyclical downturn lasting from the Global Financial Crisis in 2008/2009 through 2016, with freight rates, charter rates, asset values, and liner operator earnings under pressure due to oversupply of container ship capacity. Industry conditions improved from 2017 through 2019, albeit with some weakness in short term market charter rates in the second half of 2018. The compound annual growth rate of containerized trade volumes from 2010 through 2019 was 3.8%. In the first half of 2020 global containerized trade volumes contracted sharply due to the COVID-19 pandemic, falling approximately 7.0% compared to the same period in 2019. However, volumes improved in the second half of the year, resulting in estimated negative growth of approximately 2.0% for the full year. Significant uncertainty remains concerning the longer-term impact of COVID-19 upon container shipping and the macro-economic environment in general. Equally unpredictable is the impact it may have upon our charterers' operations and cash flows, and their payment of charterhire to us. If we lose a time charter because the charterer is unable to pay us or for any other reason, we may be unable to re-deploy the related vessel on similar terms or at all. Also, we will not receive any revenues from such a vessel while it is un-chartered, but we will be required to pay expenses necessary to maintain and insure the vessel and service any indebtedness on it.

Whilst there were no delays in receiving charterhire payments in 2019 or 2020, we have previously experienced, from time to time, delays in receiving charterhire payments from CMA CGM, which under the charter contracts are due to be paid two weeks in advance. As of December 31, 2020, no charterhire payments were outstanding.

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

Operational Growth Risk

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

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

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

One of our objectives is to grow by acquiring additional vessels and chartering them out to container shipping companies. The opportunity to acquire additional containerships will in part depend on the state of and prospects for container shipping. The container shipping industry is both cyclical and volatile in terms of supply demand balance, freight rates and charter rates and overall profitability. Although supply-side fundamentals have shown some improvement between 2017 and 2020, by and large, the industry has been under pressure since 2008, with an excess of supply of containership capacity and mediocre demand growth. The factors affecting the supply and demand for containerships, and the nature, timing and degree of changes in industry conditions are unpredictable.

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

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

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

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

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

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

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

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

- fail to obtain financing, ship management agreements and charters on acceptable terms;
- be unable, including through our ship managers, to hire, train or retain qualified shore and seafaring personnel to manage and operate our enlarged business and fleet;
- fail to realize anticipated benefits of cost savings or cash flow enhancements;
- decrease our liquidity by using a significant portion of our available cash or borrowing capacity to finance acquisitions or by additional repayments of debt;
- significantly increase our interest expense or financial leverage if we incur additional debt to finance acquisitions; or
- incur or assume unanticipated liabilities, losses or costs associated with the vessels acquired.

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

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

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

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

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

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

Third Parties' Performance Risk

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

All of our vessels are technically managed by Technomar, a company of which our Executive Chairman is the majority beneficial owner, under ship management contracts whereby, for an annual management fee, the manager provides all day-to-day ship technical management, including crewing, purchasing stores, lubricating oils and spare parts, paying wages, pensions and insurance for the crew, and organizing other vessel operating necessities, including the arrangement and management of drydocking.

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

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

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

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

Related Parties' Risks

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

Our Executive Chairman is the Founder, Managing Director, and majority beneficial owner of Technomar and the sole beneficial owner of ConChart, our third-party ship and commercial manager, respectively. As of the date of this report, CMA CGM, one of our principal charterers, holds approximately 8.4% of our voting power and has nominated two members of our Board of Directors. Accordingly, CMA CGM and affiliates of Technomar and Conchart have the power to exert considerable influence over our actions. These relationships could create conflicts of interest between us and our third-party ship managers and CMA CGM. Under our amended and restated bylaws, in order for the approval of contracts or transactions involving a related party not to be voidable (1) any interested director's relationship or interest as to the contract or transaction must be disclosed to our Board of Directors, and such contract or transaction must be authorized by a majority of the disinterested directors (or, in certain cases, all of the disinterested directors) or (2) the contract or transaction must be specifically approved in good faith by vote of the shareholders. Furthermore, our corporate governance guidelines require a director with a personal interest in a matter being approved by our Board of Directors to disclose the interest, to recuse himself or herself from participation in the discussion and to not vote on the matter.

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

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

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

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

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

Shareholders' Power Risk

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

According to information available to us, including 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, owns approximately 35.7% of our Class A common shares through its ownership of 12,955,188 Class A common shares following the conversion of the 250,000 Series C Preferred Shares it held, on January 20, 2021. In addition, a Managing Director of Kelso is a member of our Board of Directors. As a result, Kelso has the power to exert significant influence over our actions and the outcome of matters on which our shareholders are entitled to vote, including increasing or decreasing our authorized share capital, the election of directors, declaration of dividends, the appointment of management, and other policy decisions. In addition, according to information available to us, including public filings, CMA CGM owns approximately 8.4% of our Class common shares. Conflicts of interest may also arise between us and these significant shareholders or their affiliates, which may result in transactions on terms not determined by market forces. Any such conflicts of interest could adversely affect our business, financial condition and results of operations, and the trading price of our common shares. Moreover, the concentration of ownership may delay, deter or prevent acts that may be favored by or favorable to our other shareholders or deprive shareholders of an opportunity to receive a premium for their shares as part of a sale of our business. Similarly, this concentration of share ownership may adversely affect the trading price of our shares because investors may perceive disadvantages in owning shares in a company with concentrated ownership.

Market Related Risks

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

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

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

According to Maritime Strategies International Ltd. ("MSI"), as of December 31, 2020 the overall orderbook-to-fleet ratio represented approximately 9.9% of the total worldwide containership fleet capacity as of that date. Notwithstanding scrapping, the size of the orderbook will likely result in an increase in the size of the world containership fleet over the next few years, particularly in the larger vessel sizes (over 10,000 TEU) for which the orderbook to fleet ratio at year-end 2020 was 23.3%. At that same time, idle capacity stood at about 276 thousand TEUs, or 1.2% of the total cellular fleet. An over-supply of containership capacity, combined with a lack of growth in the demand for containerships, may result in downward pressure on charter rates. As at December 31, 2020, but adjusted to include all ships delivered and charters agreed through March 10, 2021, the charters for six of our 43 containerships either have expired or could expire before the end of the first half of 2021 and a further seven vessels have charters which may expire during the second half of 2021. We cannot be assured that we will be able to obtain new time charters for our vessels on expiry of existing charters or that if we do, the new rates will be favorable. If we are unable to obtain new time charters for our containerships at favorable rates or are unable to secure new charters promptly, or at all, the vessels would be idle. We would continue to incur certain operating costs but earn no revenue, which would have a material adverse effect on our business, financings, results of operations and financial condition. Please also see "—We are dependent on our charterers, particularly CMA CGM, and other counterparties fulfilling their obligations under agreements with us, and their inability or unwillingness to honor these obligations could significantly reduce our revenues and cash flow" above.

Financing/Debt Risks

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

We are highly leveraged. As of December 31, 2020, we had $781.9 million of outstanding indebtedness, including $233.4 million of secured indebtedness outstanding under our 2022 Notes (together with our 8.00% Senior Unsecured Notes due 2024, the "Notes").

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

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

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

We may be able to incur substantial additional indebtedness in the future, including through our at-the-market offering of additional 8.00% Senior Unsecured Notes due 2024. Although certain of our debt agreements contain restrictions on the incurrence of additional indebtedness, these restrictions are subject to a number of significant qualifications and exceptions, and under certain circumstances, the amount of indebtedness that could be incurred in compliance with these restrictions could be substantial. In addition, our debt agreements will not prevent us from incurring obligations that do not constitute indebtedness thereunder. If we incur substantially more indebtedness, the risks associated with our indebtedness as described above could be exacerbated.

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

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

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

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

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

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

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

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

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

Assets' Fair Value Risks

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

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

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

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

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

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

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

If impairment testing is required and time charter rates do not improve meaningfully from current market rates, we may need to recognize further impairment charges. The determination of the fair value of vessels will depend on various market factors, including charter and discount rates, ship operating costs and vessel trading values, and our reasonable assumptions at that time. The amount, if any, and timing of any impairment charges we may recognize in the future will depend upon then current and expected future charter rates, vessel utilization, operating and dry-docking expenditures, vessel residual values, inflation and the remaining expected useful lives of our vessels, which may differ materially from those used in our estimates as of December 31, 2020.

Loss of Income Risks

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

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

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

- the vessel's declared performance speed is reduced or fuel consumption is increased by more than 5% over a specified period of time; or
- the vessel is requisitioned by any government or governmental authority.

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

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

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

Vessels' Operational Risks

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

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

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

In general, the day-to-day cost of operating and maintaining a vessel increases with age. In addition, older vessels are typically less fuel efficient and may attract lower charter rates compared to modern, more fuel-efficient vessels. Governmental regulations and safety or other equipment standards may also require expenditures for modifications or the addition of new equipment and may restrict the type of activities in which our vessels may engage. We cannot assure you that, as our vessels age, market conditions will justify any such expenditures or expenditures to otherwise improve their operating characteristics, such as fuel efficiency to enable us to operate our vessels profitably during the remainder of their useful lives, which could adversely affect our results of operations. Our fleet of 43 vessels as of December 31, 2020 had an average age weighted by TEU capacity of 13.7 years.

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

Our fleet of 43 vessels as of December 31, 2020 had an average age weighted by TEU capacity of 13.7 years. Unless we maintain reserves or are able to borrow or raise funds for vessel replacement, we will be unable to replace the older vessels in our fleet. Our cash flows and income are dependent on the revenues earned by the chartering of our containerships. The inability to replace the vessels in our fleet upon the expiration of their useful lives could have a material adverse effect on our business, results of operations and financial condition. Any reserves set aside by any of our subsidiaries for vessel replacement will not be available for servicing our indebtedness.

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

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

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

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

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

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

The price of fuel is unpredictable and fluctuates based on events outside our control, including but not limited to geo-political developments, supply and demand for oil, actions by members of the Organization of the Petroleum Exporting Countries ("OPEC") and other oil and gas producers, economic or other sanctions levied against oil and gas producing countries, war and unrest in oil producing countries and regions, regional production patterns and environmental concerns and regulations.

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

Interest Rate Risk

Volatility in the London Interbank Offered Rate ("LIBOR"), could affect our profitability, earnings and cash flow.

LIBOR has been historically volatile, with the spread between LIBOR and the prime lending rate widening significantly at times. These conditions are the result of disruptions in the international markets. At times when we have loans outstanding which are based on LIBOR, the interest rates borne by such loan facilities fluctuate with changes in LIBOR, and this would affect the amount of interest payable on our debt, which, in turn, could have an adverse effect on our profitability, earnings and cash flow. Due in part to uncertainty relating to the LIBOR calculation process in recent years, it is likely that LIBOR will be phased out in the future. As a result, lenders have insisted on provisions that entitle the lenders, in their discretion, to replace published LIBOR as the base for the interest calculation with their cost-of-funds rate. If we are required to agree to such a provision in future financing agreements, our lending costs could increase significantly, which would have an adverse effect on our profitability, earnings and cash flow.

In addition, LIBOR has been the subject of recent national, international and other regulatory guidance and proposals for reform. These reforms and other pressures may cause LIBOR to be eliminated or to perform differently than in the past. The consequences of these developments cannot be entirely predicted, but could include an increase in the cost of our variable rate indebtedness and obligations. The banks currently reporting information used to set LIBOR will likely stop such reporting after 2021, when their commitment to reporting information ends. On November 30, 2020, ICE Benchmark Administration ("IBA"), the administrator of LIBOR, with the support of the United States Federal Reserve and the United Kingdom's Financial Conduct Authority, announced plans to consult on ceasing publication of U.S. Dollar LIBOR on December 31, 2021 for only the one-week and two-month U.S. Dollar LIBOR tenors, and on June 30, 2023 for all other U.S. Dollar LIBOR tenors. The United States Federal Reserve concurrently issued a statement advising banks to stop new U.S. Dollar LIBOR issuances by the end of 2021. Such announcements indicate that the continuation of LIBOR on the current basis will not be guaranteed after 2021.

In response to the potential discontinuation of LIBOR, working groups are converging on alternative reference rates. The Alternative Reference Rate Committee, a committee convened by the Federal Reserve that includes major market participants, has proposed an alternative rate to replace U.S. Dollar LIBOR: the Secured Overnight Financing Rate, or "SOFR." The impact of such a transition from LIBOR to SOFR could be significant for us. In order to manage our exposure to interest rate fluctuations, we may from time to time use interest rate derivatives to effectively fix some of our floating rate debt obligations. No assurance can however be given that the use of these derivative instruments, if any, may effectively protect us from adverse interest rate movements. The use of interest rate derivatives may affect our results through mark to market valuation of these derivatives. Also, adverse movements in interest rate derivatives may require us to post cash as collateral, which may impact our free cash position. Interest rate derivatives may also be impacted by the transition from LIBOR to SOFR or other alternative rates.

In the event of the continued or permanent unavailability of LIBOR, many of our financing agreements contain a provision requiring or permitting us to enter into negotiations with our lenders to agree to an alternative interest rate or an alternative basis for determining the interest rate. These clauses present significant uncertainties as to how alternative reference rates or alternative bases for determination of rates would be agreed upon, as well as the potential for disputes or litigation with our lenders regarding the appropriateness or comparability to LIBOR of any substitute indices. In the absence of an agreement between us and our lenders, most of our financing agreements provide that LIBOR would be replaced with some variation of the lenders' cost-of-funds rate. The discontinuation of LIBOR presents a number of risks to our business, including volatility in applicable interest rates among our financing agreements, increased borrowing costs for future financing agreements or unavailability of or difficulty in attaining financing, which could in turn have an adverse effect on our profitability, earnings and cash flow.

Subsidiaries' Performance Risk

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

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

Exchange Rates' Fluctuation Risk

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

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

Insurance Related Risks

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

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

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

Place of Incorporation Risk

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

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

Cyber Security Risk

A cyber-attack could materially disrupt our business.

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

Risks Relating to Our Industry

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

Container shipping industry is both seasonal and cyclical but has shown positive demand growth in every year of its history except 2009 (the Global Financial Crisis) and 2020 (the COVID-19 pandemic). According to MSI, between 2000 and 2008, which included a period of super-cyclical growth partly fueled by a significant increase in trade with China, containerized trade grew at an annual compound rate of 9.9%. The Global Financial Crisis, from late 2008, prompted a contraction of demand, with 2009 volumes falling by around 8.2%. In 2010, demand rebounded, with volume growth of 15.2%. Between 2010 and 2019 the average compound annual growth of containerized trade was 3.8%. In 2020, as a result of the COVID-19 crisis, containerized volumes contracted by 6.6% compared to first half 2019. Whilst cargo volumes recovered during the second half of 2020, overall negative growth of 2.0% is estimated for full year 2020. On the supply side, cellular containership capacity grew by a compound annual rate of 5.9% from 2009 through 2019. In 2020, supply is estimated to have expanded by approximately 3.1% and, as of December 31, 2020, the containership fleet stood at just under 5,300 ships, with an aggregate capacity estimated at 23.5 million TEU.

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

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

The factors that influence demand for containership capacity include:

- supply and demand for products suitable for shipping in containers;
- changes in the pattern of global production of products transported by containerships;
- the globalization of manufacturing;
- global and regional economic and political conditions;
- developments in international trade;
- changes in seaborne and other transportation patterns, including changes in the distances over which container cargoes are transported, the size of containerships, the extent of trans-shipments and the competitiveness of other forms of marine transportation including dry bulk and refrigerated vessels;

- environmental and other legal and regulatory developments;
- the price of oil and economics of slow steaming;
- the availability of trade finance and currency exchange rates; and
- port and canal congestion.

The factors that influence the supply of containership capacity include:

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

Our ability to recharter our containerships upon the expiration of their current charters. Of our fleet of 43 containerships six have charters which either have expired or may expire before the end of the first half of 2021 and a further seven have charters which may expire during the second half of 2021. Charter rates receivable under any renewal or replacement charters will depend upon, among other things, the prevailing state of the containership charter market. If the charter market is depressed when our charters expire, we may be forced to recharter our containerships at reduced or even unprofitable rates, or we may not be able to recharter them at all, which may reduce or eliminate our results of operations or make our results of operations volatile. The same issues will exist in respect of any additional vessels we may acquire either when obtaining the initial charters or on rechartering at their expiry.

Public Health Threats Risk

Our financial and operating performance may be adversely affected by global public health threats, including the recent outbreak of the novel coronavirus (COVID-19).

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

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

Seasonal Fluctuations Risk

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

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

Global Financial Market Risks

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

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

Our international operations expose us to the risk that increased trade protectionism will harm our business. In times of global economic challenge, governments may turn to trade barriers to protect their domestic industries against foreign imports, thereby depressing shipping demand. In particular, there have been continuing trade tensions, including significant tariff increases, between the United States and China, resulting in leaders of the United States and China implementing certain increasingly protective trade measures, which have been somewhat mitigated by the recent trade deal (first phase trade agreement) between the United Stated and China in early 2020 which, among other things, requires China to purchase approximately $200 billion in American products and services over the next two years, and future phases may result in decreased tariffs. However, protectionist developments, or the perception that they may occur, could have a material adverse effect on global economic conditions, and may significantly reduce global trade. Moreover, increasing trade protectionism may cause an increase in (i) the cost of goods exported from regions globally, (ii) the length of time required to transport goods and (iii) the risks associated with exporting goods. Such increases may significantly affect the quantity of goods to be shipped, shipping time schedules, voyage costs and other associated costs, which could have an adverse impact on our charterers' business, operating results and financial condition and could thereby affect their ability to make timely charter hire payments to us and to renew and increase the number of their time charters with us. This could have a material adverse effect on our business, results of operations, financial condition and our ability to pay any cash distributions to our stockholders.

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

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

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

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

Global financial markets and economic conditions have been, and continue to be, volatile at. Beginning in February 2020, due in part to fears associated with the spread of COVID-19 (as more fully described above), global financial markets and starting in late February, financial markets in the U.S. experienced even greater relative volatility and a steep and abrupt downturn, which volatility and downturn may continue as COVID-19 continues to spread. Credit markets and the debt and equity capital markets have been exceedingly distressed and volatile. The sovereign debt crisis in countries such as Cyprus and Greece, for example, and concerns over debt levels of certain other European Union member states and other countries around the world, as well as concerns about some international banks, has increased volatility in global credit and equity markets. These issues, along with the re-pricing of credit risk and the difficulties currently experienced by financial institutions have made, and will likely continue to make, it difficult to obtain financing. As a result of the disruptions in the credit markets, many lenders have increased margins, enacted tighter lending standards, required more restrictive terms (including higher collateral ratios for advances, shorter maturities and smaller loan amounts), or refused to refinance existing debt at all or on terms similar to our current debt. Furthermore, certain banks that have historically been significant lenders to the shipping industry have announced an intention to reduce or cease lending activities in the shipping industry. New banking regulations, including larger capital requirements and the resulting policies adopted by lenders, could reduce lending activities. We may experience difficulties obtaining financing commitments in the future if current or future lenders are unwilling to extend financing to us or unable to meet their funding obligations due to their own liquidity, capital or solvency issues. The current state of global financial markets and current economic conditions might adversely impact our ability to issue additional equity at prices that will not be dilutive to our existing shareholders or preclude us from issuing equity at all. Economic conditions and the economic slow-down resulting from COVID-19 and the intentional governmental responses to the virus may also adversely affect the market price of our common shares.

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

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

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

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

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

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

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

While the size of the containership orderbook has declined substantially since its peak in 2008/2009, the containership newbuilding orderbook as of December 31, 2020 represented approximately 9.9% of the total on the water fleet capacity. Further containerships are likely to be ordered. Notwithstanding scrapping, delivery of newly built containerships will likely result in an increase in the size of the world containership fleet over the next few years. An over-supply of containership capacity, combined with any decline in the rate of growth in demand for containerships, would be likely to result in a reduction of charter hire rates. If such a reduction occurs when we seek to charter newbuilding vessels, our growth opportunities may be diminished. If such a reduction occurs upon the expiration or termination of our containerships' current time charters, we may only be able to recharter our containerships for reduced rates or unprofitable rates or we may not be able to recharter our containerships at all, which would have a material adverse effect on our business, financial condition and results of operation.

Increased competition in technology and innovation could reduce our charter hire income and the value of our vessels.

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

Piracy Related Risk

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

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

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

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

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

Vessels' Trading Risks

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

Although we do not expect that our vessels will call on ports located in countries or territories that are the subject of country-wide or territory-wide sanctions and/or embargoes imposed by the U.S. government or other authorities or countries identified by the U.S. government or other authorities as state sponsors of terrorism ("Sanctioned Jurisdictions"), and we endeavor to take precautions reasonably designed to mitigate such activities, it is possible that, on charterers' instructions and without our consent, our vessels may call on ports located in Sanctioned Jurisdictions in the future. If such activities result in a sanctions violation, we could be subject to monetary fines, penalties, or other sanctions, and our reputation and the market for our common shares could be adversely affected.

The applicable sanctions and embargo laws and regulations vary in their application, as they do not all apply to the same covered persons or proscribe the same activities and may be amended or strengthened over time. Current or future counterparties of ours may be affiliated with persons or entities that are or may be in the future the subject of sanctions imposed by the U.S., the EU, and/or other international bodies. If we determine that such sanctions require us to terminate existing or future contracts to which we or our subsidiaries are party or if we are found to be in violation of such applicable sanctions, our results of operations may be adversely affected or we may suffer reputational harm.

Although we believe that we have been in compliance with all applicable sanctions and embargo laws and regulations, and intend to maintain such compliance, there can be no assurance that we will be in compliance in the future, particularly as the scope of certain laws may be unclear and may be subject to changing interpretations. Any such violation could result in fines, penalties or other sanctions that could severely impact our ability to access U.S. capital markets and conduct our business, and could result in some investors deciding, or being required, to divest their interest, or not to invest, in us. In addition, certain institutional investors may have investment policies or restrictions that prevent them from holding securities of companies that have contracts with Sanctioned Jurisdictions and certain financial institutions may have policies against lending or extending credit to companies that have contracts with Sanctioned Jurisdictions. The determination by these investors not to invest in, or to divest from, our common shares or the determination by these financial institutions not to offer financing may adversely affect the price at which our common shares trade. Moreover, our charterers may violate applicable sanctions and embargo laws and regulations as a result of actions that do not involve us or our vessels, and those violations could in turn negatively affect our reputation. In addition, our reputation and the market for our securities may be adversely affected if we engage in certain other activities, such as entering into charters with individuals or entities in countries or territories subject to U.S. sanctions and embargo laws that are not controlled by the governments of those countries or territories, or engaging in operations associated with those countries or territories pursuant to contracts with third parties that are unrelated to those countries or territories or entities controlled by their governments. Investor perception of the value of our common shares may be adversely affected by the consequences of war, the effects of terrorism, civil unrest and governmental actions in these and surrounding countries.

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

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

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

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

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

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

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

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

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

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

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

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

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

Environmental and Safety Compliance Risks

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

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

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

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

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

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

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

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

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

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

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

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

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

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

In October 2016, the IMO set January 1, 2020 as the implementation date for vessels to comply with its sulfur emission limit of 0.5% m/m. These regulations may be complied with by (i) using low sulfur fuel which is at a higher cost that standard heavy fuel oil, (ii) installing scrubbers for cleaning of exhaust gas; or (iii) by retrofitting vessels to be powered by, for example, liquefied natural gas, which is not likely to be a viable option for smaller older vessels due to the high costs involved. The higher cost of low sulfur fuel is, in the first instance, borne by the vessel operator, our charterer, whereas the installation of scrubbers or retrofitting for an alternative fuel source, would in the first instance be borne by us as the vessel owner. In contrary to initial concerns, the availability of low sulfur fuel has not been an issue for the industry and, to date, the pricing spread between high- and low-sulfur fuels has been much tighter than originally anticipated. Nevertheless, costs of compliance going forward may be significant and may have a material adverse effect on our future performance, results of operations, cash flows and financial position.

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

Due to concerns over the risks associated with climate change, a number of countries and the IMO have adopted, or are considering the adoption of, regulatory frameworks to reduce greenhouse gas emission from ships. These regulatory measures may include the adoption of cap and trade regimes, carbon taxes, increased efficiency standards, and incentives or mandates for renewable energy. Emissions of greenhouse gases from international shipping currently are not subject to the Kyoto Protocol to the United Nations Framework Convention on Climate Change, or any amendments or successor agreements. The Paris Agreement adopted under the United Nations Framework Convention on Climate Change in December 2015, which contemplates commitments from each nation party thereto to take action to reduce greenhouse gas emissions and limit increases in global temperatures, did not include any restrictions or other measures specific to shipping emissions. However, restrictions on shipping emissions are likely to continue to be considered and a new treaty may be adopted in the future that includes additional restrictions on shipping emissions to those already adopted under MARPOL.

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

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

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

The IMO has imposed updated guidelines for ballast water management systems specifying the maximum amount of viable organisms allowed to be discharged from a vessel's ballast water. Existing vessels constructed before September 8, 2017, must comply with updated standards on or after September 8, 2019, with the exact date depending on the date of the next International Oil Pollution Prevention ("IOPP") renewal survey. In some cases, such as where vessels are due to trade to U.S. ports, the implementation date may be before the IMO deadline. For most vessels, compliance with the standard will involve installing on-board systems to treat ballast water to eliminate unwanted organisms. Ships constructed on or after September 8, 2017 have been obligated to comply with the standards on or after September 8, 2017. We currently have 22 vessels which have a ballast water management system fitted and 21 vessels that do not. The costs of compliance may be substantial and adversely affect our revenues and profitability.

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

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

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

We cannot guarantee that our Board of Directors will declare dividends.

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

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

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

- changes in the basis of taxation of our activities in various jurisdictions;
- modification or revocation of our dividend policy by our Board of Directors; and
- the amount of any cash reserves established by our Board of Directors.

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

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.

The price of our securities may be volatile.

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

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

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

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

Certain provisions of our articles of incorporation and bylaws may have an anti-takeover effect and may delay, defer or prevent a tender offer or takeover attempt that a shareholder might consider in its best interest, including those attempts that might result in a premium over the market price for the shares held by shareholders.

Certain of these provisions provide for:

- a classified Board of Directors with staggered three-year terms;
- restrictions on business combinations with certain interested shareholders;

- directors only to be removed for cause and only with the affirmative vote of holders of at least a majority of the common shares entitled to vote in the election of directors;
- advance notice for nominations of directors by shareholders and for shareholders to include matters to be considered at annual meetings; and
- a limited ability for shareholders to call special shareholder meetings.

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

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

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

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

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

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

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

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

Sales of a substantial number of shares of our common stock in the public market, or the perception that these sales could occur, may depress the market price for our common stock. These sales could also impair our ability to raise additional capital through the sale of our equity securities in the future.

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

- our existing shareholders' proportionate ownership interest in us may decrease;

- the dividend amount payable per share on our common stock may be lower;
- the relative voting strength of each previously outstanding share may be diminished; and
- the market price of our common stock may decline.

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

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

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

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

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

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

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

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

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

Risks Related to Tax Matters

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Item 4. Information on the Company

A. History and Development of the Company

Our legal and commercial name is Global Ship Lease, Inc. We are a Republic of the Marshall Islands corporation that owns a fleet of mid-sized and smaller containerships which we charter out under fixed-rate charters to reputable container shipping companies. The mailing address of our principal executive office is c/o Global Ship Lease Services Limited, 25 Wilton Road, London SW1V 1LW, United Kingdom, and our telephone number at that address is +44 (0) 20 3998 0063. Our agent in the United States is Puglisi & Associates, 850 Library Avenue, Suite 204, Newark, Delaware 19711. The SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. The address of the SEC's Internet site is www.sec.gov. Our website address is www.globalshiplease.com. None of the information contained on these websites is incorporated herein by reference or forms a part of this Annual Report. From time to time, we may use our website and social media outlets as channels of distribution of material company information.

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

On November 15, 2018, we completed the Poseidon Transaction, a transformative transaction by which we acquired 20 containerships, one of which was contracted to be sold. On the closing of the Poseidon Transaction, we issued as consideration 3,005,603 Class A common shares and 250,000 Series C Preferred Shares, which were since converted to an aggregate of 12,955,188 Class A common shares, and assumed the debt of Poseidon Containers, which amounted to $509.7 million as of November 15, 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 Class A common shares. On March 25, 2019, we effected a one-for-eight reverse stock split of our Class A common shares, which our shareholders authorized at our special meeting of shareholders held on March 20, 2019. There was no change to the trading symbol, number of authorized shares, or par value of our Class A common shares in connection with the reverse stock split. All share and per share amounts disclosed in this Annual Report give effect to the reverse stock split retroactively, for all periods presented.

As of March 10, 2021, we owned 43 mid-sized and smaller containerships, of which nine are new-design, high-specification, fuel-efficient, and wide-beam and had contracted to purchase a further seven 6,000 TEU containerships.

Class A Common Shares

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

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

On January 26, 2021, we closed our fully underwritten public offering of 5,400,000 Class A common shares, at a public offering price of $13.00 per share, for gross proceeds of approximately $70.2 million, and on February 17, 2021, we issued an additional 141,959 Class A common shares in connection with the underwriters' partial exercise of their option to purchase additional shares (together, the "January 2021 Equity Offering"). The net proceeds we received in the January 2021 Equity Offering, after underwriting discounts and commissions and expenses, were approximately $67.8 million. Following the closing of the January 2021 Equity Offering, we had 36,283,468 Class A common shares outstanding.

2024 Notes

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

On November 27, 2019, we launched an "at the market" offering program (the "2024 Notes ATM Program"), pursuant to which we may sell, from time to time, up to an additional $68.0 million of 2024 Notes. As of March 10, 2021, we have issued and sold approximately $41.1 million aggregate principal amount of 2024 Notes under the 2024 Notes ATM Program, resulting in net proceeds to us of $40.6 million such that as at that date, $72.8 million aggregate principal amount of the 2024 Notes was outstanding.

Depositary Shares ATM Program

On December 10, 2019, we launched an "at the market" offering program (the "Depositary Shares ATM Program"), pursuant to which we may sell, from time to time, up to $75.0 million of our depositary shares (the "Depositary Shares"), each of which represents 1/100th of one share of our 8.75% Series B Cumulative Redeemable Perpetual Preferred Shares, par value $0.01 per share, with a liquidation preference of $2,500.00 per share (equivalent to $25.00 per Depositary Share). As of March 10, 2021, we have issued and sold approximately 1.1 million of our Depositary Shares under the Depositary Shares ATM Program, resulting in net proceeds to us of $26.5 million such that as at that date, $63.7 million aggregate principal amount of the Depositary Shares was outstanding.

Other Recent Developments

In addition to the recent events described above, on January 12, 2021, we announced that our Board of Directors approved the initiation of a quarterly cash dividend of $0.12 per Class A Common Share, with effect from the first quarter of 2021.

On February 9, 2021, we announced that we had contracted to purchase and charter back seven 6,000 TEU Post-Panamax containerships with an average age of approximately 20 years for an aggregate purchase price of $116.0 million. The charters are to leading liner operators for a minimum firm period of 36 months each, followed by two one-year extensions at charterer's option. With these additions, our fleet will comprise 50 vessels with a total capacity of 287,336 TEU. The vessels are scheduled for phased delivery during the second and third quarters of 2021, at which time they will be renamed GSL Arcadia, GSL Dorothea, GSL Maria, GSL Melita, GSL MYNY, GSL Tegea and GSL Violetta.

B. Business Overview

Our Fleet

The table below provides certain information about our fleet of 43 containerships as of December 31, 2020, including charters agreed up to March 10, 2021:

Vessel 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(1)	9,115	31,764	2015	Hapag-Lloyd	1Q22	2Q22	34,000
Anthea Y(1)	9,115	31,890	2015	COSCO	3Q23 (2)	4Q23 (2)	Note (2)
Maira XL(1)	9,115	31,820	2015	ONE (3)	2Q22	3Q22	Note (3)
MSC Tianjin	8,603	34,325	2005	MSC	2Q24	3Q24	Note (4)
MSC Qingdao	8,603	34,609	2004	MSC	2Q24	3Q24	23,000 (4)
GSL Ningbo	8,603	34,340	2004	MSC (5)	1Q23 (5)	3Q23 (5)	Note(5)
GSL Eleni	7,847	29,261	2004	Maersk	3Q24	4Q24 (6)	16,500 (6)
GSL Kalliopi	7,847	29,105	2004	Maersk	4Q22	4Q24 (6)	14,500 (6)
GSL Grania	7,847	29,190	2004	Maersk	4Q22	4Q24 (6)	14,500 (6)
Mary(1)	6,927	23,424	2013	CMA CGM	3Q23	4Q23	25,910
Kristina(1)	6,927	23,421	2013	CMA CGM	2Q24	3Q24	25,910
Katherine (1)	6,927	23,403	2013	CMA CGM	1Q24	2Q24	25,910
Alexandra (1)	6,927	23,348	2013	CMA CGM	1Q24	2Q24	25,910
Alexis (1)	6,882	23,919	2015	CMA CGM	1Q24	2Q24	25,910
Olivia I (1)	6,882	23,864	2015	CMA CGM	1Q24	2Q24	25,910
GSL Christen	6,840	27,954	2002	Maersk (7)	3Q23(7)	4Q23(7)	Note(7)
GSL Nicoletta	6,840	28,070	2002	MSC	2Q21	3Q21	13,500
CMA CGM Berlioz	6,621	26,776	2001	CMA CGM	2Q21	4Q21	34,000
Agios Dimitrios	6,572	24,931	2011	MSC	4Q23	1Q24	20,000
GSL Vinia	6,080	23,737	2004	Maersk (8)	3Q24	1Q25	13,250 (8)
GSL Christel Elisabeth	6,080	23,745	2004	Maersk (8)	2Q24	1Q25	13,250 (8)
Tasman	5,936	25,010	2000	Maersk	1Q22	3Q23 (9)	12,500 (9)
Dimitris Y	5,936	25,010	2000	ZIM	1Q24(10)	2Q24(10)	Note(10)
Ian H	5,936	25,128	2000	ZIM	2Q24(10)	3Q24(10)	Note(10)
Dolphin II	5,095	20,596	2007	Sea-Lead(11)	1Q22(11)	2Q22 (11)	7,000 (11)
Orca I	5,095	20,633	2006	Maersk(12)	2Q24 (12)	3Q25 (12)	Note (12)
CMA CGM Alcazar	5,089	20,087	2007	CMA CGM	3Q21 (13)	4Q21 (13)	16,000 (13)
GSL Château d'If	5,089	19,994	2007	Hapag-Lloyd (13)	4Q21 (13)	4Q21 (13)	14,500 (13)
CMA CGM Jamaica	4,298	17,272	2006	CMA CGM	3Q22	1Q23	25,350
CMA CGM Sambhar	4,045	17,429	2006	CMA CGM	3Q22	1Q23	25,350
CMA CGM America	4,045	17,428	2006	CMA CGM	3Q22	1Q23	25,350
GSL Valerie	2,824	11,971	2005	ZIM	3Q21	1Q22	12,825 (14)
Athena	2,762	13,538	2003	MSC	1Q21	2Q21	9,000
Maira	2,506	11,453	2000	Hapag-Lloyd (15)	1Q23	2Q23 (15)	14,260 (15)
Nikolas	2,506	11,370	2000	CMA CGM (16)	1Q23	2Q23	16,000 (16)
Newyorker	2,506	11,463	2001	MSC	1Q21	1Q21	8,000
La Tour	2,272	11,742	2001	MSC	2Q21	2Q21	7,250
Manet	2,272	11,727	2001	Sea-Lead	4Q21 (17)	4Q21 (17)	7,750 (17)
Keta	2,207	11,731	2003	OOCL	3Q21 (18)	3Q21 (18)	9,400 (18)
Julie	2,207	11,731	2002	Sea Consortium	2Q21	2Q21	9,250
Kumasi	2,207	11,791	2002	CMA CGM	3Q21 (19)	4Q21 (19)	9,300 (19)
Marie Delmas	2,207	11,731	2002	CMA CGM	3Q21 (19)	4Q21 (19)	9,300 (19)

(1) *Modern design, high reefer capacity, fuel-efficient vessel.*
(2) *Charter at $23,500 per day to 4Q2020; thereafter direct continuation at a rate of $38,000 per day.*
(3) *Charter to 1Q2021 at $24,990 per day; thereafter direct continuation at a rate of $31,650 per day.*
(4) *Charter to MSC Tianjin at $23,000 per day through 1Q2021; thereafter at $19,000 per day, due to cancellation of scrubber installation. MSC Qingdao has a scrubber installed, and will continue to trade at a rate of $23,000 per day.*
(5) *Charter with Maersk at a rate of $18,000 per day to November 2020, with a new charter to MSC commencing thereafter at a rate of $22,500 per day and with median expiry 2Q2023.*
(6) *GSL Eleni delivered 2Q2019 and is chartered for five years; GSL Kalliopi (delivered 4Q2019) and GSL Grania (delivered 3Q2019) are chartered for three years plus two successive periods of one year at the option of the charterer. During the option periods the charter rates for GSL Kalliopi and GSL Grania are $18,900 per day and $17,750 per day respectively.*
(7) *GSL Christen commenced a new charter with Maersk in 3Q2020, with escalating charter rates: the rate for the first four months is $12,250 per day, after which it climbs to $14,000 per day until mid-March 2021, and thereafter increases to $15,000 per day. On expiry of the charter in May 2021, GSL Christen will be chartered to a leading liner operator at a confidential rate through to the median expiry of the charter in 4Q2023;*
(8) *GSL Vinia and GSL Christel Elisabeth delivered in 4Q2019, and are contracted on 52 – 60 months charters.*
(9) *12-month extension at charterer's option callable in 2Q2022, at an increased rate of $20,000 per day.*
(10) *A package agreement with ZIM, for direct charter extensions on two 5,900 TEU ships: Ian H, at a rate of $32,500 per day from May 2021 to 3Q2024, and Dimitris Y, at a confidential rate , from May 2022 to median expiry of the charter in 2Q2024.*
(11) *Charter with Sea-Lead at a rate of $7,000 per day to January 2021, with a new charter to OOCL to commence thereafter at a rate of $24,500 per day and with median expiry 1Q2022.*
(12) *Charter with Maersk at a rate of $10,000 per day ending in 2Q2021. On expiry of the charter in April 2021, Orca I will be chartered to a leading liner operator at a confidential rate through to the median expiry of the charter in 3Q2024; thereafter the charterer has the option to charter the vessel for a further 12-14 months at the same rate.*
(13) *CMA CGM Alcazar was chartered to CMA CGM at $33,750 per day (the original sale & leaseback rate agreed in 2008) to October 2020; thereafter the charter was extended to 4Q2021, assuming median redelivery, at a rate of $16,000 per day. GSL Chateau d'If (formerly CMA CGM Chateau d'If) was chartered to CMA CGM at $33,750 per day to October 2020; thereafter a new charter was agreed with Hapag-Lloyd to 4Q2021, assuming median delivery, at a rate of $14,500 per day.*
(14) *New charter agreed with ZIM, on scheduled completion of GSL Valerie's drydocking at end-October 2020, at an average rate of $12,825 per day, assuming median duration of the charter to 4Q2021.*
(15) *Charter with MSC to November 2020, at which time the vessel was dry-docked. Thereafter, in January 2021, Maira was chartered to Hapag-Lloyd at an average rate of $14,260 per day, with median expiry in 1Q2023;*
(16) *Charter with MSC to December 2020, at which time the vessel was dry-docked. Thereafter, in January 2021, Nikolas was chartered to CMA CGM at a rate of $16,000 per day, with median expiry in 1Q2023;*
(17) *Charter with Sea-Lead at a rate of $7,750 per day to January 2021, extended thereafter at a rate of $12,850 per day and with median expiry 4Q2021.*
(18) *Charter to October 2020 at a rate of $8,000 per day; thereafter extended to 3Q2021, with a new rate of $9,400 per day.*
(19) *Charter to October 2020 at a rate of $9,800 per day; thereafter extended to 3Q2021, assuming median charter term, with a new rate of $9,300 per day.*

The following table provides information about the seven ships that we have contracted to purchase as announced on February 9, 2021 and which are scheduled to deliver during the second and third quarters of 2021. Contract cover for each vessel is for a firm period of at least three years from the date each vessel is delivered, with charterers holding two one-year extension options thereafter.

Vessel Name	Capacity in TEUs	Lightweight (tons)	Year Built	Charterer
GSL Arcadia	6,008	24,858	2000	Maersk
GSL MYNY	6,008	24,873	2000	Maersk
GSL Melita	6,008	24,848	2001	Maersk
GSL Maria	6,008	24,414	2001	Maersk
GSL Violetta	6,008	24,873	2000	Maersk
GSL Tegea	6,008	24,308	2001	Maersk
GSL Dorothea	6,008	24,243	2001	Maersk

Fleet Development

As of December 31, 2020, our fleet consisted of 43 containerships with an aggregate capacity of 245,280 TEU and a TEU-weighted average age of approximately 13.7 years.

Vessel Acquisitions

We have contracted to purchase and charter back seven 6,000 TEU Post-Panamax containerships with an average age of approximately 20 years for an aggregate purchase price of $116 million. On completion of short charters on two of these vessels, we have agreed that all seven ships will be chartered to Maersk Line for a minimum firm period of 36 months each, followed by two one-year extensions at charterer's option. With these additions, our fleet will comprise 50 vessels with a total capacity of 287,336 TEU.

The vessels are scheduled for phased delivery during the second and third quarters of 2021, at which time they will be renamed GSL Arcadia, GSL Dorothea, GSL Maria, GSL Melita, GSL MYNY, GSL Tegea and GSL Violetta.

Vessel disposals

We sold two 1999-built, 2,200 TEU feeder ships, GSL Matisse and Utrillo, on July 3, 2020 and July 20, 2020, respectively.

Time Charters

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

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

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

Daily Charter Rate

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

Operations and Expenses

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

Right of First Refusal

Pursuant to the terms of the initial time charters with CMA CGM, of which eight were in place at December 31, 2020, CMA CGM has a right of first refusal to purchase the vessel at matching terms to any offer of any third party if we decide to sell it during, or at the end of, the charter period. Should CMA CGM decline to exercise its right of first refusal in case of a sale during the charter period, we will be entitled to sell the vessel, subject to CMA CGM's prior approval, which shall not be unreasonably withheld. CMA CGM has the right to reject a sale of a vessel to owners whose business or shareholding is determined to be detrimental or contrary to its interest.

Off-hire

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

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

Ship Management and Maintenance

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

Termination and Withdrawal

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

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

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

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

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

Management of Our Fleet

Our management team supervises the day-to-day technical ship management of our vessels which is provided by Technomar, a company in which our Executive Chairman is a significant shareholder. Additionally, as of December 31, 2020, 27 vessels were commercially managed by Conchart, a company in which our Executive Chairman is the sole beneficial owner.

Technical Management

As of December 31, 2020, Technomar provided day-to-day technical ship management services on all of our vessels.

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

We pay Technomar a daily management fee of Euro 685 (Euro 700 from January 1, 2021), payable in U.S. dollars at an agreed rate of exchange, which, in addition to the technical ship management services noted above, includes administrative support services provided to the GSL group including accounting and financial reporting, treasury management services and legal services.

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

In connection with our entry into the New Hayfin Facility in January 2021, the minimum term of the ship management agreements for the 21 vessels provided as security under the New Hayfin Facility is five years, until January 2026. The term of the ship management agreements for the five vessels provided as security under the Hellenic Credit facility also has a minimum term of five years starting on the dates that the vessels were delivered to us which were between May and December 2019.

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

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

Commercial Management

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

Global Ship Lease Services Limited ("GSLS"), a wholly owned subsidiary of the company, was the commercial manager for the 16 vessels provided as security under the 2022 Notes and Citi Credit Facility until the 2022 Notes were fully repaid on January 20, 2021, the Citi Credit Facility having been fully repaid on October 31, 2020. It had entered into a Commercial Advisory Services and Exclusive Brokerage Services Agreement ("EBSA") with Conchart, whereby Conchart was appointed to provide commercial advisory and exclusive brokerage services.

GSLS had agreed to pay Conchart a commission of 1.25% on all monies earned under each charter fixture, other than charters with CMA CGM, and 1.00% commission on any sale and purchase transaction. No commission was payable on any charter of a vessel in the GSL Fleet to CMA CGM in place as of November 15, 2018, or extension thereof. Also, no commission was payable to Conchart in cases when not more than 30 days have elapsed between the conclusion of a new charter to CMA CGM and the end of a preexisting CMA CGM charter which was in place on November 15, 2018, provided that the relevant vessel has not been chartered to any non-CMA CGM charterer in the period between the two CMA CGM charters. For any other new charters to CMA CGM or its affiliates, the rate of commission was 0.75%. However, no commission was payable for such charters if CMA CGM or its affiliates waive their own address commission.

The EBSA had a minimum term of three years and could thereafter be terminated on six months' notice in which case a termination payment of six times the average monthly commission paid in the previous six months is due if the EBSA was terminated by Conchart and 12 times the average monthly commission paid in the previous six months is due if the EBSA was terminated by GSLS. The EBSA may also have been terminated by one party on change of control in the other party. Either party may have terminated the EBSA in the event of default, which had not been cured, an order being made or a resolution being passed for the winding up, dissolution or bankruptcy of either party, or if a receiver was appointed, or if it suspends payment, ceases to carry on business or makes a special arrangement with its creditors.

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

The remaining vessels were already subject to a commercial management agreement directly with Conchart, on terms substantially similar to those of the EBSA.

In connection with the entry into the New Hayfin Facility in January 2021, the minimum term of the commercial management agreements for the 21 vessels provided as security to that facility were extended to five years up to January 2026. The minimum term of the commercial management agreements for the five vessels provided as security for the Hellenic Credit facility also have a minimum term of five years starting on the dates that the vessels were delivered to us which were between May and December 2019.

Insurance

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

Inspection by Classification Societies

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

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

Annual Surveys

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

Intermediate Surveys

Extended annual surveys are referred to as intermediate surveys and typically are conducted two and one-half years after commissioning and each class renewal. Intermediate surveys may be carried out on the occasion of the second or third annual survey.

Class Renewal Surveys

Class renewal surveys, also known as special surveys, are carried out on the ship's hull and machinery, including the electrical plant, and on any special equipment classed at the intervals indicated by the character of classification for the hull. During the special survey, the vessel is thoroughly examined, including audio-gauging to determine the thickness of the steel structures. Should the thickness be found to be less than class requirements, the classification society would prescribe steel renewals. Substantial amounts of funds may have to be spent for steel renewals to pass a special survey if the vessel experiences excessive wear and tear. In lieu of the special survey, which is generally every five years, a shipowner has the option of arranging with the classification society for the vessel's hull or machinery to be on a continuous survey cycle, in which every part of the vessel would be surveyed within a five-year cycle. At a ship-owner's application, the surveys required for class renewal may be split according to an agreed schedule to extend over the entire period of class. This process is referred to as continuous class renewal. All areas subject to surveys as defined by the classification society are required to be surveyed at least once per class period, unless shorter intervals between surveys are otherwise prescribed. The period between two consecutive surveys of each area must not exceed five years.

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

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

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

Vessel Name	Classification Society	Drydocking Month(1)
CMA CGM Thalassa	Bureau Veritas	Dec-21
UASC Al Khor	DNV-GL & RINA	Dec-22
Anthea Y	DNV-GL & RINA	Feb-23
Maira XL	DNV-GL & RINA	Aug-25
MSC Tianjin	RINA	Mar-21
MSC Qingdao	Bureau Veritas	Apr-24
GSL Ningbo	Bureau Veritas	May-24
GSL Eleni	DNV-GL	Jul-24
GSL Kalliopi	DNV-GL	Oct-24
GSL Grania	DNV-GL	Sep-24
Mary	RINA	Jan-23
Kristina	DNV-GL	Mar-23
Katherine	RINA	Apr-23
Alexandra	RINA	Jan-23
Alexis	DNV-GL & RINA	Jul-24
Olivia I	DNV-GL & RINA	Jul-24
GSL Christen	Lloyd's Register	Nov-22
GSL Nicoletta	RINA	Nov-22
CMA CGM Berlioz	Bureau Veritas	Jul-21
Agios Dimitrios	Bureau Veritas	Sep-25
GSL Vinia	Bureau Veritas	Oct-24
GSL Christel Elisabeth	Bureau Veritas	Sep-24
Tasman	Bureau Veritas	Jan-25
Dimitris Y	Bureau Veritas	May-25
Ian H	Bureau Veritas	Jul-25
Dolphin II	Bureau Veritas	Jan-22
Orca I	Bureau Veritas	Nov-21
CMA CGM Alcazar	Bureau Veritas	Nov-22
GSL Château d'If	Bureau Veritas	Dec-22
CMA CGM Jamaica	DNV-GL	Sep-21
CMA CGM Sambhar	Lloyd's Register	Jul-21
CMA CGM America	Lloyd's Register	Sep-21
GSL Valerie	DNV-GL	Jun-25
Athena	RINA	Feb-23
Maira	RINA	Aug-25
Nikolas	RINA	Aug-25
Newyorker	RINA	Apr-21
La Tour	Bureau Veritas	Jun-21
Manet	Bureau Veritas	Oct-21
Keta	Bureau Veritas	Mar-23
Julie	Bureau Veritas	Nov-22
Kumasi	Bureau Veritas	Mar-22
Marie Delmas	Bureau Veritas	Jan-22

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

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

Competition

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

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

Permits and Authorizations

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

Environmental and Other Regulations

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

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

Increasing environmental concerns have created a demand for vessels that conform to the strictest environmental standards. We are required to maintain operating standards for all of our vessels that emphasize operational safety, quality maintenance, continuous training of our officers and crews and compliance with United States and international regulations and with flag state administrations.

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

International Maritime Organization

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

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

In 2016, the IMO confirmed its decision to implement a global sulfur cap of 0.5% m/m in 2020. Vessels should currently either be fitted with exhaust gas scrubbers, allowing the vessel to continue to use less expensive, high sulfur content fuel or should have undertaken fuel system modification and tank cleaning, allowing the use of more expensive, low sulfur fuel. From March 1, 2020, vessels not fitted with exhaust gas scrubbers cannot have high sulfur content fuel on board.

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

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

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

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

The IMO's International Convention for the Control and Management of Ships' Ballast Water and Sediments, or the BWM Convention, requires the installation of ballast water treatment systems on certain newbuilding vessels for which the keel is laid after September 8, 2017 and for existing vessels at the renewal of their International Oil Pollution Prevention Certificate after September 8, 2019. The MEPC adopted updated guidelines for approval of ballast water management systems (G8) at MEPC 70. At MEPC 71, the schedule regarding the BWM Convention's implementation dates was also discussed and amendments were introduced to extend the date existing vessels are subject to certain ballast water standards. Those changes were adopted at MEPC 72. Ships over 400 gross tons generally must comply with a "D-1 standard," requiring the exchange of ballast water only in open

seas and away from coastal waters. The “D-2 standard” specifies the maximum amount of viable organisms allowed to be discharged, and compliance dates vary depending on the IOPP renewal dates. Depending on the date of the IOPP renewal survey, existing vessels must comply with the D-2 standard on or after September 8, 2019. For most ships, compliance with the D-2 standard will involve installing on-board systems to treat ballast water and eliminate unwanted organisms. Ballast water management systems, which include systems that make use of chemical, biocides, organisms or biological mechanisms, or which alter the chemical or physical characteristics of the ballast water, must be approved in accordance with IMO Guidelines (Regulation D-3). As of October 13, 2019, MEPC 72’s amendments to the BWM Convention took effect, making the Code for Approval of Ballast Water Management Systems, which governs assessment of ballast water management systems, mandatory rather than permissive, and formalized an implementation schedule for the D-2 standard. Under these amendments, all ships must meet the D-2 standard by September 8, 2024. Costs of compliance with these regulations may be substantial. The BWM Convention also requires ships to carry an approved ballast water management plan, record books and statement of compliance. The BWM Convention also requires ships to carry an approved ballast water management plan, record books and statement of compliance. Additionally, in November 2020, MEPC 75 adopted amendments to the BWM Convention which would require a commissioning test of the ballast water management system for the initial survey or when performing an additional survey for retrofits. This analysis will not apply to ships that already have an installed BWM system certified under the BWM Convention. These amendments are expected to enter into force on June 1, 2022. We will be required to incur significant costs to install these ballast water treatment systems on all our vessels before the applicable due dates.

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

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

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

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

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

United States

The United States Oil Pollution Act of 1990 and CERCLA

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

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

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

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

Clean Water Act

The Clean Water Act, or CWA, establishes the basic structure for regulating discharges of pollutants into the "waters of the United States" and regulating quality standards for surface waters. The CWA authorizes civil and criminal penalties for discharging pollutants without a permit, failure to meet any requirement of a permit, and also allows for citizen suits against violators. The CWA imposes strict liability in the form of penalties for any unauthorized discharges, and substantial liability for the costs of removal, remediation and damages and complements the remedies available under OPA and CERCLA. In 2015, the EPA expanded the definition of "waters of the United States," thereby expanding federal authority under the CWA, but following litigation, the EPA and Department of the Army proposed a limited definition of "waters of the United States" in December 2018. The proposed rule was published in the Federal Register on February 14, 2019 and was subject to public comment. On October 22, 2019, the agencies published a final rule repealing the 2015 Rule defining "waters of the United States" and recodified the regulatory text that existed prior to the 2015 Rule. The final rule became effective on December 23, 2019. On January 23, 2020, the EPA published the "Navigable Waters Protection Rule," which replaces the rule published on October 22, 2019 and redefines "waters of the United States." This rule became effective on June 22, 2020, although the effective date has been stayed in at least one U.S. state pursuant to court order. The effect of this rule is still currently unknown. The CWA does not prohibit individual states from imposing more stringent conditions, which many states have done.

The EPA and the USCG have also enacted rules relating to ballast water discharge, compliance with which requires the installation of equipment on our vessels to treat ballast water before it is discharged or the implementation of other port facility disposal arrangements or procedures at potentially substantial costs, and/or otherwise restrict our vessels from entering U.S. Waters. The EPA will regulate these ballast water discharges and other discharges incidental to the normal operation of certain vessels within United States waters pursuant to the Vessel Incidental Discharge Act ("VIDA"), which was signed into law on December 4, 2018 and replaces the 2013 VGP program (which authorizes discharges incidental to operations of commercial vessels and contains numeric ballast water discharge limits for most vessels to reduce the risk of invasive species in U.S. waters, stringent requirements for exhaust gas scrubbers, and requirements for the use of environmentally acceptable lubricants) and current Coast Guard ballast water management regulations adopted under the U.S. National Invasive Species Act, or NISA, such as mid-ocean ballast exchange programs and installation of approved USCG technology for all vessels equipped with ballast water tanks bound for U.S. ports or entering U.S. waters. Under NISA, newbuilding vessels constructed after December 1, 2013 are required to have a U.S. Coast Guard-approved ballast water treatment system installed, and existing vessels, are required to have a ballast water treatment system installed on the first scheduled dry-dock after January 1, 2016.

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

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

Additional Ballast Water Regulations

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

Clean Air Act

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

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

European Union Requirements

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

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

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

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

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

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

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

Other Greenhouse Gas Legislation

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

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

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

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

In the United States, the EPA issued a finding that greenhouse gases endanger the public health and safety, adopted regulations to limit greenhouse gas emissions from certain mobile sources, and proposed regulations to limit greenhouse gas emissions from large stationary sources. However, in March 2017, former U.S. President Trump signed an executive order to review and possibly eliminate the EPA's plan to cut greenhouse gas emissions, and in August 2019, the Administration announced plans to weaken regulations for methane emissions. On August 13, 2020, the EPA released rules rolling back standards to control methane and volatile organic compound emissions from new oil and gas facilities. However, U.S. President Biden recently directed the EPA to publish a proposed rule suspending, revising, or rescinding certain of these rules. The EPA or individual U.S. states could enact environmental regulations that would affect our operations.

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

Other Regions

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

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

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

International Labor Organization

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

Vessel Security Regulations

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

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

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

Inspection by Classification Societies

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

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

Risk of Loss and Liability Insurance

General

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

Hull & Machinery, Loss of Hire and War Risks Insurance

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

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

Protection and Indemnity Insurance

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

Our current protection and indemnity insurance coverage for pollution is up to $1.0 billion per vessel per incident. The 13 Clubs that comprise the International Group insure approximately 90% of the world’s commercial blue-water tonnage and have entered into a pooling agreement to reinsure each association’s liabilities. The International Group of P&I Clubs maintain a Pool arrangement, which provides a mechanism for sharing all claims in excess of $10.0 million up to, currently, $100.0 million. The Clubs are collectively reinsured in the International Group Excess Loss Programme for $3.0 billion, with an excess of $100 million. The overall limit of coverage per vessel, per incident, is approximately $7.0 billion. As members of Clubs which are members of the International Group, we are subject to calls payable to the associations based on our claim records as well as the claim records of all other members of the individual associations and members of the shipping pool of Clubs comprising the International Group.

C. Organizational Structure

Our holding company, Global Ship Lease, Inc., is a Marshall Islands corporation. Each of our vessels is owned by a separate wholly-owned subsidiary. 23 vessels are owned by companies incorporated in Marshall Islands; and 20 vessels are owned by companies incorporated in Liberia. In addition, GSLS, a company incorporated in England and Wales and which is directly wholly owned by the holding company, and GSL Enterprises Ltd., a Marshall Islands corporation which has established a branch office in Greece pursuant to the provisions of art. 25 of Law 27/1975 (formerly law 89/1967), provide certain administrative services to the group.

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

D. Property, Plants and Equipment

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

Item 4A. Unresolved Staff Comments

Not applicable.

Item 5. Operating and Financial Review and Prospects

A. Operating Results

Management's Discussion and Analysis of Financial Condition and Results of Operations

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

Overview

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

As of December 31, 2020, we owned 43 vessels, with a total capacity of 245,280 TEU with an average age, weighted by TEU capacity, of 13.7 years. As of the date of this annual report, we had contracted to purchase seven further vessels, approximately 20 years old and representing a total of 42,056 TEU.

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

Our financial results are largely driven by the following factors:

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

- impairment of our vessels and other non-current assets; and
- access to, and the pricing and other terms of, our financing arrangements.

As at December 31, 2020 and as adjusted to include new charters agreed through March 10, 2021, the average remaining term of our charters at December 31, 2020, to the mid-point of redelivery, including options under our control, was 2.5 years on a TEU-weighted basis. The time charters for six of our 43 containerships either have expired or could expire before the end of the first half of 2021, and a further seven vessels have charters that could expire during the second half of 2021. The charter rate that we will be able to achieve on renewal will be affected by market conditions at that time. As discussed further below, operational matters such as off-hire days for planned maintenance or for unexpected accidents and incidents also affect the actual amount of revenues we receive.

As of December 31, 2020, CMA CGM is our main customer and charter payments from them are a major source of operating cash flow. At any given time in the future, the cash resources of CMA CGM may be diminished or exhausted, and we cannot assure you that CMA CGM will be able to make charter payments to us.

The container shipping industry suffered a cyclical downturn as a result of the Global Financial Crisis in 2008—2009 and many container shipping companies reported substantial losses. Financial performance of container shipping companies has subsequently improved; however, the industry has remained under pressure due to oversupply of container ship capacity. Nevertheless, charter payments have been received on a timely basis in 2020 and, as of December 31, 2020, charterhire was up-to-date. If our charterers are unable to make charter payments to us, our results of operations and financial condition will be materially adversely affected. If our existing charters with our charterers were terminated and we were required to recharter at lower rates or if we were unable to find new charters due to market conditions, our results of operations and financial condition would be materially adversely affected.

Critical Accounting Policies and Estimates

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

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

Revenue Recognition

Our revenue is generated from long-term time charters for each vessel. The charters are regarded as operating leases and provide for a per vessel fixed daily charter rate. Revenue is recorded on a straight-line basis. Assuming our vessels are not off-hire, our charter revenues are fixed for the period of the current charters and, accordingly, little judgment is required to be applied to the amount of revenue recognition. Operating revenue is stated net of address commissions, which represent a discount provided directly to the charterer based on a fixed percentage of the agreed upon charter rate.

We elected the practical expedient which allows us to treat the lease and non-lease components as a single lease component for the leases where the timing and pattern of transfer for the nonlease component and the associated lease component to the lessees are the same and the lease component, if accounted for separately, would be classified as an operating lease. The combined component is therefore accounted for as an operating lease under ASC 842, as the lease components are the predominant characteristics, in 2020 and 2019.

We adopted the new “Leases” standard (Topic 842) on January 1, 2019 using the modified retrospective method. We elected the practical expedient to use the effective date of adoption as the date of initial application. Furthermore, we elected practical expedients, which allow entities (i) to not reassess whether any expired or existing contracts are considered or contain leases; (ii) to not reassess the lease classification for any expired or existing leases (iii) to not reassess initial direct costs for any existing leases and (iv) which allows to treat the lease and non-lease components as a single lease component due to its predominant characteristic. The adoption of this standard did not have a material effect on our consolidated financial statements since we are primarily a lessor and the accounting for lessors is largely unchanged under this standard.

Vessels in Operation

Vessels are generally recorded at their historical cost, which consists of the acquisition price and any material expenses incurred upon acquisition. Vessels acquired in a corporate transaction accounted for as an asset acquisition are stated at the acquisition price, which consists of consideration paid, plus transaction costs less any negative goodwill, if applicable. Vessels acquired in a corporate transaction accounted for as a business combination are recorded at fair value. Vessels acquired as part of the Marathon Merger in 2008 were accounted for under ASC 805, which required that the vessels be recorded at fair value, less the negative goodwill arising as a result of the accounting for the merger.

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

Borrowing costs incurred during the construction of vessels or as part of the prefinancing of the acquisition of vessels are capitalized. There was no capitalized interest for the years ended December 31, 2020 or 2019. Other borrowing costs are expensed as incurred.

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

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

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

Vessels acquisitions

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

Drydocking

Our vessels are drydocked approximately every five years for their special survey and for major repairs and maintenance that cannot be performed while the vessels are operating. Costs associated with the drydocks are capitalized as a component of the cost of the relevant vessel as they occur and are amortized on a straight line basis over the period to the next anticipated drydock, which are typically at five year intervals. Other expenditures relating to maintenance and repairs are expensed when incurred.

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

Costs capitalized as part of the drydock include costs directly associated with the special survey of the ship, its hull and its machinery and for the defouling and repainting of the hull. Any cost of repair to hull or machinery that extends useful life is capitalized. Other repair costs are expensed. Nine drydockings were completed in 2020 for regulatory reasons and eleven vessel upgrades were completed, the total cost of which, excluding the effect of the associated 660 days of offhire, was $26.6 million. Five drydockings were completed in 2019 for regulatory reasons and five vessel upgrades were completed, the total cost of which, excluding the effect of the associated 537 days of offhire, was $8.7 million. The duration of drydockings was adversely affected in 2020 by delays caused by COVID-19 and by continuing congestion at Chinese and other shipyards as a result of scrubber retrofitting, which also affected 2019. Two drydockings were completed in 2018 for regulatory reasons the total cost of which, excluding the effect of the associated 34 days of offhire, was $2.5 million.

Impairment of Long-lived Assets

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

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

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

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

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

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

The assessment performed for 2019 resulted in no impairment charges.

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

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

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

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

Although we currently intend to continue to hold and operate all of our vessels, the following table presents information with respect to the carrying value of our vessels, which are after the impairment charges noted above, and indicates whether their estimated market values, based on charter attached valuations as at December 31, 2020 with the assistance of an independent ship broking firm and totaling $1,253.3 million, are below their carrying values as at December 31, 2020. The carrying value of each of the vessels does not necessarily represent its fair market value or the amount that could be obtained if the vessel were sold. We would not record an impairment for any of the vessels for which the market value based on charter attached valuations is below its carrying value unless and until we either determine to sell the vessel for a loss or determine that the vessel's carrying amount is not recoverable. The undiscounted projected net operating cash flows over the estimated remaining useful lives for those vessels that show estimated market values below their carrying values exceed such vessels' carrying values as at December 31, 2020, and accordingly have not recorded any further impairment charge. As noted above, for impairment testing we assume that charter rates will revert to historic averages after four years, where relevant. Over the last few years, historic average rates have declined as stronger earlier years are replaced with weaker later years. If time charter rates do not show material and sustained improvement, we expect that our average estimated daily time charter rates used in future impairment analyses will decline, resulting in reduced estimated undiscounted future net cash flows to an amount which is less than the carrying value of certain vessels. In accordance with our accounting policy, if this occurs and we are required to perform any impairment tests, we may be required to recognize a non-cash impairment charge equal to the excess of the impacted vessels' carrying value over their fair value. Sensitivity analysis as at December 31, 2020 suggests that a reduction of 10.0% in the charter rates assumed after expiry of the existing charter contracts under the current methodology would trigger a theoretical impairment charge of approximately $53.3 million. A reduction of 5.0% in the assumed charter rates would trigger a theoretical impairment charge of approximately $29.1 million.

The amount, if any, and timing of any impairment charges we may recognize in the future will depend upon then current and expected future charter rates and vessel values, which may differ materially from those used in our estimates at December 31, 2020. In addition, vessel values are highly volatile; as such, the estimated market values may not be indicative of the current or future market value of our vessels or prices that we could achieve if we were to sell them, with or without charters attached.

The table below sets out the carrying value of each of the vessels we owned as of December 31, 2020 and 2019:

Vessel Name	Capacity in TEUs	Year Built	Carrying Value as at December 31, 2019 (in millions of U.S. dollars)	Carrying Value as at December 31, 2020 (1) (in millions of U.S. dollars)
CMA CGM Thalassa *	11,040	2008	$ 102.9	$ 98.3
UASC Al Khor	9,115	2015	67.5	65.7
Anthea Y	9,115	2015	67.5	65.7
Maira XL	9,115	2015	67.5	66.3
MSC Tianjin *	8,603	2005	43.8	42.1
MSC Qingdao *	8,603	2004	43.0	46.4
GSL Ningbo *	8,603	2004	43.5	42.5
GSL Eleni	7,847	2004	19.6	18.8
GSL Kalliopi	7,847	2004	16.3	16.1
GSL Grania	7,847	2004	16.4	16.0
Mary	6,927	2013	46.6	45.6
Kristina	6,927	2013	48.8	47.0
Katherine	6,927	2013	48.8	47.0
Alexandra	6,927	2013	48.4	46.7
Alexis	6,882	2015	54.3	52.5
Olivia I	6,882	2015	54.4	52.5
GSL Christen	6,840	2002	0.0	13.3
GSL Nicoletta	6,840	2002	0.0	12.9
CMA CGM Berlioz *	6,621	2001	31.8	29.8
Agios Dimitrios	6,572	2011	22.1	27.6
GSL Vinia	6,080	2004	12.5	13.8
GSL Christel Elisabeth	6,080	2004	13.3	13.7
Tasman	5,936	2000	12.4	13.3
Dimitris Y	5,936	2000	11.2	12.6
Ian H	5,936	2000	11.3	12.9
Dolphin II	5,095	2007	12.0	11.8
Orca I	5,095	2006	11.2	11.0
CMA CGM Alcazar *	5,089	2007	33.4	31.8
GSL Château d'If *	5,089	2007	31.0	29.6
CMA CGM Jamaica *	4,298	2006	28.7	27.1
CMA CGM Sambhar *	4,045	2006	27.5	26.0
CMA CGM America *	4,045	2006	27.0	25.6
GSL Valerie *	2,824	2005	10.8	12.1
Athena	2,762	2003	8.3	8.1
Maira (G) *	2,506	2000	5.6	7.0
Nikolas (G) *	2,506	2000	5.6	6.7
Newyorker (G)	2,506	2001	5.9	5.9
La Tour (G)*	2,272	2001	9.7	9.0
Manet (G)*	2,272	2001	10.2	9.6
GSL Matisse (G)*	2,262	1999	9.1	0.0
Utrillo (G)*	2,262	1999	7.8	0.0
Keta (G)	2,207	2003	4.5	4.3
Julie (G)	2,207	2002	4.9	4.7
Kumasi (G)*	2,207	2002	7.5	7.0
Marie Delmas (G)*	2,207	2002	7.6	7.1
			$ 1,172.2	**$ 1,163.5**

(1) Carrying value includes unamortized drydocking costs
(G) Indicates geared vessel.
* Indicates vessels for which the market value based on charter attached valuations was lower than the carrying value as at December 31, 2020. The aggregate carrying value of these vessels at December 31, 2020 exceeded their aggregate market value based on charter attached valuations as at December 31, 2020 by approximately $124.3 million.

Share-Based Compensation

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

Recent Accounting Pronouncements

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

Results of Operations

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

	Year ended December 31,	
	2020	2019
Operating Revenues	(in millions of U.S. dollars)	
Time charter revenue	$ 282.8	$ 261.1
Operating Expenses		
Vessel operating expenses	(102.8)	(87.8)
Time charter and voyage expenses	(11.2)	(9.0)
Depreciation and amortization	(47.0)	(43.9)
Impairment of vessels	(8.5)	—
General and administrative expenses	(8.4)	(8.8)
Loss on sale of vessels	(0.2)	—
Total operating expenses	(178.1)	(149.5)
Operating Income	**104.7**	**111.6**
Non-Operating Income / (Expenses)		
Interest income	1.0	1.8
Interest and other finance expenses	(65.4)	(75.0)
Other income, net	1.3	1.5
Income taxes	0.0	0.0
Net Income	**41.6**	**39.9**
Earnings allocated to Series B Preferred Shares	(4.0)	(3.1)
Net Income available to Common Shareholders	**$ 37.6**	**$ 36.8**

Operating Revenues

Operating revenues reflect income under fixed rate time charters and were $282.8 million in the year ended December 31, 2020, an increase of $21.7 million, or 8.3%, from operating revenues of $261.1 million for 2019. The increase is mainly due to an increase of 10.4% in operating days from the addition of two vessels during the second and third quarter of 2019 and five vessels since October 1, 2019, together with increased revenue from MSC Tianjin, Alexandra, Alexis, Olivia I, Kristina and Katherine as the charters for these ships were renewed at increased rates, offset by a decrease in revenue from GSL Matisse and Utrillo (both sold in July 2020) and La Tour and Manet, as their charters were renewed at lower rates.

There were 1,120 days offhire through the year, including 687 for 11 planned vessel upgrades, nine completed regulatory drydockings and one in progress as at December 31, 2020. With 338 idle time for GSL Matisse and Utrillo (prior to their sale in July 2020), utilization for 2020 was 93.0%. In 2019 overall utilization was 94.4%.

Total Operating Expenses

Total Operating Expenses totaled $178.1 million (or 63.0% of operating revenues). Operating expenses totaled $149.5 million for the year ended December 31, 2019 (or 57.3% of operating revenues).

Total Operating expenses can be analyzed as follows:

- *Vessel operating expenses:* Vessel operating expenses, which relate to the operation of the vessels themselves, were $102.8 million for the year ended December 31, 2020 (or 36.4% of operating revenues) compared to $87.8 million for the year ended December 31, 2019 (or 33.6% of operating revenues). Ownership days in 2020 were 16,044, up 12.0% on 14,326 of 2019. The increase is mainly due to the acquisition of two vessels during the second and third quarter of 2019 and five vessels since October 1, 2019, all of which are Post-Panamax with higher daily operating expenses, plus the effect of COVID-19 restrictions and delays on crew replacement and delivery of spares. The average cost per ownership day was $6,410, up $282, (or 4.6%), from $6,128 for 2019.

- *Time Charter and voyage expenses:* Time charter and voyage expenses, which comprise mainly commission paid to ship brokers, the cost of bunker fuel for owner's account when a ship is offhire or idle and miscellaneous costs associated with a ship's voyage for the owner's account, were $11.2 million for the year ended December 31, 2020 (or 4.0% of operating revenues) compared to $9.0 million for the year ended December 31, 2019 (or 3.4% of operating revenues). The increase was mainly due to the fact that a number of our legacy ships have completed their initial charters with CMA CGM or OOCL, which did not include brokerage commission and were subsequently employed on new charters obtained with the assistance of a broker, thereby incurring such commissions. Further, there was an increase in bunker costs for GSL Matisse and Utrillo (both vessels were sold during July 2020) and Julie and GSL Christen during idle time.
- *Depreciation and Amortization:* Depreciation and Amortization was $47.0 million (or 16.6% of operating revenues) for the year ended December 31, 2020, up from $43.9 million (or 16.8% of operating revenues) in 2019. The increase was mainly due to the addition of two vessels during the second and third quarter of 2019 and five vessels since October 1, 2019.
- *Impairment of Vessels-Loss on sale of vessels:* Two 1999-built, 2,200 TEU feeder ships, GSL Matisse and Utrillo, were sold on July 3, 2020 and July 20, 2020, respectively resulting in a loss of $0.2 million. As of March 31, 2020, we had an expectation that the vessels would be sold before the end of their previously estimated useful life, and as a result performed an impairment test of these two asset groups and an impairment charge of $7.6 million was recognized. An additional impairment charge of $0.9 million was recognized on these two vessels in the three months ended June 30, 2020 for a total of $8.5 million in the year ended December 31, 2020. No impairment charges were recognized in the prior year period.
- *General and administrative*: General and administrative expenses were $8.4 million (or 3.0% of operating revenues) in the year ended December 31, 2020, and were $8.8 million (or 3.3% of operating revenues) for 2019. The average cost per ownership day was $520 for the year ended December 31, 2020 compared to $615 per day for the year ended December 31, 2019.

Operating Income

As a consequence of all preceding items, operating income was $104.7 million for the year ended December 31, 2020 compared to an operating income of $111.6 million for the year ended December 31, 2019.

Interest Income

Interest income earned on cash balances for the year ended December 31, 2020 was $1.0 million compared to $1.8 million in 2019 with the decrease being due to lower deposit rates.

Interest and other finance expenses

Interest and other finance expenses for the year ended December 31, 2020, was $65.4 million, down on interest and other finance expenses for the year ended December 31, 2019, of $75.0 million. The decrease is mainly due to lower outstanding principal during 2020 and decrease in LIBOR.

Other income, net

Other operating income, net represents miscellaneous revenue mainly from sundry recharges to charterers under our time charters. In the year ended December 31, 2020, other operating income, net was $1.3 million, down from $1.5 million in 2019.

Income Taxes

Income taxes for the years ended December 31, 2020 and 2019 were not material as our vessel owning subsidiaries were subject to taxation based on tonnage rather than accounting profits.

Net Income

For the year ended December 31, 2020, net income was $41.6 million, compared to a net income of $39.9 million for the year ended December 31, 2019.

Earnings Allocated to Series B Preferred Shares

The dividends payable on the $57.1 million of Series B Preferred Shares outstanding as at December 31, 2020, are presented as a reduction of net income, as and when declared by the Board of Directors. These dividends totaled $4.0 and $3.1 million for each of the years ended December 31, 2020 and 2019, respectively.

Net Income Available to Common Shareholders

Net income available to common shareholders for the year ended December 31, 2020 was $37.6 million, compared to a net income available to common shareholders of $36.8 million for the year ended December 31, 2019.

Year ended December 31, 2019 compared to Year ended December 31, 2018

For a discussion of our results for the year ended December 31, 2019 compared to the year ended December 31, 2018, please see “Item 5. Operating and Financial Review and Prospects—A. Operating Results—Results of Operations—Year Ended December 31, 2019 Compared to the Year Ended December 31, 2018” contained in our Annual Report on Form 20-F for the year ended December 31, 2019, filed with the SEC on April 2, 2020.

B. Liquidity and Capital Resources

Liquidity, working capital and dividends

Overview

Our net cash flow from operating activities derives from revenue received under our charter contracts, which varies directly with the number of vessels under charter, days on-hire and charter rates, less operating expenses including crew costs, lubricating oil costs, costs of repairs and maintenance, insurance premiums, general and administrative expenses, interest and other financing costs. In addition, each of our vessels is subject to a drydock approximately every five years. Nine drydockings were completed in 2020 for regulatory reasons and eleven vessel upgrades were completed, the total cost of which, excluding the effect of the associated 660 days of offhire, was $26.6 million. Five drydockings were completed in 2019 for regulatory reasons and five for vessel upgrades, the total cost of which, excluding the effect of the associated 537 days of offhire, was $8.7 million. The duration of drydockings was adversely affected in 2019 by congestion at Chinese and other shipyards as a result of scrubber retrofitting. Two drydockings were completed in 2018, and four in 2017. The average cost of the 32 drydockings completed on vessels in the current fleet between January 2013 and December 2020 was $1.1 million with an average loss of revenue of $0.5 million while the relevant vessel was offhire. This amount does not include any allowance for the installation of ballast water treatment systems or other vessel enhancements.

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

The main factor affecting operating cash flow in a period is the timing of the receipt of charterhire, which is due to be paid two weeks or one month in advance and, other than from any asset sales and purchases, are the payments for costs of drydockings and vessel upgrades, the timing of the payment of interest, which is mainly quarterly, including on our 2024 Notes, and amortization of our debt.

We fully redeemed our 2022 Notes on January 20, 2021 and fully repaid the related secured term loan provided by Citibank (the "Citi Credit Facility") on October 31, 2020. We were required to repay $40.0 million in each of the first three years and $35.0 million annually (the "Repayment Requirement") thereafter, across both the 2022 Notes and the Citi Credit Facility in accordance with the terms of the Indenture relating to the 2022 Notes. The Citi Credit Facility had minimum fixed amortization whereas, as long as amounts were outstanding under that loan, amortization of the 2022 Notes is at the option of the noteholders. In late 2018, pursuant to the Repayment Requirement, around the first anniversary of the issue of the 2022 Notes, we offered to redeem $20.0 million nominal amount of the 2022 Notes at a purchase price of 102%. The offer was fully accepted and $20.0 million nominal amount of the 2022 Notes were redeemed and cancelled. If any portion of the offer had not accepted, it would have been applied to repay the Citi Credit Facility at par. In late 2019, pursuant to the Repayment Requirement, around the second anniversary of the issue of the 2022 Notes, we offered to redeem a further $20.0 million of the 2022 Notes at a purchase price of 102%. Noteholders holding approximately $17.3 million nominal amount of the 2022 Notes accepted the offer and such notes were redeemed and cancelled. The $2.7 million of the offer not accepted was applied to repay the Citi Credit Facility at par. In December 2020, pursuant to the Repayment Requirement and as the Citi Credit Facility had been fully repaid on October 31, 2020, we mandatorily redeemed $28.0 million aggregate principal amount of the 2022 Notes. The minimum repayments of the Citi Credit Facility were four instalments of $10.0 million semi-annually commencing April 30, 2018, and two subsequent instalments of $7.4 million; the final maturity date of the loan was no later than October 31, 2020. As of December 31, 2020, $233.4 million was outstanding on the 2022 Notes (which has since been refinanced).

We are also required to pay a minimum of $76.7 million of amortization in 2021 and a minimum amortization of $200.0 million in 2022.

As indicated in "F. Tabular Disclosure of Contractual Obligations," below, interest payment obligations were $46.2 million for 2021, $65.7 million for 2022 and 2023, $33.1 million for 2024 and 2025 and $0.4 million for 2026.

At December 31, 2020, we had $781.9 million of debt outstanding, consisting of $233.4 million under our 2022 Notes which carried interest at a fixed rate of 9.875%, $38.5 million under our Blue Ocean Credit Facility at a fixed rate of interest of 10.0%, $59.8 million under our 2024 Notes which carry interest at the fixed rate of 8.00%, and $450.2 million under our other credit facilities which have floating interest rates at LIBOR plus a weighted average margin of approximately 3.60%. Assuming LIBOR of 0.3%, quarterly interest on total gross debt at December 31, 2020, without taking into account amortization, would amount to approximately $12.4 million.

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

In addition, we intend to declare and make quarterly dividend payments amounting to approximately $1.2 million per quarter on our Series B Preferred Shares on a perpetual basis and in accordance with the Certificate of Designation governing the terms of our Series B Preferred Shares, based on the amount outstanding as of December 31, 2020. Finally, we may, in the discretion of our Board of Directors, declare and pay dividends on our common shares, subject to, among other things, any applicable restrictions contained in our current and future agreements governing our indebtedness, including our credit facilities, and available cash flow. On January 12, 2021, we announced that our Board of Directors had approved the initiation of a quarterly cash dividend of $0.12 per Class A Common Share, with effect from the first quarter of 2021.

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

All our revenues are denominated in U.S. dollars and a portion of our expenses are denominated in currencies other than U.S. dollars. As of December 31, 2020, we had $92.3 million in cash and cash equivalents, including restricted cash. Our cash and cash equivalents are mainly held in U.S. dollars, with relatively small amounts of UK pounds sterling and Euros. We regularly review the amount of cash and cash equivalents held in different jurisdictions to determine the amounts necessary to fund our operations and their growth initiatives and amounts needed to service our indebtedness and related obligations. If these amounts are moved out of their original jurisdictions, we may be subject to taxation.

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

Our floating rate debt is represented by drawings under a number of secured credit facilities. We have in the past, and may in the future, enter into hedging instruments, including interest rate swap agreements, to hedge our cash flows. We would not enter into derivatives for trading or speculative purposes.

The table below shows our consolidated cash flows for each of the years ended December 31, 2020, 2019 and 2018:

	Year ended December 31,		
	2020	2019	2018
	(in millions of U.S. dollars)		
Cash flows from operating activities			
Net income / (loss)	$ 41.6	$ 39.8	$(57.3)
Adjustments to reconcile net income / (loss) to net cash provided by operating activities			
Depreciation and amortization	47.0	43.9	35.5
Impairment of vessels	8.5	—	71.8
Loss on sale of vessels	0.2	—	—
Amortization of deferred financing costs	4.1	3.1	4.6
Amortization of original issue discount/premium on repurchase of notes	3.3	1.1	1.2
Amortization of intangible assets/liabilities-charter agreements	(0.5)	1.9	(1.3)
Share based compensation	2.0	1.7	0.1
Movement in working capital	(1.8)	1.8	(6.9)
Net cash provided by operating activities	**104.4**	**93.3**	**47.7**
Cash flows from investing activities			
Acquisition of vessels	(23.1)	(73.0)	(11.4)
Net proceeds from sale of vessels	6.9	—	14.5
Cash paid for vessel expenditures	(4.1)	(9.5)	(0.2)
Advances for vessel acquisitions and other additions	(4.5)	(9.2)	—
Cash paid for drydockings	(14.8)	(7.4)	(2.6)
Cash acquired from Poseidon Transaction, net of capitalized expenses	—	(0.8)	24.0
Net cash (used in)/provided by investing activities	**(39.6)**	**(99.9)**	**24.3**
Cash flows from financing activities			
Proceeds from issuance of 2024 Notes	20.1	39.8	—
Deferred financing costs paid	(1.2)	(7.9)	(2.0)
Repayment of refinanced debt	(44.4)	(262.8)	—
Repurchase of 2022 Notes, including premium	(92.0)	(17.6)	(20.4)
Proceeds from drawdown of credit facilities	47.0	327.5	8.1
Repayment of credit facilities	(64.3)	(63.5)	(37.8)
Proceeds from offering of Class A common shares, net of offering costs	—	50.7	—
Proceeds from offering of Series B preferred shares, net of offering costs	18.7	1.0	—
Series B preferred shares – dividends paid	(4.0)	(3.1)	(3.1)
Net cash (used in)/provided by financing activities	**(120.1)**	**64.1**	**(55.2)**
Net (decrease)/increase in cash and cash equivalents and restricted cash	**(55.3)**	**57.5**	**16.8**
Cash and cash equivalents and restricted cash at beginning of the year	**147.6**	**90.1**	**73.3**
Cash and cash equivalents and restricted cash at end of the year	**$ 92.3**	**$ 147.6**	**$ 90.1**

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

Net cash provided by operating activities was $104.4 million for the year ended December 31, 2020 reflecting mainly net income of $41.6 million, adjusted for depreciation and amortization of $47.0 million, impairment of vessels of $8.5 million, loss on sale of vessels of $0.2 million, amortization of deferred financing costs and original issue discount of $7.4 million, amortization of intangible liabilities of $0.5 million, share-based compensation of $2.0 million, plus movements in working capital, including deferred revenue, of $1.8 million.

Net cash provided by operating activities for the year ended December 31, 2020 at $104.4 million was $11.1 million higher than in 2019 mainly due to increase in depreciation and amortization expense as a consequence of the full year effect of the five vessels purchased in late 2019 and the two vessels purchased in early 2020 and the impairment losses of $8.5 million recognized on the sale of two vessels (GSL Matisse and Utrillo). In 2020 we had an increase of $21.7 million in operating revenues, $17.1 million increase in vessel operating and time charter and voyage expenses and a decrease of $9.6 million in net interest expense. In addition, movement in working capital was $3.6 million lower in 2020 compared to 2019.

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

Net cash used in investing activities for the year ended December 31, 2019 was $99.9 million, including $73.0 million for the purchase of ships, $18.7 million vessel additions and other advances and $7.4 million paid for drydockings.

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

Net cash provided by financing activities for the year ended December 31, 2019 was $64.1 million, including $39.8 million net proceeds from issuing our 2024 Notes, $327.5 million drawdown of new credit facilities, $50.7 million net proceeds from issuing Class A common shares and $1.0 million net proceeds from issuing Series B Preferred Shares under our ATM program offset by $17.6 million purchase of our 2022 Notes under the mandatory annual offer, $63.5 million amortization of credit facilities, $262.8 million repayment of refinanced debt, $7.9 million deferred financing costs paid and $3.1 million dividends paid on our Series B Preferred Shares.

Overall, there was a net decrease in cash and cash equivalents and restricted cash of $55.3 million in the year ended December 31, 2020, resulting in closing cash of $92.3 million compared to closing cash of $147.6 million at December 31, 2019.

Year ended December 31, 2019 compared to Year ended December 31, 2018

For a discussion of our liquidity and capital resources for the year ended December 31, 2019 compared to the year ended December 31, 2018, please see “Item 5. Operating and Financial Review and Prospects-B. Liquidity and Capital Resources-Liquidity, working capital and dividends-Year Ended December 31, 2019 Compared to Year Ended December 31, 2018” contained in our Annual Report on Form 20-F for the year ended December 31, 2019, filed with the SEC on April 2, 2020.

Our indebtedness as of December 31, 2020 comprised:

Facility	$ million	Collateral vessels	Interest Rate	Final maturity date
Chailease Credit Facility	7.6	Maira, Nikolas, Newyorker	LIBOR plus 4.2%	March 31, 2025
Hayfin Credit Facility	5.8	GSL Valerie	LIBOR plus 5.50%	July 16, 2022
Deutsche, CIT, HCOB Credit Facility	117.2	UASC Al Khor, Anthea Y, Maira XL	LIBOR plus 3.00%	June 30, 2022
Entrust, Blue Ocean Credit Facility	31.9	UASC Al Khor, Anthea Y, Maira XL	LIBOR plus 10.00%	June 30, 2022
Hellenic Credit Facility	10.3	GSL Eleni	LIBOR plus 3.90%	May 25, 2024
	10.0	GSL Grania		September 4, 2024
	10.4	GSL Kalliopi		October 2, 2024
	19.0	GSL Vinia, GSL Christel Elisabeth		December 31, 2024
Syndicated Senior Secured Credit Facility (CACIB, ABN, CIT, Siemens, CTBC, Bank Sinopac, Palatine)	238.0	Orca I, Katherine, Dolphin II, Athena, Kristina, Agios Dimitrios, Alexandra, Alexis, Olivia I, Mary	LIBOR plus 3.00%	September 24, 2024
Blue Ocean Junior Credit Facility	38.5	Orca I, Katherine, Dolphin II, Athena, Kristina, Agios Dimitrios, Alexandra, Alexis, Olivia I, Mary	10.00%	September 24, 2024
2022 Notes(1)	233.4	GSL Fleet (16 vessels)	9.875%	November 15, 2022
2024 Notes	59.8	(Unsecured)	8.00%	December 31, 2024
TOTAL	**781.9**			

(1) Subsequently repaid.

Notes

8.00% Senior Unsecured Notes due 2024

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

On November 27, 2019, we entered into an "At Market Issuance Sales Agreement" with B. Riley FBR, Inc. (the "Agent") pursuant to which we may sell, from time to time, up to an additional $68.0 million of 2024 Notes (the "2024 Notes ATM Program"). As of December 31, 2020, we had issued and sold approximately $28.2 million aggregate principal amount of 2024 Notes under the 2024 Notes ATM Program.

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

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

As of December 31, 2020, the total outstanding aggregate principal amount of the 2024 Notes was $59.8 million.

9.875% First Priority Secured Notes due 2022

On October 31, 2017, we issued and sold $360.0 million in aggregate principal amount of our 9.875% First Priority Secured Notes due 2022 (the "2022 Notes") which were scheduled to mature on November 15, 2022. Proceeds after the deduction of the original issue discount, but before expenses, amounted to $356.4 million. The 2022 Notes were fully redeemed in January 2021, as discussed below.

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

We were required to have a minimum cash balance of $20.0 million on each test date, being March 31, June 30, September 30 and December 31 in each year. The original issue discount was being amortized on an effective interest rate basis over the life of the 2022 Notes. We were required to repay $40.0 million each year for the first three years and $35.0 million thereafter, across both the 2022 Notes and the Citi Credit Facility. The Citi Credit Facility had minimum fixed amortization whereas as long as amounts were outstanding thereunder, amortization of the 2022 Notes is at the option of the noteholders, who could accept or reject an annual tender offer we were obliged to make. In December 2018, the tender offer was accepted in full and we repurchased $20.0 million of the 2022 Notes at a purchase price of 102%. In December 2019, the tender offer of $20.0 million was partially accepted by the noteholders and we repurchased $17.3 million principal amount of the 2022 Notes at a purchase price of 102%. The balance of the offer of $2.7 million was applied to repay the Citi Credit Facility at par. The Citi Credit Facility was fully repaid on October 31, 2020, consequently on December 3, 2020, we mandatorily redeemed $28.0 million aggregate principal amount of the 2022 Notes at a redemption price of $28.6 million (representing 102.0% of the aggregate principal amount redeemed) plus accrued and unpaid interest.

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

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

Credit Facilities

$65.0 million Hayfin Credit Facility

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

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

The facility bears interest at LIBOR plus a margin of 5.50%.

As of December 31, 2020, the outstanding balance of the Hayfin Credit Facility was $5.8 million.

$180.5 million Deutsche, CIT, HCOB, Entrust, Blue Ocean Credit Facility

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

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

Senior Facility

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

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

As of December 31, 2020, the outstanding balance on the Senior Facility was $117.2 million.

Junior Facility

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

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

As of December 31, 2020, the outstanding balance on the Blue Ocean Junior Facility was $31.9 million.

$59.0 million Hellenic Bank Credit Facility

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

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

The Hellenic Credit Facility bears interest at LIBOR plus a margin of 3.90% per annum. As of December 31, 2020, the outstanding balance of the Hellenic Credit Facility was $49.7 million.

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

On September 19, 2019, we entered into a new syndicated $268.0 million senior secured credit facility comprised of two tranches (the "Senior Syndicated Facility") with Crédit Agricole Corporate and Investment Bank ("CACIB"), ABN Amro Bank N.V. ("ABN"), CIT Bank N.A ("CIT"), Siemens Financial Services, Inc ("Siemens"), Bank SINOPAC CO. LTD ("Bank Sinopac"), CTBC Bank CO., LTD ("CTBC") and Banque Palatine ("Palatine"). The first tranche of the Senior Syndicated Facility of $230.0 million was drawn down, in full, and the proceeds were used to refinance five of our senior credit facilities existing at the time with maturities in December 2020 and April 2021 (the "First Tranche Refinancing"). The senior credit facilities that were refinanced were our $65.3 million ABN AMRO Bank Credit Facility, $17.1 million Amsterdam Trade Bank N.V. Credit Facility, $80.0 million Crédit Agricole Credit Facility, $24.5 million Blue Ocean Credit Facility and $55.7 million Crédit Agricole Credit Facility. As a result of the First Tranche Refinancing, three 2000-built 6,000 TEU ships, Tasman, Dimitris Y and Ian H, became unencumbered. The final maturity date of the Senior Syndicated Facility is September 2024, five years after drawdown. Borrowings under the Senior Syndicated Facility bear interest at LIBOR plus a margin of 3.00% and the scheduled amortization of the first tranche is $5.2 million per quarter plus a balloon payment of $126.0 million.

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

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

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

As of December 31, 2020, the outstanding balance of the Senior Syndicated Facility was $238.0 million.

$38.5 million Blue Ocean Junior Credit Facility

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

This facility bears interest at 10.00% per annum.

As of December 31, 2020, the outstanding balance of the Blue Ocean Junior Credit Facility was $38.5 million.

$9.0 million Chailease Credit Facility

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

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

As of December 31, 2020, the outstanding balance of the Chailease Credit Facility was $7.6 million.

New Credit Facilities in 2021

New Hayfin Facility

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

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

Covenants

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

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

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

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

- incurring additional indebtedness or issuing certain preferred stock;

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

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

- a first priority mortgage over the relevant collateralized vessels;
- first priority assignment of earnings and insurances from the mortgaged vessels;
- pledge of the earnings account of the mortgaged vessel;
- pledge of the equity interest of each of the vessel-owning subsidiaries; and
- corporate guarantees.

Debt repaid in 2020

$54.8 million Citi Credit Facility

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

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

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

$52.6 million DVB Credit Facility

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

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

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

Leverage

As of December 31, 2020, we had $781.9 million of debt outstanding of which $233.4 million was for our 2022 Notes which carry interest at a fixed rate of 9.875%, $38.5 million was provided by Blue Ocean at a fixed rate of interest of 10.0%, $59.8 million was for our 2024 Notes which carry interest at the fixed rate of 8.00% and $450.2 million was floating rate debt across a number of facilities and bearing interest at LIBOR plus an average margin of approximately 3.60%.

Our liquidity requirements are significant, primarily due to drydocking costs and debt service requirements. As indicated in "—F. Tabular Disclosure of Contractual Obligations,**"** below, minimum amortization of debt in 2021 totals $76.7 million and interest is $46.2 million. The table shows minimum amortization of debt of $260.3 million for 2022 and 2023; interest in that period would be $65.7 million. The table shows minimum amortization of debt of $342.7 million for 2024 and 2025; interest in that period would be $33.1 million. The table shows minimum amortization of debt of $102.2 million for 2026; interest in that period would be $0.4 million.

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

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

Working capital and dividends

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

We estimate that the average cost of each of the 32 drydockings completed on vessels in the fleet between January 2013 and December 2020 was $1.1 million, with an average loss of revenue of $0.5 million from offhire. We have included a schedule of the next anticipated drydocking date for each of our vessels in the section of this Annual Report entitled “Item 4. Information on the Company—B. Business Overview—Inspection by Classification Societies.”

Our other liquidity requirements include a requirement to pay a minimum of $76.7 million of amortization in 2021 on our secured term loans and minimum amortization of $260.3 million in 2022. Finally, the dividend on the $57.1 million Series B Preferred Shares outstanding as at December 31, 2020 amounts to $5.0 million each year. In addition to funds generated by the business, we may require new borrowings, issuances of equity or other securities, or a combination of the former and the latter to purchase additional vessels and will likely require such further funding to meet all of our repayment obligations under the 2022 Notes and other borrowings.

C. Research and Development

None.

D. Trend Information

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

Container shipping is the most convenient low-carbon and cost-effective way to transport a wide range of cargoes, predominantly a diverse selection of consumer, manufactured, semi-manufactured, and perishable goods. It is estimated that around 90% of non-bulk cargoes traded by sea are carried by containership. Approximately 201 million TEU, equating to around 1.8 billion tonnes, of containerized cargo are estimated to have been carried in 2020. Global containerized cargo volumes have grown every year since the industry’s inception in 1956, with two exceptions: 2009, during the Global Financial Crisis, and 2020, due to the impact of COVID-19. However, the industry has displayed resilience during the COVID-19 crisis: after contracting significantly in the first half of 2020, leaving global containerized volumes 6.6% lower compared to the same period of 2019, cargo volumes recovered strongly during the second half of 2020. Overall, negative growth of 2.0% is estimated for 2020 – with a rebound of 6.8% anticipated in 2021. Supply-side fundamentals are supportive: as at December 31, 2020, idle capacity of the global containership fleet was only 1.2% and the orderbook-to-fleet ratio was at a year-end 40 year low.

The containerized supply chain extends throughout the world. Mainlane trades are those linking the major manufacturing economies in Asia with the major consumer economies in North America (the Transpacific trades) and Europe (the Asia-Europe trades), and those linking Europe with the Americas (the Transatlantic trades). These trades tend to be served by the largest containerships on the water. However, in 2019, a more “normal” year compared to 2020, 71% of global containerized volumes were on the non-Mainlane trades, with intra-regional trades—of which the largest is Intra-Asia—representing almost 40%. These non-Mainlane and intra-regional trades are predominantly served by mid-sized and smaller containerships (10,000 TEU, or smaller).

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

From 2000 through 2008, a period of super-cyclical growth largely catalyzed by China, the Compound Annual Growth Rate ("CAGR") of global containerized trade was 9.9%. Having contracted by 8.0% in 2009, during the Global Financial Crisis, growth rebounded to 15.3% the following year. The CAGR from 2010 through 2019 was 3.8%. In 2020, during the COVID-19 crisis, global containerized trade volumes contracted sharply in the first half of the year, falling 6.6% on the same period in 2019. However, volumes began to recover in the second half of the year, resulting in estimated negative growth of approximately 2.0% for the full year. Analyst consensus for this volume recovery involves a combination of changing consumption habits (consumers purchasing "things" rather than "experiences" during COVID-19 lock-downs), re-stocking, and making supply chains more robust (moving from "just in time" to "just in case" inventory management). Although heavily caveated, growth in 2021 is currently forecast at 6.8%.

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

Between 1995 and 2008, the nominal carrying capacity of the industry-wide fully cellular fleet grew by a compound annual rate of 11.4%; and from 2009 through 2019 at 5.9%, as the industry digested the legacy, pre-financial crisis orderbook. In 2020, net supply is estimated to have expanded by 3.1% and, as of December 31, 2020, the containership fleet stood at approximately 5,294 ships, with an aggregate capacity estimated at 23.5 million TEU – over half of which is chartered in from containership owners like Global Ship Lease.

In December 2008, the orderbook was estimated to represent over 60% of existing global capacity. Since then, however, the industry has been adjusting to lower demand growth, capital constraints, and consolidation. By the end of 2020, the overall orderbook-to-fleet ratio was down to 9.9%: a year-end 40 year low. For ships between 2,000 TEU and 9,999 TEU it was 1.3%, and for those between 5,500 TEU and 9,999 TEU (mid-size Post-Panamax) it was 0.1%.

Vessel newbuilding prices, secondhand values, and charter rates have tended to be closely correlated and are all strongly influenced by the dynamics of supply and demand, combined with sentiment. From 2000 through 2020, the average newbuilding price for a theoretical 3,500 – 3,600 TEU containership was around $43.5 million, with prices ranging between $31.5 million (2002) and $65.0 million (2008). During the same period, secondhand values for a 10 year old ship of similar size averaged around $22.3 million and ranged between $5.0 million (2016) and $52.0 million (2005). Meantime, spot market charter rates for such tonnage averaged about $16,900 per day and ranged between $5,300 per day (2016) and $43,700 per day (2005). In January 2021, prevailing spot market charter rates were around $21,000 per day, with newbuilding prices at approximately $40.3 million and secondhand values for a 10 year old ship at about $15.0 million.

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

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

Some liner companies are adopting Liquified Natural Gas, or LNG, as a transition fuel towards the next generation of genuinely green fuels. Others have expressed skepticism about LNG as part of a de-carbonization strategy given that it is still a hydrocarbon, suggesting they may wait until net-zero emission fuels are commercially available. The current consensus view is that 2030 will be the earliest inflection point at which next-generation green fuels (with the considerable infrastructure required to support them) will become commercially available, allowing industry adoption to begin to accelerate. In the interim, it is expected that the industry will continue to rely predominantly on existing, conventionally-fueled containerships that are optimized for lower emissions. Given that ships are long-lived assets, and that it is not economically viable to radically change fuel and engine type mid-life, uncertainty over future fuel and propulsion standards is inhibiting new ordering activity.

For conventionally-fueled containerships, there is considerable variation in vessel emissions per tonne of cargo carried, with the economies of scale yielded by larger vessels typically resulting in lower emissions per container carried. Other factors, such as vessel age and design, fuel saving and energy efficiency retrofits, sailing speed, time in port, weather routing and other operational differences, can also have a significant impact on the relative fuel efficiency of different classes of containership. Logically, there is a strong correlation between ships with low fuel costs per TEU slot and ships with low emissions per slot. There is a significant increase in efficiency in the transition from small feeder containerships (sub-3,000 TEU) to intermediate-sized vessels (4,000 – 10,000 TEU). Whilst even larger vessels (above 12,000 TEU) offer further efficiencies relative to intermediate vessels, the incremental improvement curve tends to flatten as vessel sizes increase beyond that point.

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

E. Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

F. Tabular Disclosure of Contractual Obligations

The contractual obligations presented below represent our estimates of future payments under fixed contractual obligations and commitments as of December 31, 2020. These amounts do not include dividends on the Series B Preferred Shares which amount to $5.0 million annually based on the principal outstanding as at December 31, 2020. Changes in our business needs or in interest rates, as well as actions by third parties and other factors, may cause these estimates to change. These estimates are necessarily subjective and our actual payments in future periods are likely to vary from those presented in the table.

	Less than 1 year	1-3 years	3-5 years	More than 5 years	Total
	(in millions of U.S. dollars)				
Long-term debt obligations, excluding interest(1)	$ 76.7	$260.3	$342.7	$102.2	$781.9
Interest on long-term debt(2)	46.2	65.7	33.1	0.4	145.4
Ship management agreements(3)	14.8	12.4	2.1	—	29.3
Total	**$ 137.7**	**$338.4**	**$377.9**	**$102.6**	**$956.6**

(1) Consists of total debt outstanding as of December 31, 2020 of $233.4 million aggregate principal amount of the 2022 Notes, $5.8 million under the Hayfin Credit Facility, $433.2 million under the Poseidon credit facilities (comprised of the Chailease Facility, Deutsche, CIT, HCOB, Entrust Credit Facility, Blue Ocean Junior Facility, Senior Secured Syndicated Credit Facility and Junior Syndicated Facility), $49.7 million under the Hellenic Credit Facility and $59.8 million under our 2024 Notes. The table reflects the amortization of the New Hayfin Facility that was used to refinance our 2022 Notes and amortization of the Citi Credit Facility, as relevant, as well as the scheduled fixed amortization and final repayments of all other credit facilities, excluding future cash sweeps, as defined in the relevant credit facilities.

(2) Represents aggregate interest payments at the fixed rate of 7.5% (7% margin plus floor LIBOR at 0.5%) on the New Hayfin Facility, at the fixed rate of 8.00% on the 2024 Notes and at the fixed rate of 10.00% on the Junior Syndicated Facility and on all of our floating rate debt at the relevant margin plus LIBOR at 0.30%, where applicable.

(3) Reflects the fees payable to our ship manager for (i) the minimum term of 36-60 months for the ship management agreements with Technomar, from the actual or anticipated effective date of these contracts, at a daily rate of €700 and an exchange rate of 1.228 USD:Euro, inflated at 2.5% annually and brokerage commissions payable to our commercial manager, Conchart, for the current employment of the fleet, up to earliest date of redelivery under current charters. The obligations to our ship managers do not include any amount for the reimbursement of daily operating costs incurred by them on our behalf.

G. Safe Harbor

See the section titled "Cautionary Note Regarding Forward-Looking Statements" at the beginning of this Annual Report.

Item 6. Directors, Senior Management and Employees

A. Directors and Senior Management

Our directors and executive officers as of the date of this Annual Report and their ages as of December 31, 2020 are listed below:

Name	Age	Position
George Giouroukos	55	Executive Chairman
Michael S. Gross	59	Director
Alain Wils	77	Director
Philippe Lemonnier	60	Director
Michael Chalkias	50	Director
Henry Mannix III	41	Director
Alain Pitner	71	Director
Menno van Lacum	50	Director
Ian J. Webber	63	Chief Executive Officer
Thomas A. Lister	51	Chief Commercial Officer
Anastasios Psaropoulos	42	Chief Financial Officer

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

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

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

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

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

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

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

Menno van Lacum: Mr. van Lacum was appointed a director in November 2018 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 became our Chief Executive Officer in August 2008. From 1979 to 1996, Mr. Webber worked for PriceWaterhouse, the last five years of which he was a partner. From 1996 to 2006, Mr. Webber served as the Chief Financial Officer and a director of CP Ships Limited, a subsidiary of Canadian Pacific Limited until 2001 and thereafter a public company listed on the New York and Toronto stock exchanges until its acquisition by TUI A.G. in 2005. Mr. Webber is a graduate of Cambridge University.

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

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

B. Compensation

Compensation of Executive Officers

For the year ended December 31, 2020, we have expensed an aggregate of $1.51 million in compensation to our executive officers. Set forth below is a description of certain material terms of the employment agreements with each of our executive officers, which is qualified in its entirety by the respective agreements which are filed as exhibits hereto.

George Giouroukos, Executive Chairman

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

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

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

Ian Webber, Chief Executive Officer

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

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

The agreement is terminable by Mr. Webber if he provides not less than six months advance written notice to GSLS, or by GSLS if it provides not less than 12 months advance written notice to him (subject to exceptions in the case of summary termination). GSLS has the right to terminate Mr. Webber at any time and in its absolute discretion by paying Mr. Webber a sum equal to his salary and contractual benefits for the relevant period of notice.

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

Anastasios Psaropoulos, Chief Financial Officer

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

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

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

Thomas Lister, Chief Commercial Officer

GSLS, our wholly-owned subsidiary, has entered into an employment agreement with Mr. Lister and, pursuant to the terms of an inter-company agreement between us and GSLS, Mr. Lister serves as our Chief Commercial Officer. Mr. Lister also previously served as our Chief Financial Officer from April 1, 2017 to November 15, 2018 until the merger with Poseidon Containers.

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

The agreement is terminable by Mr. Lister if he provided not less than six months advance written notice to GSLS, or by GSLS if it provided not less than nine months advance written notice to him (subject to exceptions in the case of summary termination). Pursuant to the terms of his employment agreement, GSLS will have the right to terminate Mr. Lister at any time and in its absolute discretion by paying him a sum equal to his salary and contractual benefits for the relevant period of notice.

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

Compensation of Directors

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

2019 Omnibus Incentive Plan

On February 4, 2019, our Board of Directors adopted the Global Ship Lease, Inc. 2019 Omnibus Incentive Plan, (the "2019 Plan"), under which directors, officers and employees (including any prospective director, officer or employee) of us and our subsidiaries and affiliates are eligible to receive non-qualified options, stock appreciation rights, restricted stock units, dividend equivalents, cash awards, unrestricted stock and other equity-based or equity-related awards as set forth fully in the 2019 Plan. We have reserved a total of 1,812,500 Class A common shares for issuance under the 2019 Plan during its 10-year term. During any calendar year, each non-employee director may not be granted more than 12,500 shares of Class A common stock or cash awards in excess of $100,000. We currently have 391,500 Class A common shares remaining to be awarded under the 2019 Plan.

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

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

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

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

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

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

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

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

Mr. Giouroukos, Mr. Webber, Mr. Psaropoulos, Mr. Lister and other employees were awarded 27%, 22%, 13%, 13% and 3% of the total number of Class A common shares, respectively, with Tranche A, B, C and D representing 25%, 15%, 25% and 35% respectively.

C. Board Practices

Our Board of Directors is divided into three classes with one class of directors being elected in each year and each class serving a three-year term. The current term of office of the Term I class of directors consisting of Mr. Lemonnier, Mr. Mannix and Mr. Pitner, expires at the annual meeting of shareholders to be held in 2021. The current term of office of the Term II class of directors, consisting of Mr. Chalkias and Mr. Giouroukos, expires at the annual meeting of shareholders to be held in 2022. The current term of office of the Term III class of directors, consisting of Mr. Gross, Mr. van Lacum and Mr. Wils, expires at the annual meeting of shareholders to be held in 2023.

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

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

Director Independence

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

Board Observer Agreement

On November 12, 2019, we entered into a Board Observer Agreement with B. Riley Financial, Inc. and B. Riley FBR which (i) amended the prior engagement letter and underwriting agreement by and between B. Riley FBR and ourselves to eliminate the right of B. Riley FBR to appoint a director to our Board of Directors; and (ii) granted a right to B. Riley Financial, Inc. to designate an observer to our Board of Directors ("Observer"), provided that B. Riley Financial, Inc. and/or its affiliates own more than 5% of the outstanding voting power of us. The Observer may attend all meetings of the Board of Directors and certain meetings of committees of our Board of Directors in a non-voting, observer capacity and may participate in discussions of our Board of Directors. B. Riley Financial, Inc. has designated Daniel Shribman as its representative to serve as Observer.

Board Committees

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

Audit Committee

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

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

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

Compensation Committee

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

Nominating and Corporate Governance Committee

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

Conflicts Committee

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

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

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

D. Employees

As of December 31, 2020, we had seven employees.

E. Share Ownership

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

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

Item 7. Major Shareholders and Related Party Transactions

A. Major Shareholders

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

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

Except as otherwise indicated, each person or entity named in the table below has sole voting and investment power with respect to all of our Class A common shares or our Series C Preferred Shares, shown as beneficially owned, subject to applicable community property laws. As of the date of this report, an aggregate of 36,283,468 Class A common shares were issued and outstanding.

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

Name of Beneficial Owner	Class A Common Shares Beneficially Owned	Approximate Percentage of Outstanding Class A Common Shares(1)
5% Shareholders:		
Kelso	12,955,188(2)	35.7%
CMA CGM S.A.	3,051,587(3)	8.4%
B. Riley Financial, Inc.	2,189,824(4)	6.0%
Other Directors and Executive Officers:		
Henry Mannix III	See footnote (2)	See footnote (2)
George Giouroukos	1,628,305(5)(7)	4.5%
Michael Gross	1,344,094(6)	3.7%
Alain Wils	1,312	0.0%
Menno van Lacum	13,794(7)	0.0%
Ian Webber	69,106(7)	0.2%
Thomas Lister	33,801	0.1%
Anastasios Psaropoulos	88,299(7)	0.2%
All directors and executive officers as a group (11 individuals)	16,133,899(2)	44.5%

(1) Calculated based on 36,283,468 Class A common shares outstanding as of the date of this report.

(2) This information is derived from a Schedule 13D filed with the SEC on October 4, 2019 and information provided to us by Kelso. On January 20, 2021, upon the redemption in full of our 2022 Notes, KIA VIII (Newco Marine) Ltd., or KIA VIII, and KEP VI (Newco Marine) Ltd., or KEP VI, exercised their right to convert an aggregate of 250,000 Series C Preferred Shares, representing all such shares outstanding at that time, into Class A common shares of the Company, resulting in our issuance of an aggregate of 12,955,188 Class A common shares to KIA VIII and KEP VI. 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 E. 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, Henry Mannix III and Willian Woo (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.

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

(4) This information is derived from a Schedule 13G/A filed with the SEC and dated January 21, 2021. As at that date, BRC Partners Opportunity Fund, L.P. (“BRPLP”) beneficially owned 416,840 shares of Class A common shares. BRC Partners Management GP, LLC. (“BRPGP”) is the general partner of BRPLP. B. Riley Capital Management, LLC. (“BRCM”) is an investment advisor to BRPLP. As a result, each of BRPGP and BRCM may be deemed to have beneficially owned the 416,840 shares of Class A common shares owned directly by BRPLP. As at that date, B. Riley Securities, Inc. (“BRS”) beneficially owned 1,772,984 shares of Class A common shares. As at that date, B. Riley Financial, Inc. as the parent company of BRCM and BRS may be deemed to have beneficially owned the 2,189,824 shares of Common Stock beneficially owned in the aggregate by BRCM and BRS.

(5) Mr. Giouroukos, who serves as our Executive Chairman, owns and controls Shipping Participations Inc., which is the record holder of 1,628,305 Class A common shares. As a result, Mr. Giouroukos may be deemed to beneficially own the shares held by Shipping Participations Inc.

(6) This information is derived from a Schedule 13D/A filed with the SEC on January 21, 2021. Michael S. Gross directly holds 566,880 shares of Class A common shares. Marathon Founders, LLC directly holds 777,214 shares of Class A common shares. 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.

(7) Does not include share-based awards for which shares have not been issued that were approved by the Company’s Board of Directors in 2019, which are described above under the heading “Item 6. Directors, Senior Management and Employees-B. Compensation-2019 Omnibus Incentive Plan”.

As of March 10, 2021, we had 18 registered shareholders of record, five of which were located in the United States and held an aggregate of 17,465,746 of our Class A common shares, representing 48.1% 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 16,668,815 of our Class A common shares as of March 10, 2020. We believe that the shares held by Cede & Co. include common shares beneficially owned by both holders in the United States and non-U.S. beneficial owners.

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

B. Related Party Transactions

Registration Rights Agreement

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

On October 29, 2018, we entered into an Amended and Restated Registration Rights Agreement (the "Amended and Restated Registration Rights Agreement"), which amended and restated the Marathon Registration Rights Agreement, with KEP VI, KIA VIII, CMA CGM, Management Investor Co., Anmani Consulting Inc., Marathon Founders, LLC, Michael S. Gross and Maas Capital Investments B.V. with respect to all Class A common shares and Series C Preferred Shares held by such shareholders on the closing date of the Poseidon Transaction, including any Class A common shares 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 will, on or before the date that is six months after the closing of the Poseidon Transaction, file 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. 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 will agree not to acquire, own or operate containerships. However, under certain exceptions, Mr. Giouroukos, and any entity which he controls, may compete with us, which could affect our business. Specifically, Mr. Giouroukos, and any entity which he controls, will not be prevented from:

(1) acquiring, owning, operating or chartering vessels other than containerships;

(2) acquiring or owning one or more containerships if we decide not to exercise our right of first refusal to acquire such containership, in accordance with the terms of the Non-Compete Agreement described below under "Right of First Refusal";

(3) Acquiring, owning, operating or chartering one or more containerships as part of the acquisition of a controlling interest in a business or package of assets that owns, operates or charters such containerships; provided, however, that Mr. Giouroukos, and any entity which he controls must offer to sell such containership(s) to us at their fair market value plus any additional tax or other similar costs that Mr. Giouroukos, and any entity which he controls, incurs in connection with the acquisition and the transfer of such containership to us separate from the acquired business, if a majority of the value of the business or the package of assets acquired is attributable to containerships;

(4) providing vessel management services relating to containerships, or other vessel types, including technical and commercial management, warehouse transactions for financial institutions and pool management;

(5) Acquiring, owning, operating or chartering any containership that Mr. Giouroukos, and any entity which he controls, owned or operated or had a contractual arrangement with respect to as of the closing date of the Plan of Merger by and among Poseidon Containers Holdings LLC, K&T Marine LLC, us and other parties;

(6) transferring to Mr. Giouroukos or any entity which he controls, title to a vessel that Mr. Giouroukos or such entity that he controls or any third party is entitled to acquire, own and operate under the Non-Compete Agreement, pursuant to or in connection with the termination of a financing arrangement, including by way of a sale and leaseback or similar transaction, which is accounted for under United States generally accepted accounting principles as a financial lease; and

(7) acquiring, owning, operating or chartering any containership that is subject to an offer to purchase as described in paragraphs (2) and (3) above, in each case pending the offer of such containership to us and our determination whether to purchase the containership and, if so, pending the closing of such purchase.

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

Right of First Refusal

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

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

Right of First Offer on Containerships

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

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

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

Chartering Opportunities

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

Ship Management Agreements

As of December 31, 2020, Technomar provided day-to-day technical ship management services to us on all of our vessels pursuant to technical ship management agreements. Mr. George Giouroukos, our Executive Chairman, is a significant shareholder of Technomar. Technomar's services being provided under the technical ship management agreements include crewing, purchasing stores, lubricating oils and spare parts, paying wages, pensions and insurance for the crew, and organizing other vessel operating necessities, including the arrangement and management of drydocking. We pay Technomar a daily management fee of EUR 685 (EURO 700 from January 1, 2021) per vessel, to be paid in U.S. Dollars at an agreed rate of exchange, which, in addition to covering the technical ship management services being provided, includes administrative support services, including accounting and financial reporting, treasury management services and legal services also being provided pursuant to the technical ship management agreements. The technical ship management agreements with Technomar are for a minimum term of 36 months other than those for the 21 vessels provided as security for the New Hayfin Facility where the minimum term is five years from January 2021 and the five vessels provided as security for the Hellenic Credit facility where the minimum term is also five years starting on the dates that the vessels were delivered to us which were between May and December 2019. The technical ship management agreements may be terminated by either party by giving not less than six months' prior written notice with termination to be effective no sooner than the expiry of the minimum term. If the technical ship management agreements are terminated on at least six months prior written notice, a termination fee equal to 50% of the annual management fee is payable to Technomar if the technical ship management agreements are terminated by the mangers and a termination fee equal to two times the annual fee is payable to Technomar if the technical ship management agreements are terminated by the owners. Our other ship technical ship management agreements may generally be terminated by either party on two months prior written notice. The Technomar technical ship management agreements may also be terminated (i) by one party on the change of control in the other party, (ii) automatically

on the insolvency of a party, (iii) by one party upon the breach by the other party of the technical ship management agreement, and (iv) upon the sale or total loss of a vessel; except where the owner is terminating the technical ship management agreements for cause, a termination fee is payable to Technomar and will range from 25% of the annual management fee to two times the annual management fee, depending on the reason for the termination.

The management fees paid by us to Technomar for the year ended December 31, 2020 amounted to $12.6 million. The management fees paid by us to Technomar and CMA Ships for the year ended December 31, 2019 amounted to $9.2 million and $0.8 million, respectively. For the year ended December 31, 2018 management fees amounted to $0.7 million and $1.0 million, respectively.

Conchart provides commercial management services to us on all of our vessels pursuant to commercial management agreements. Mr. George Giouroukos, our Executive Chairman, is the sole beneficial owner of Conchart. Under the commercial management agreements, Conchart is responsible for (i) marketing of our vessels, (ii) seeking and negotiating employment of our vessels, (iii) advising us on market developments, and on the development of new rules and regulations with respect to trading and cargo restrictions, (iv) assisting in the calculation of hires, and the collection of any sums related to the operation of vessels, (v) communicating with agents, and (vi), negotiating memoranda of agreement for the sale of the vessels. Except with respect to charters with CMA CGM, we have agreed to pay Conchart a commission of 1.25% on all monies earned under each charter fixture, and we have agreed to pay Conchart a 1.00% commission on any sale and purchase transaction. No commission is payable on any charter to CMA CGM, or extension thereof, in place as of October 29, 2018. For any new charters to CMA CGM or its affiliates, the rate of commission is 0.75%. However, no commission is payable for such charters if CMA CGM or its affiliates waive their own address commission. The commercial management agreements with Conchart are for a minimum term of 36 months other than those for the 21 vessels provided as security for the New Hayfin Facility where the minimum term is five years from January 2021 and the five vessels provided as security for the Hellenic Credit facility where the minimum term is also five years starting on the dates that the vessels were delivered to us which were between May and December 2019. The commercial management agreements may be terminated by either party by giving not less than six months' prior written notice with termination to be effective no sooner than the expiry of the minimum term. If the commercial management agreements are terminated on at least six months prior written notice, a termination fee equal to six times the average monthly commission paid by us to Conchart (or which accrued) in the prior six month period is payable to Conchart if the commercial management agreements are terminated by the mangers and a termination fee equal to twelve times the average monthly commission paid by us to Conchart (or which accrued) in the prior twelve month period is payable to Conchart if the commercial management agreements are terminated by the owners. The Conchart commercial management agreements may also be terminated (i) by one party on the change of control in the other party, (ii) automatically on the insolvency of a party, (iii) by one party upon the breach by the other party of the commercial management agreement, and (iv) upon the sale or total loss of a vessel; except where the owner is terminating the commercial management agreements for cause, a termination fee is payable to Conchart and will range from three times the average monthly commission paid by us to Conchart (or which accrued) in the prior three month period to twelve times the average monthly commission paid by us to Conchart (or which accrued) in the prior twelve month period, depending on the reason for the termination.

The fees paid by us to Conchart for the year ended December 31, 2020 amounted to $2.4 million. For the year ended December 31, 2019, fees paid to Conchart amounted to $1.8 million.

GSLS had entered into a Commercial Advisory Services and Exclusive Brokerage Services Agreement ("EBSA") with Conchart, whereby Conchart was appointed to provide commercial advisory and exclusive brokerage services to us on our vessels which we provided as security to the 2022 Notes and Citi Credit facility, none of which are vessels covered by the commercial management agreement with us and Conchart. Under the EBSA, Conchart provided GSLS brokerage services which included the marketing of the vessels for sale, and the negotiation and execution of charters for the vessels. Except with respect to charters with CMA CGM, GSLS agreed to pay Conchart a commission of 1.25% on all monies earned under each charter fixture, and GSLS agreed to pay Conchart a 1.00% commission on any sale and purchase transaction. No commission is payable on any charter to CMA CGM, or extension thereof, in place as of October 29, 2018. Also, no commission was payable to Conchart in cases when not more than 30 days have elapsed between the conclusion of a new charter to CMA CGM and the end of a preexisting CMA CGM charter which was in place on October 29, 2018, provided that the relevant vessel has not been chartered to any non-CMA CGM charterer in the period between the two CMA CGM charters. For any other new charters to CMA CGM or its affiliates, the rate of commission was 0.75%; however, no commission was payable for such charters if CMA CGM or its affiliates waive their own address commission. The EBSA with Conchart is for a minimum term of three years. The EBSA may have been terminated by either party by giving not less than six months' prior written notice with termination to be effective no sooner than the expiry of the minimum term. If the EBSA had been terminated on at least six months prior written notice, a termination fee equal to six

times the average monthly commission paid by GSLS to Conchart (or which accrued) in the prior six month period would have been payable to Conchart if the EBSA was terminated by the mangers and a termination fee equal to twelve times the average monthly commission paid by GSLS to Conchart (or which accrued) in the prior twelve month period was payable to Conchart if the EBSA was terminated by the owners. The EBSA may also have been terminated (i) by one party on the change of control in the other party, (ii) automatically on the insolvency of a party, (iii) by one party upon the breach by the other party of the EBSA, and (iv) upon the sale or total loss of a vessel; except where GSLS was terminating the EBSA for cause, a termination fee was payable to Conchart and would have ranged from three times the average monthly commission paid by GSLS to Conchart (or which accrued) in the prior three month period to twelve times the average monthly commission paid by GSLS to Conchart (or which accrued) in the prior twelve month period, depending on the reason for the termination.

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

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

Kelso Letter Agreement

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

Participation in Global Ship Lease Securities Offerings

Certain members of our executive management purchased an aggregate of 168,968 Class A common shares in the October 2019 Equity Offering at the public offering price, for which the underwriters did not receive any discount or commissions. In addition, certain members of our executive management purchased 300,000 aggregate principal amount of 2024 Notes in the November 2019 Notes Offering, for which the underwriter did not receive any discount or commissions.

C. Interests of Experts and Counsel

Not applicable.

Item 8. Financial Information

A. Consolidated Statements and Other Financial Information

Please see “Item 18. Financial Statements” below.

Legal Proceedings

We have not been involved in any legal proceedings that may have, or have had a significant effect on our business, financial position, results of operations or liquidity, and we are not aware of any proceedings that are pending or threatened that may have a material adverse effect on our business, financial position, results of operations or liquidity. From time to time, we may be subject to legal proceedings and claims in the ordinary course of business, principally personal injury and property casualty claims associated with operating 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.

Dividend Policy

On January 12, 2021, we announced that our Board of Directors had initiated a new dividend policy under which we intend to pay shareholders a regular quarterly cash dividend of $0.12 per Class A common share with effect from the first quarter of 2021.

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

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

There were 2,282,198 Depositary Shares outstanding at December 31, 2020, each of which represents 1/100th of one share of our Series B Preferred Shares. Dividends on the Series B Preferred Shares are payable at 8.75% per annum in arrears on a quarterly basis, when and if declared by the Board of Directors. Following the issuance of the Series B Preferred Shares, no dividend may be declared or paid or set apart for payment on our common shares and other junior securities, unless full cumulative dividends have been or contemporaneously are being paid or declared and set aside for payment on all outstanding Series B Preferred Shares, subject to certain exceptions. See “Item 10. Additional Information—B. Memorandum and Articles of Association.” Dividends have been declared as scheduled with respect to our Series B Preferred Shares.

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

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

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

B. Significant Changes

None.

Item 9. The Offer and Listing.

A. Offer and Listing Details

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

B. Plan of Distribution

Not applicable

C. Markets

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

D. Selling Shareholders

Not applicable

E. Dilution

Not applicable

F. Expenses of the Issue

Not applicable

Item 10. Additional Information

A. Share Capital

Not applicable.

B. Memorandum and Articles of Association

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

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

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

On August 20, 2014, we issued 1,400,000 Depositary Shares, each of which represents 1/100th of one share of our Series B Preferred Shares. A further 42,800 Depositary Shares were issued during the year ended December 31, 2019 under our Depositary Shares ATM Program, 839,442 Depositary Shares were issued during the year ended December 31, 2020 under the program and a further 266,024 Depositary Shares have been issued between January 1, 2021 and March 10, 2021. Each Series B Preferred Share has the right to receive the liquidation preference of $2,500.00 per share (equivalent to $25.00 per depositary share) plus an amount equal to all accumulated and unpaid dividends thereon to the date of payment, whether or not declared. Dividends are payable at 8.75% per annum in arrears on a quarterly basis, when and if declared by the Board of Directors.

Following the issuance of our Series B Preferred Shares, no dividend may be declared or paid or set apart for payment on our common stock and each other class or series of capital stock established after the original issue date of the Series B Preferred Shares that is not expressly made senior to or on parity with the Series B Preferred Shares as to the payment of dividends and amounts payable upon liquidation, dissolution or winding up, whether voluntary or involuntary ("Junior Securities") (other than a dividend payable solely in Junior Securities), unless full cumulative dividends have been or contemporaneously are being paid or declared and set aside for payment on all outstanding Series B Preferred Shares and any securities that rank pari passu with the Series B Preferred Shares through the most recent respective dividend payment dates. Holders of the Series B Preferred Shares generally have no voting rights, except in limited circumstances. The Series B Preferred Shares may be redeemed at any time, at our discretion, in whole or in part, at a redemption price of $2,500.00 per share (equivalent to $25.00 per depositary share). The rights, preferences and restrictions attaching to the Series B Preferred Shares are described in the sections "Description of Preferred Shares" and "Description of Depositary Shares" of our registration statement on Form F-3 (File No. 333-235305) filed with the SEC on November 27, 2019 and incorporated by reference into this Annual Report. There have been no changes since that date with the exception of the issuance of further Series B Preferred Shares in connection with our Depositary Shares ATM Program. The rights, preferences and restrictions attaching to the Series B Preferred Shares are further qualified by (i) the Certificate of Designations of Global Ship Lease, Inc., filed with the Registrar or Deputy Registrar of Corporations of the Republic of the Marshall Islands and effective August 19, 2014, (ii) the Certificate of Amendment to the Certificate of Designations of Global Ship Lease, Inc., filed with the Registrar or Deputy Registrar of Corporations of the Republic of the Marshall Islands and effective December 9, 2019 and (iii) the Deposit Agreement, dated as of August 20, 2014, by and among Global Ship Lease, Inc., Computershare Inc. and Computershare Trust Company, N.A., as applicable, as depositary, registrar and transfer agent, and the holders from time to time of the depositary receipts described therein (each of (i) and (iii) being incorporated by reference to Exhibits 3.1 and 4.1, respectively, of Global Ship Lease, Inc.'s Report on Form 6-K filed on August 20, 2014 and (ii) being incorporated by reference to Exhibit 3.1 of Global Ship Lease Inc.'s Report on Form 6-K filed on December 10, 2019), each of which is hereby incorporated by reference into this Annual Report. There have been no changes since the respective dates.

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

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

Registration Rights Agreements

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

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

C. Material Contracts

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

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

D. Exchange Controls

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

E. Taxation

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

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

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

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

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

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

Taxation of Global Ship Lease

Taxation of operating income

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

The 4% gross basis tax

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

The net basis tax and branch profits tax

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

The Section 883 exemption

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

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

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

(1) The 50% Ownership Test

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

(2) The CFC Test

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

(3) The Publicly Traded Test

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

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

The Section 883 Regulations also generally provide that stock will be considered to be "regularly traded" on an established securities market if one or more classes of stock in the corporation representing in the aggregate more than 50% of the total combined voting power and value of all classes of stock of the corporation are listed on an established securities market during the taxable year. During the 2020, the Class A common shares represented more than 50% of the total combined voting power and value of all classes of our stock. However, even if a class of shares is so listed, it is not treated as regularly traded under the Section 883 Regulations unless (1) trades are made in the shares on the established securities market, other than in minimal quantities, on at least 60 days during the taxable year (or 1/6 of the days in a short taxable year); and (2) the aggregate number of shares traded on the established securities market during the taxable year is at least 10% of the average number of outstanding shares of that class during that year (as appropriately adjusted in the case of a short taxable year). Even if these trading frequency and trading volume tests are not satisfied with respect to the Class A common shares, however, the Section 883 Regulations provide that such tests will be deemed satisfied if the Class A common shares are regularly quoted by dealers making a market in such Class A common shares. While we anticipate that these trading frequency and trading volume tests will be satisfied each year, satisfaction of these requirements is outside of our control and, hence, no assurances can be provided that we will satisfy the Publicly Traded Test each year. However, the Class A common shares may not represent more than half of the voting power or value of all classes of our stock.

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

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

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

United States taxation of gain on sale of vessels

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

Tax Consequences of Holding Class A common shares

U.S. holders

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

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

Taxation of distributions paid on Class A common shares

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

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

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

Taxation of the disposition of Class A common shares

Subject to the discussions of the PFIC rules below, upon the sale, exchange or other disposition of Class A common shares, a U.S. holder will recognize capital gain or loss in an amount equal to the difference between the amount realized on the disposition and such U.S. holder's tax basis in our Class A common shares. The U.S. holder's initial tax basis in its Class A common shares generally will be the U.S. holder's purchase price for the Class A common shares and that tax basis will be reduced (but not below zero) by the amount of any distributions on the units that are treated as non-taxable returns of capital, as discussed above under '*Taxation of distributions paid on Class A common shares.*'

Subject to the discussions of the PFIC rules below, capital gain from the sale, exchange or other disposition of Class A common shares held more than one year is long-term capital gain, and is eligible for a reduced rate of taxation for individuals. Gain recognized by a U.S. holder on a sale, exchange or other disposition of Class A common shares generally will be treated as U.S. source income. A loss recognized by a U.S. holder on the sale, exchange or other disposition of Class A common shares generally will be allocated to U.S. source income. The deductibility of a capital loss recognized on the sale, exchange or other disposition of Class A common shares may be subject to limitations, and U.S. holders may want to consult their own tax advisors regarding their ability to deduct any such capital loss in light of their particular circumstances.

3.8% tax on net investment income

A U.S. holder that is an individual, estate, or, in certain cases, a trust, will generally be subject to a 3.8% tax on the lesser of (1) the U.S. holder's net investment income (or undistributed net investment income in the case of an estate or trust) for the taxable year and (2) the excess of the U.S. holder's modified adjusted gross income for the taxable year over a certain threshold (which in the case of individuals is between $125,000 and $250,000). A U.S. holder's net investment income will generally include distributions made by us that constitute dividends and gain upon a sale, exchange or other disposition of our Class A common shares. This tax is in addition to any income taxes due on such investment income.

If you are a U.S. holder that is an individual, estate or trust, you are encouraged to consult your tax advisors regarding the applicability of the 3.8% tax on net investment income to the ownership of our Class A common shares.

Consequences of possible passive foreign investment company classification

A non-U.S. entity treated as a corporation for U.S. federal income tax purposes will be a PFIC in any taxable year in which, after taking into account the income and assets of the corporation and certain subsidiaries pursuant to a "look through" rule, either: (1) 75% or more of its gross income is "passive" income or (2) 50% or more of the average value of its assets is attributable to assets that produce passive income or are held for the production of passive income. For purposes of these tests, "passive income" includes dividends, interest and gains from the sale or exchange of investment property and rents and royalties other than rents and royalties which are received from unrelated parties in connection with the active conduct of a trade or business; income derived from the performance of services does not, however, constitute "passive income." The determination of whether a corporation is a PFIC is made annually. If a corporation is a PFIC in any taxable year that a person holds stock in the corporation (and was not a qualified electing fund with respect to such year, as discussed below), the stock held by such person will be treated as stock in a PFIC for all future years (absent an election which, if made, may require the electing person to pay taxes in the year of the election).

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

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

If we were to be classified as a PFIC in any year, each U.S. holder of our Class A common shares that does not make a timely qualified electing fund or mark-to-market election (as discussed below) will be subject (in that year and all subsequent years) to special rules with respect to: (1) any "excess distribution" (generally defined as any distribution received by a U.S. holder in a taxable year that is greater than 125% of the average annual distributions received by the U.S. holder in the three preceding taxable years or, if shorter, the U.S. holder's holding period for the Class A common shares), and (2) any gain realized upon the sale or other disposition of the Class A common shares. Under these rules:

- the excess distribution or gain will be allocated ratably over the U.S. holder's holding period for our Class A common shares;
- the amount allocated to the current taxable year and any year prior to the first year in which we were a PFIC will be taxed as ordinary income in the current year; and
- the amount allocated to each of the other taxable years in the U.S. holder's holding period for our Class A common shares will be subject to U.S. federal income tax at the highest rate in effect for the applicable class of taxpayer for that year, and an interest charge will be added as though the amount of the taxes computed with respect to these other taxable years were overdue.

In addition, each U.S. holder of our Class A common shares will generally be required to file an IRS Form 8621 if such U.S. holder holds its shares in any year in which we were classified as a PFIC.

In order to avoid the application of the PFIC rules discussed above with respect to excess distributions and realized gains, U.S. holders of our Class A common shares may make a qualified electing fund, or a QEF, election provided in Section 1295 of the Code. In lieu of the PFIC rules discussed above, a U.S. holder that makes a valid QEF election will, in very general terms, be required to include its pro rata share of our ordinary income and net capital gains, unreduced by any prior year losses, in income for each taxable year (as ordinary income and long-term capital gain, respectively) and to pay tax thereon, even if the amount of that income is not the same as the distributions paid on the Class A common shares during the year. If we later distribute the income or gain on which the U.S. holder has already paid taxes under the QEF rules, the amounts so distributed will not again be subject to tax in the hands of the U.S. holder. A U.S. holder's tax basis in any Class A common shares as to which a QEF election has been validly made will be increased by the amount included in such U.S. holder's income as a result of the QEF election and decreased by the amount of nontaxable distributions received by the U.S. holder. On the disposition of a common share, a U.S. holder making the QEF election generally will recognize capital gain or loss equal to the difference, if any, between the amount realized upon such disposition and its adjusted tax basis in the common share. In general, a QEF election should be made on or before the due date for filing a U.S. holder's federal income tax return for the first taxable year for which we are a PFIC or, if later, the first taxable year for which the U.S. holder held common stock. In this regard, a QEF election is effective only if certain required information is made available by the PFIC. Subsequent to the date that we first determine that we are a PFIC, we will use commercially reasonable efforts to provide any U.S. holder of Class A common shares, upon request, with the information necessary for such U.S. holder to make the QEF election. If we do not believe that we are a PFIC for a particular year but it is ultimately determined that we were a PFIC, it may not be possible for a holder to make a QEF election for such year.

In addition to the QEF election, Section 1296 of the Code permits U.S. persons to make a "mark-to-market" election with respect to marketable stock in a PFIC. If a U.S. holder of our Class A common shares makes a mark-to-market election, such U.S. holder generally would, in each taxable year that we are a PFIC: (1) include as ordinary income the excess, if any, of the fair market value of the Class A common shares at the end of the taxable year over such U.S. holder's adjusted tax basis in the Class A common shares, and (2) be permitted an ordinary loss in respect of the excess, if any, of such U.S. holder's adjusted tax basis in the Class A common shares over their fair market value at the end of the taxable year, but only to the extent of the net amount previously included in income as a result of the mark-to-market election (with the U.S. holder's basis in the Class A common shares being increased and decreased, respectively, by the amount of such ordinary income or ordinary loss). If a U.S. holder makes an effective mark-to-market election, any gain such U.S. holder recognizes upon the sale or other disposition of our Class A common shares in a year that we are a PFIC will be treated as ordinary income and any loss will be treated as ordinary loss, but only to the extent of the net amount previously included in income as a result of the mark-to-market election. The consequences of this election are generally less favorable than those of a QEF election for U.S. holders that are sensitive to the distinction between ordinary income and capital gain, although this is not necessarily the case. U.S. holders should consult their tax advisors as to the consequences to them of making a mark-to-market or QEF election, as well as other U.S. federal income tax consequences of holding stock in a PFIC in light of their particular circumstances.

As previously indicated, if we were to be classified as a PFIC for a taxable year in which we pay a dividend or the immediately preceding taxable year, dividends paid by us would not constitute "qualified dividend income" and, hence, would not be eligible for the preferential rates of U.S. federal income tax that apply to certain non-corporate U.S. holders.

If we are classified as a PFIC for any taxable year during which a U.S. holder holds our Class A common shares and any of our non-U.S. subsidiaries is also classified as a PFIC, such U.S. holder will be treated as owning a proportionate amount (by value) of the shares of the lower-tier PFIC for purposes of the application of the PFIC rules. U.S. holders are urged to consult their tax advisors about the application of the PFIC rules to any of our subsidiaries.

Non-U.S. holders

For purposes of this discussion, a non-U.S. holder is a beneficial owner of our Class A common shares that is neither a U.S. holder nor a partnership (or any other entity taxed as a partnership for U.S. federal income tax purposes).

A non-U.S. holder will generally not be subject to U.S. federal income tax on dividends paid in respect of the Class A common shares or on gains recognized in connection with the sale or other disposition of the Class A common shares, provided, in each case, that such dividends or gains are not effectively connected with the non-U.S. holder's conduct of a U.S. trade or business. However, even if not engaged in a U.S. 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 meet certain other requirements.

Dividends or gains that are effectively connected with a non-U.S. holder's conduct of a U.S. trade or business (and, if required by an applicable income tax treaty, are attributable to a U.S. permanent establishment) are subject to U.S. federal income tax on a net income basis in the same manner as if the non-U.S. holder were a U.S. holder, and may be subject to an additional "branch profits tax" at a 30% rate or such lower rate as may be specified by an applicable income tax treaty.

Information Reporting and Back-up Withholding

U.S. holders generally are subject to information reporting requirements with respect to dividends paid on Class A common shares, and on the proceeds from the sale, exchange or disposition of Class A common shares. In addition, a holder may be subject to back-up withholding (currently at 24%) on dividends paid on Class A common shares, and on the proceeds from the sale, exchange or other disposition of Class A common shares, unless the holder provides certain identifying information, such as a duly executed IRS Form W-9, W-8BEN or W-8BEN-E, or otherwise establishes an exemption. Back-up withholding is not an additional tax and the amount of any back-up withholding will be allowable as a credit against a holder's U.S. federal income tax liability and may entitle such holder to a refund, provided that certain required information is timely furnished to the IRS.

Tax Consequences of Holding 8.75% Series B Cumulative Redeemable Perpetual Preferred Shares

Our Series B Preferred Shares are treated as equity rather than debt for U.S. federal income tax purposes. Similar considerations apply as those described above in "—Tax Consequences of Holding Class A common shares." Holders of Series B Preferred Shares should consult their tax advisors regarding the specific tax consequences to them of the acquisition, holding or disposition of our Series B Preferred Shares, in light of their particular circumstances.

Special rules may apply to any "extraordinary dividend" paid by us to U.S. holders of Series B Preferred Shares. Dividends paid by us in respect of stock which is preferred as to dividends will be treated as an "extraordinary dividend" if the issue price of such stock exceeds its liquidation rights or its stated redemption price. If we pay an "extraordinary dividend" on our Series B Preferred Shares that is treated as "qualified dividend income," then any loss derived by certain non-corporate U.S. holders from the sale or exchange of such shares will be treated as long-term capital loss to the extent of the amount of such dividend. U.S. holders of Series B Preferred Shares are urged to consult their tax advisors about the potential treatment of dividends as "extraordinary dividends" for U.S. federal income tax purposes.

Marshall Islands Taxation

In the opinion of our Marshall Islands tax counsel, Seward & Kissel LLP, because we do not (and do not expect in the future that we will) conduct business or operations in the Republic of The Marshall Islands, we are not subject to income, capital gains, profits or other taxation under current Marshall Islands law. Distributions on our Class A common shares or on our Series B Preferred Shares will not be subject to Marshall Islands withholding tax.

Other Taxation

We may be subject to taxation in certain non-U.S. jurisdictions because we are either organized, or conduct business or operations, in such jurisdictions. We intend that our business and the business of our subsidiaries will be conducted and operated in a manner that minimizes taxes imposed upon us and our subsidiaries. However, we cannot assure this result as tax laws in these or other jurisdictions may change or we may enter into new business transactions relating to such jurisdictions, which could affect our tax liability.

F. Dividends and Paying Agents

Not applicable.

G. Statements by Experts

Not applicable.

H. Documents on Display

We filed reports and other information with the SEC. These materials, including this annual report and the accompanying exhibits, are available from www.sec.gov. Shareholders may also request a copy of our filings by writing to us at the following address: c/o Global Ship Lease Services Limited, 25 Wilton Road, London SW1V 1LW, United Kingdom or telephoning us at +44 (0) 20 3998 0063.

I. Subsidiaries

Not applicable.

Item 11. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk

We are exposed to the impact of interest rate changes primarily through our floating-rate borrowings under our credit facilities. Significant increases in interest rates could adversely affect our results of operations and our ability to service our own debt. Details of the expected maturity of our borrowings are presented in "Item 5. Operating and Financial Review and Prospects—F. Contractual Obligations."

Sensitivity Analysis

Our analysis of the potential effects of variations in market interest rates is based on a sensitivity analysis, which models the effects of potential market interest rate changes on our financial condition and results of operations. The following sensitivity analysis may have limited use as a benchmark and should not be viewed as a forecast as it does not include a variety of other potential factors that could affect our business as a result of changes in interest rates.

Based on the outstanding balance at December 31, 2020 of our floating rate credit facilities of $450.2 million and ignoring amortization thereon and cash on hand, a hypothetical 1% increase in LIBOR would have the impact of reducing our annual net income, before income taxes, by approximately $4.5 million.

Foreign Currency Exchange Risk

The shipping industry's functional currency is the U.S. dollar. All of our revenues and the majority of our operating costs are in U.S. dollars. In the future, we do not expect to be exposed to any significant extent to the impact of changes in foreign currency exchange rates. Consequently, we do not presently intend to enter into derivative instruments to hedge the foreign currency translation of assets or liabilities or foreign currency transactions or to use financial instruments for trading or other speculative purposes.

Inflation

With the exception of rising costs associated with the employment of international crews for our vessels and the impact of global oil prices on the cost of lubricating oil, we do not believe that inflation has had, or is likely in the foreseeable future to have, a significant impact on vessel operating expenses, drydocking expenses and general and administrative expenses. For the duration of the global expense agreement, under certain predefined circumstances, we will be able to recover a portion of our vessel operating costs above a pre-determined threshold.

Item 12. Description of Securities Other than Equity Securities

Not applicable.

PART II

Item 13. Defaults, Dividend Arrearages and Delinquencies

None.

Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds

None.

Item 15. Controls and Procedures

Disclosure Controls and Procedures

As required by Rules 13a-15 and 15d-15 under the Exchange Act, management has evaluated, with the participation of our Chief Executive Officer and Chief Financial Officer, the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Disclosure controls and procedures refer to controls and other procedures designed to ensure that information required to be disclosed in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the rules and forms of the SEC. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in our reports that we file or submit under the Exchange Act is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding our required disclosure. In designing and evaluating our disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives, and management was required to apply its judgment in evaluating and implementing possible controls and procedures.

Based on the foregoing, our Chief Executive Officer and Chief Financial Officer have concluded that, as of December 31, 2020, the end of the period covered by this report, our disclosure controls and procedures were effective at the reasonable assurance level.

Management's Annual Report on Internal Control Over Financial Reporting

Management acknowledges its responsibility for establishing and maintaining adequate internal controls over financial reporting. Internal control over financial reporting refers to a process designed by, or under the supervision of, our Chief Executive Officer and Chief Financial Officer and effected by our Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that:

- relate to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of our assets;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and members of our Board of Directors; and
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on our financial statements.

Internal control over financial reporting cannot provide absolute assurance of achieving financial reporting objectives because of its inherent limitations. Internal control over financial reporting is a process that involves human diligence and compliance and is subject to lapses in judgment and breakdowns resulting from human failures. Internal control over financial reporting also can be circumvented by collusion or improper override. Because of such limitations, there is a risk that material misstatements may not be prevented or detected on a timely basis by internal control over financial reporting. However, these inherent limitations are known features of the financial reporting process, and it is possible to design into the process safeguards to reduce, though not eliminate, this risk. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management evaluated the effectiveness of our internal control over financial reporting as of December 31, 2020 using the framework established in Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on the foregoing, management has concluded that internal control over financial reporting was effective as of December 31, 2020.

Changes in Internal Control over Financial Reporting

In accordance with Rule 13a-15(d), management has evaluated, with the participation of our Chief Executive Officer and Chief Financial Officer, whether any changes in our internal control over financial reporting that occurred during our last fiscal year have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

During the period covered by this Annual Report on Form 20-F, there have been no changes in our internal control over financial reporting that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

Attestation Report of the Registered Public Accounting Firm

Not applicable.

Item 16A. Audit Committee Financial Expert

The Board has determined that our director and chairman of the audit committee, Mr. van Lacum, qualifies as an audit committee financial expert and is independent under applicable NYSE and SEC standards.

Item 16B. Code of Ethics

We have adopted a Code of Business Conduct and Ethics that applies to our directors, officers and employees. This document is available in the Corporate Governance section of our website (www.globalshiplease.com). The information included on our website is not incorporate herein by reference. We also intend to disclose on our website any waivers to or amendments of our Code of Business Conduct and Ethics for the benefit of our executive officers that we may be required to disclose under applicable rules.

Item 16C. Principal Accountant Fees and Services

Our principal accountant for 2020 and 2019 was PricewaterhouseCoopers S.A., independent registered public accounting firm.

Fees Incurred by Global Ship Lease for PricewaterhouseCoopers S.A.'s Services

The fees for services rendered by the principal accountant in 2020 and 2019 were as follows:

	2020	2019
Audit Fees	$492,398	$858,705
Audit related fees	51,568	21,200
Tax Fees	132,158	55,334
Total	**$676,124**	**$935,239**

Audit Fees

Audit fees represent professional services rendered for the audit of our consolidated annual financial statements, the quarterly reviews and services provided by our principal accountant in connection with statutory and regulatory filings or engagements.

Audit-Related Fees

Audit-related fees consist of assurance and related services rendered by the principal accountant related to the performance of the audit or review of our consolidated financial statements or other filings which have not been reported under Audit Fees above.

Tax Fees

Tax fees for 2020 and 2019 are primarily for tax compliance and consultation services.

The audit committee has the authority to pre-approve audit-related and non-audit services not prohibited by law to be performed by our independent auditors and associated fees. Engagements for proposed services either may be separately pre-approved by the audit committee or entered into pursuant to detailed pre-approval policies and procedures established by the audit committee, as long as the audit committee is informed on a timely basis of any engagement entered into on that basis. The audit committee has pre-approved all non-audit services, subject to a detailed pre-approval policy and procedure established by them.

Item 16D. Exemptions from the Listing Standards for Audit Committees

None.

Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers

None.

Item 16F. Change in Registrant's Certifying Accountant

None. Item 16G. Corporate Governance

As a foreign private issuer, we are exempt from certain corporate governance rules that apply to domestic companies under NYSE listing standards. Even though we are not required to do so, we follow certain corporate governance practices applicable to domestic companies under NYSE listing standards, such as:

- we have a compensation committee that consists of four directors, all of whom satisfy NYSE standards for independence;
- we have a nominating and corporate governance committee that consists of three directors, all of whom satisfy NYSE standards for independence; and
- we hold annual meetings of shareholders under the Business Corporations Act of the Republic of the Marshall Islands, similar to NYSE requirements.

The significant differences between our corporate governance practices and the NYSE standards are set forth below.

Shareholder Approval of Equity Compensation Plans

The NYSE requires listed companies to obtain prior shareholder approval to adopt or materially revise any equity compensation plan. As permitted under Marshall Islands law and our amended and restated bylaws, we do not need prior shareholder approval to adopt or revise equity compensation plans, including our equity incentive plan.

Share Issuances

In lieu of obtaining shareholder approval prior to the issuance of designated securities, we will comply with provisions of the Marshall Islands Business Corporations Act, which allows the Board of Directors to approve share issuances. However, pursuant to 313.00 of Section 3 of the NYSE Listed Company Manual, the NYSE will accept any action or issuance relating to the voting rights structure of a non-U.S. company that is in compliance with the NYSE's requirements for domestic companies or that is not prohibited by the company's home country law. We are not subject to such restrictions under our home country, Marshall Islands, law.

Item 16H. Mine Safety Disclosure

Not applicable.

PART III

Item 17. Financial Statements

Not applicable.

Item 18. Financial Statements

The following financial statements, together with the report of PricewaterhouseCoopers S.A. thereon, beginning on page F-1, are filed as part of this Annual Report:

Item 19. Exhibits

The agreements and other documents filed as exhibits to this Annual Report are not intended to provide factual information or other disclosure other than with respect to the terms of the agreements or other documents themselves, and you should not rely on them for that purpose. In particular, any representations and warranties made by the registrant in these agreements or other documents were made solely within the specific context of the relevant agreement or document and may not describe the actual state of affairs as of the date they were made or at any other time.

The following exhibits are filed as part of this Annual Report:

Exhibit Number	Description
1.1	Amended and Restated Articles of Incorporation of GSL Holdings, Inc. (incorporated by reference to Exhibit 3.1 to Global Ship Lease, Inc.'s Registration Statement on Form 8-A (File No. 001-34153) filed with the SEC on March 26, 2019).
1.2	Articles of Amendment to the Amended and Restated Articles of Incorporation of Global Ship Lease, Inc. (incorporated by reference to Exhibit 3.3 to the Company's Report on Form 6-K, filed with the SEC on March 25, 2019).
1.3	Third Amended and Restated Bylaws of Global Ship Lease, Inc. (incorporated by reference to Exhibit 99.1 of the Company's Report on Form 6-K filed on March 23, 2020).
1.4	Certificate of Designation of the 8.75% Series B Cumulative Redeemable Perpetual Preferred Shares of Global Ship Lease, Inc., filed with the Registrar or Deputy Registrar of Corporations of the Republic of the Marshall Islands and effective August 19, 2014 (incorporated by reference to Exhibit 3.1 of the Company's Report on Form 6-K filed on August 20, 2014).
1.5	Certificate of Amendment to Certificate of Designation of the 8.75% Series B Cumulative Redeemable Perpetual Preferred Shares of Global Ship Lease, Inc., filed with the Registrar or Deputy Registrar of Corporations of the Republic of the Marshall Islands and effective December 9, 2019 (incorporated by reference to Exhibit 3.1 of the Company's Report on Form 6-K filed on December 10, 2019).

1.6	Certificate of Designation of the Series C Perpetual Preferred Shares of Global Ship Lease, Inc. filed with the Registrar or Deputy Registrar of Corporations of the Republic of the Marshall Islands and effective November 12, 2018 (incorporated by reference to Exhibit 1.5 of the Company's Annual Report on Form 20-F filed on March 29, 2019).
2.1	Form of Common Share Certificate of the Company (incorporated by reference to Exhibit 4.1 of the Company's Form 6-K (File No. 001-34153) filed on March 25, 2019).
2.2	Deposit Agreement, dated as of August 20, 2014, by and among Global Ship Lease, Inc., Computershare Inc. and Computershare Trust Company, N.A., as applicable, as depositary, registrar and transfer agent, and the holders from time to time of the depositary receipts described therein (incorporated by reference to Exhibit 4.1 of the Company's Report on Form 6-K filed on August 20, 2014).
2.3	Indenture, dated as of November 19, 2019, by and between the Company and Wilmington Savings Fund Society, FSB, as trustee (incorporated by reference to Exhibit 4.1 of the Company's Report on Form 6-K filed on November 19, 2019).
2.4	First Supplemental Indenture, dated as of November 19, 2019, by and between the Company and Wilmington Savings Fund Society, FSB, as trustee (incorporated by reference to Exhibit 4.2 to the Company's Report on Form 6-K filed on November 19, 2019).
2.5	Amendment No. 1 to the First Supplemental Indenture, dated as of November 19, 2019, by and between the Company and Wilmington Savings Fund Society, FSB, as trustee, entered into as of April 2, 2020 (incorporated by reference to Exhibit 2.5 of the Company's Annual Report on Form 20-F filed on April 2, 2020).
2.6*	Description of Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934
4.1	Form of Guarantee made by Global Ship Lease, Inc. in favor of the charterer listed on Schedule I thereto (incorporated by reference to Exhibit 10.10 of the Company's Registration Statement on Form F-1 (File No. 333-147070) filed on November 1, 2007).
4.2	Form of Guarantee made by CMA CGM S.A. for Global Ship Lease, Inc. (incorporated by reference to Exhibit 10.11 of the Company's Registration Statement on Form F-1 (File No. 333-147070) filed on November 1, 2007).
4.3	Form of Charter Agreement entered into by a subsidiary of Global Ship Lease, Inc. and CMA CGM S.A. or one of its subsidiaries (incorporated by reference to Exhibit A-3 to Exhibit 2.1 of Marathon Acquisition Corp.'s Current Report on Form 8-K (File No. 001-32983) filed on March 25, 2008).
4.4	Facility Agreement, dated September 19, 2019, by and among the subsidiaries of the Company listed in Part A of Schedule 1 thereto as borrowers, the Company and Poseidon Containers Holdings LLC, Hephaestus Marine LLC, Pericles Marine LLC and Zeus One Marine LLC as guarantors, the banks and financial institutions listed in Part B of Schedule 1 as lenders, Crédit Agricole Corporate and Investment Bank and ABN AMRO Bank N.A. as bookrunners and arrangers, Crédit Agricole Corporate and Investment Bank, ABN AMRO Bank N.A. and CIT Bank, N.A. as mandated lead arrangers and Crédit Agricole Corporate and Investment Bank, as facility agent and security agent (incorporated by reference to Exhibit 10.36 of the Company's Registration Statement on Form F-1/A (File No. 333-233198) filed on September 24, 2019).
4.5	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 (incorporated by reference to Exhibit 10.37 of the Company's Registration Statement on Form F-1/A (File No. 333-233198) filed on September 24, 2019).
4.6	Term Loan Facility, dated May 23, 2019, by and among Global Ship Lease 30 LLC, Global Ship Lease 31 LLC and Global Ship Lease 32 LLC, as joint and several borrowers, Global Ship Lease, Inc., as parent guarantor, and Hellenic Bank Public Company Limited, as arranger, facility agent and security agent (incorporated by reference to Exhibit 10.35 of the Company's Registration Statement on Form F-1 (File No. 333-233198) filed on August 9, 2019).

4.7	Deed of Accession, Amendment and Restatement, dated December 10, 2019, by and among Global Ship Lease 30 LLC, Global Ship Lease 31 LLC and Global Ship Lease 32 LLC, as original borrowers, Global Ship Lease 33 LLC and Global Ship Lease 34 LLC, as additional borrowers, Global Ship Lease, Inc., as parent guarantor, and Hellenic Bank Public Company Limited, as arranger, facility agent and security agent, relating to the facility agreement dated May 23, 2019. (incorporated by reference to Exhibit 4.19 of the Company's Annual Report on Form 20-F filed on April 2, 2020)
4.8	Junior Term Loan Facility, dated December 31, 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, Odyssia Containers Holdings LLC and K&T Marine LLC, as guarantors, and Wilmington Trust (London) Limited as facility agent and security agent. (incorporated by reference to Exhibit 4.20 of the Company's Annual Report on Form 20-F filed on April 2, 2020)
4.9	Term Loan Facility, dated November 9, 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, Odyssia Containers Holdings LLC and K&T Marine LLC, as guarantors, Deutsche Bank AG, as arranger, Deutsche Bank AG Filiale Deutschlandgeschaft, as account bank, and Wilmington Trust, National Association, as facility agent and security agent (incorporated by reference to Exhibit 4.26 of the Company's Form 20-F filed on March 29, 2019).
4.10	Facility Agreement, dated September 7, 2018, by and among Global Ship Lease Investments, Inc., as borrower, Global Ship Lease 26 Limited, as original vessel owner, GSL Holdings, Inc., as parent, Global Ship Lease, Inc., as ultimate parent, the financial institutions listed in Schedule 1 Part II, as original lenders, and Hayfin Services LLP as agent and security agent. (incorporated by reference to Exhibit 4.22 of the Company's Annual Report on Form 20-F filed on April 2, 2020)
4.11	Term Loan Facility, dated February 26, 2020, by and among Athena Marine LLC, Aphrodite Marine LLC and Aris Marine LLC, as joint and several borrowers, Global Ship Lease, Inc., as parent guarantor and Chailease International Financial Services Pte. Ltd., as lender. (incorporated by reference to Exhibit 4.23 of the Company's Annual Report on Form 20-F filed on April 2, 2020)
4.12*	$236.2 Million Senior Secured Loan Facility, dated January 7, 2021.
4.13	Form of Indemnification Agreement entered into between Global Ship Lease, Inc. and each of its directors and officers (incorporated by reference to Exhibit 10.17 of the Company's Registration Statement on Form F-1 (File No. 333-147070) filed on November 1, 2007).
4.14	2019 Omnibus Incentive Plan (incorporated by reference to Exhibit I of the Company's Report on Form 6-K (File No. 001-34153) filed on March 1, 2019).
4.15	Amended and Restated Service Agreement of Ian J. Webber, dated June 1, 2018 (incorporated by reference to Exhibit 4.34 of the Company's Form 20-F filed on March 29, 2019).
4.16	Deed of Amendment of Amended and Restated Service Agreement of Ian J. Webber, dated October 16, 2018 (incorporated by reference to Exhibit 4.35 of the Company's Form 20-F filed on March 29, 2019)
4.17	Amended and Restated Service Agreement of Thomas A. Lister, dated June 1, 2018 (incorporated by reference to Exhibit 4.36 of the Company's Form 20-F filed on March 29, 2019).
4.18	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 Company's Form 20-F filed on March 29, 2019).

4.19	Non-Compete Agreement, dated as of October 29, 2018, by and among Global Ship Lease, Inc., Georgios Giouroukos and Conchart Commercial, Inc. (incorporated by reference to Exhibit 10.2 of the Company's Report on Form 6-K filed on October 30, 2018).
4.20	Amended and Restated Registration Rights Agreement, dated as of October 29, 2018, by and among Global Ship Lease, Inc., KEP VI (Newco Marine), Ltd., KIA VIII (Newco Marine), Ltd., CMA CGM S.A., Management Investor Co., Anmani Consulting Inc., Marathon Founders, LLC, Michael S. Gross and Maas Capital Investments B.V. (incorporated by reference to Exhibit 10.1 of the Company's Report on Form 6-K filed on October 30, 2018).
4.21	Letter Agreement, dated as of October 29, 2018, by and among KIA VIII (Newco Marine), Ltd., KEP VI (Newco Marine), Ltd., Global Ship Lease, Inc., CMA CGM S.A., Marathon Founders, LLC and Michael S. Gross (incorporated by reference to Exhibit 10.5 of the Company's Report on Form 6-K filed on October 30, 2018).
4.22	Agreement and Plan of Merger, dated as of October 29, 2018, by and among Poseidon Containers Holdings LLC, K&T Marine LLC, Global Ship Lease, Inc., GSL Sub One LLC, GSL Sub Two LLC and, solely for purposes of Article III, Article XI and Sections 5.2, 6.2 and 6.9 therein, KEP VI (Newco Marine), Ltd., KIA VIII (Newco Marine), Ltd., Maas Capital Investments B.V., Management Investor Co. and Anmani Consulting Inc. (incorporated by reference to Exhibit 2.1 of the Company's Report on Form 6-K filed on October 30, 2018).
4.23	Form of Technical Management Agreement by and between Technomar Shipping Inc., on the one hand, and vessel-owning subsidiaries of Global Ship Lease, Inc. (incorporated by reference to Exhibit 10.3 of the Company's Report on Form 6-K filed on October 30, 2018).
4.24	Form of Commercial Management Agreement by and between Conchart Commercial Inc., and vessel-owning subsidiaries of Global Ship Lease, Inc. (incorporated by reference to Exhibit 4.44 of the Company's Form 20-F filed on March 29, 2019)
4.25	Board Observer Agreement and Amendment to Engagement Letter and Underwriting Agreement, dated November 12, 2019, by and among the Company, B. Riley FBR, Inc. and B. Riley Financial, Inc. (incorporated by reference to Exhibit 4.40 of the Company's Annual Report on Form 20-F filed on April 2, 2020))
4.26*	Amended and Restated Employment Agreement, dated March 12, 2020, by and between GSL Enterprises Ltd. and Georgios Giouroukos
4.27*	Amended and Restated Employment Agreement, dated March 12, 2020, by and between GSL Enterprises Ltd. and Anastasios Psaropoulos
8.1*	List of Subsidiaries of Global Ship Lease, Inc.
12.1*	Rule 13a-14(a)/15d-14(a) Certification of Global Ship Lease, Inc.'s Chief Executive Officer.
12.2*	Rule 13a-14(a)/15d-14(a) Certification of Global Ship Lease, Inc.'s Chief Financial Officer.
13.1*	Global Ship Lease, Inc. Certification of the Chief Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
13.2*	Global Ship Lease, Inc. Certification of the Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
15.1*	Consent of PricewaterhouseCoopers S.A.
15.2*	Consent of Maritime Strategies International Ltd.
15.3*	Consent of Seward & Kissel LLP

101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema
101.CAL*	XBRL Taxonomy Extension Schema Calculation Linkbase
101.DEF*	XBRL Taxonomy Extension Schema Definition Linkbase
101.LAB*	XBRL Taxonomy Extension Schema Label Linkbase
101.PRE*	XBRL Taxonomy Extension Schema Presentation Linkbase

* Filed herewith.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this Annual Report on its behalf.

GLOBAL SHIP LEASE, INC.

By: /s/ IAN J. WEBBER
Ian J. Webber
Chief Executive Officer

Date: March 19, 2021

GLOSSARY OF SHIPPING TERMS

Unless otherwise stated, references to the following terms have the following meaning as used in this Annual Report:

Address commission. A discount provided directly to a charterer based on a fixed percentage of the agreed upon charter rate

Annual survey. The inspection of a ship pursuant to international conventions, by a classification society surveyor, on behalf of the flag state, that takes place every year.

Backhaul. The weaker leg of a round trip voyage with less volume than the stronger headhaul leg or the return movement of a container—often empty—from a destination of unloading to a point of reloading of cargo.

Ballast. Weight in solid or liquid form, such as seawater, taken on a ship to increase draught, to change trim, or to improve stability or a voyage in which a ship is not laden with cargo.

Bareboat charter. A charter of a ship under which the ship-owner is usually paid a fixed amount of charterhire for a certain period of time during which the charterer is responsible for all ship operating expenses, including expenses for crewing, lubricating oil, insurance, maintenance and drydockings, and for all voyage expenses such as bunker fuel. A bareboat charter is also known as a "demise charter" or a "time charter by demise."

Bunkers. Heavy fuel and diesel oil used to power a ship's engines and generators.

Capacity. The nominal carrying capacity of the ship, measured in TEU.

Charter. The hire of a ship for a specified period of time or a particular voyage to carry a cargo from a loading port to a discharging port.

Charterer. The party that hires a ship for a period of time or for a voyage.

Charterhire. A sum of money paid to the ship-owner by a charterer for the use of a ship.

Charter owner. A company that owns containerships and charters out its ships to container shipping companies rather than operating the ships for liner services; also known as ship-owner or lessor.

Charter rate. The rate charged by a Charter owner normally as a daily rate for the use of its containerships by a charterer. Charter rates can be on a time charter or bareboat charter basis.

Classification society. An independent organization that certifies that a ship has been built and maintained according to the organization's rules for that type of ship and complies with the applicable rules and regulations of the country of the ship's registry and the international conventions of which that country is a member. A ship that receives its certification is referred to as being "in-class."

Container shipping company. A shipping company operating liner services using owned or chartered ships with fixed port of call schedules. Also known as a carrier, liner company or an operator.

Drydocking. Placing the ship in a drydock in order to check and repair areas and parts below the water line. During drydockings, which are required to be carried out periodically, certain mandatory classification society inspections are carried out and relevant certifications are issued. Under Classification Society rules, drydockings for containerships are generally required once every three to five years or after an accident resulting in under-water damage.

Freight rate. The amount charged by container shipping companies for transporting cargo, normally as a rate per 20-foot or 40-foot container.

Geared containerships. Self-sustained containerships, which are able to load and discharge containers with their own on-board cranes and derricks.

Gross tonnage. A unit of measurement of the entire internal cubic capacity of the ship expressed in tons at 100 cubic feet to the ton.

Headhaul. The stronger leg of a round trip voyage with greater volume than the weaker backhaul or the outgoing goods to be delivered from a point of origin.

Hull. The main body of the ship without engines, buildings and cranes.

Liner company or liner. A container shipping company (also referred to as lines or operators).

KG. Kommanditgesellschaft, a closed end fund construct broadly analogous to a limited partnership. It has been employed as an investment vehicle for high net worth individuals (primarily German) in various types of assets, including shipping assets.

IMO. International Maritime Organization, a United Nations agency that issues international standards for shipping.

Intermediate survey. The inspection of a ship by a classification society surveyor that takes place 24 to 36 months after each special survey.

Newbuilding. A ship on order, under construction or just delivered.

Off-hire. The period in which a ship is not available for service under a charter and, accordingly, the charterer generally is not required to pay the hire. Off-hire periods can include days spent on repairs, drydocking and surveys, whether or not scheduled.

Orderbook-to-fleet ratio. The ratio of the orderbook for new vessels yet to be delivered to the existing on-the-water fleet determined on the basis of TEU capacity and expressed as a percentage.

Scrapping. The sale of a ship for conversion into scrap metal.

Ship management. The provision of shore-based ship management services related to crewing, technical and safety management and the compliance with all government, flag state, class certification and international rules and regulations.

Shipper. Someone who prepares goods for shipment or arranges seaborne transportation; essentially a customer of a container shipping company.

Sister ships. Ships of the same class and specification typically built at the same shipyard.

Special survey. The inspection of a ship by a classification society surveyor that takes place every five years, as part of the recertification of the ship by a classification society.

Spot market. The market for immediate chartering of a ship, usually for single voyages or for short periods of time, up to 12 months.

TEU. A 20-foot equivalent unit, the international standard measure for containers and containership capacity.

Time charter. A charter under which the ship-owner hires out a ship for a specified period of time. The ship-owner is responsible for providing the crew and paying vessel operating expenses while the charterer is responsible for paying the voyage expenses such as fuel and additional voyage insurance. The ship-owner is paid charterhire, which accrues on a daily basis.

Time charter and voyage expenses. Expenses incurred including brokerage commission and those for owner's account attributable to a ship's voyage, such as bunkers costs when the vessel is idle or offhire and expenses incurred due to a ship's voyage from a loading port to a discharging port, such as bunkers costs, port expenses, stevedoring costs, agents' fees, canal dues, extra war risk insurance and commissions

Vessel operating expenses. The costs of operating a ship, primarily consisting of crew wages and associated costs, insurance premiums, ship management fees, costs of lubricants and spare parts, and repair and maintenance costs. Vessel operating expenses exclude bunker costs, port expenses, stevedoring costs, agents' fees, canal dues, extra war risk insurance and commissions, which are included in "voyage expenses."

Voyage expenses. Expenses incurred due to a ship's voyage from a loading port to a discharging port, such as bunkers costs, port expenses, stevedoring costs, agents' fees, canal dues, extra war risk insurance and commissions.

Global Ship Lease, Inc.

Index to Consolidated Financial Statements

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Global Ship Lease, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Global Ship Lease, Inc. and its subsidiaries (the "Company") as of December 31, 2020 and 2019, and the related consolidated statements of operations, changes in shareholders' equity and cash flows for each of the three years in the period ended December 31, 2020, including the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2020 in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these consolidated financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Significant Transactions with Related Parties

As discussed in Note 2(a) to the consolidated financial statements, the Company has significant contracts with CMA CGM, a related party and a significant source of the Company's operating revenues and consequently the Company is dependent on the performance by CMA CGM of its obligations under those contracts which will in turn depend partly on CMA CGM's financial situation.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Impairment Assessment – Long-lived assets

As disclosed in Notes 2 and 4 to the consolidated financial statements, as of December 31, 2020 the Company's fleet consisted of vessels with a total carrying value of $1.1 billion. Management reviews vessels held and used or to be disposed of by the Company for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. In these circumstances, the Company performs step one of the impairment test by comparing the undiscounted projected net operating cash flows for each vessel group to its carrying value. A vessel group comprises the vessel, the unamortized portion of deferred drydocking

related to the vessel and the related carrying value of the intangible asset or liability (if any) with respect to the time charter attached to the vessel at its purchase. If the undiscounted projected net operating cash flows of the vessel group are less than its carrying amount, management proceeds to step two of the impairment assessment by comparing the vessel group's carrying amount to its fair value, including any applicable charter, and an impairment loss is recorded equal to the difference between the vessel group's carrying value and fair value. Fair value is determined with the assistance from valuations obtained from third party independent ship brokers. The Company uses a number of assumptions in projecting its undiscounted net operating cash flows analysis including, among others, (i) revenue assumptions for charter rates on expiry of existing charters, which are based on forecast charter rates, where relevant, in the four years from the date of the impairment test and a reversion to the historical mean of time charter rates for each vessel thereafter, (ii) off-hire days, which are based on actual off-hire statistics for the Company's fleet, (iii) operating costs, based on current levels escalated over time based on long term trends (iv) dry docking frequency, duration and cost, (v) estimated useful life, which is assessed as a total of 30 years from original delivery by the shipyard and (vi) scrap values. Revenue assumptions are based on contracted time charter rates up to the end of the existing contract of each vessel and thereafter, estimated time charter rates for the remaining life of the vessel. The estimated time charter rate used for non-contracted revenue days of each vessel is considered a significant assumption. Recognizing that the container shipping industry is cyclical and subject to significant volatility based on factors beyond the Company's control, management believes that using forecast charter rates in the four years from the date of the impairment assessment and a reversion to the historical mean of time charter rates thereafter, represents a reasonable benchmark for the estimated time charter rates for the non-contracted revenue days, and takes into account the volatility and cyclicality of the market.

The principal considerations for our determination that performing procedures relating to impairment assessment – long lived assets is a critical audit matter, is the significant judgement by management in the selection of the forecast charter rates in the four years from the date of the impairment test and a reversion to the historical mean of time charter rates for each vessel group thereafter, as a benchmark for the estimated time charter rates for the non-contracted revenue days. A high degree of auditor judgement, subjectivity and significant effort was also required in performing procedures and evaluating audit evidence obtained related to the estimated time charter rates for the non-contracted revenue days, which involved the use of professionals with the specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included, among others, assessing the step one analysis of the impairment assessments with the relevant accounting framework; testing completeness, accuracy and relevance of underlying data used in the analysis; evaluating the appropriateness of the undiscounted cash flow model and the reasonableness of the significant assumption used by management relating to estimated time charter rates for non-contracted revenue days. The reasonableness of the estimated time charter rates was assessed by (i) comparing them to actual historical average time charter rates of the vessels and (ii) ensuring consistency with evidence obtained in other areas of the audit. Professionals with specialized skill and knowledge were used to assist in evaluating the appropriateness of management's undiscounted cash flow model and the reasonableness of the estimated time charter rates used in the model.

/s/ PricewaterhouseCoopers S.A.

Athens, Greece
March 19, 2021

We have served as the Company's auditor since 2018.

Global Ship Lease, Inc.

Consolidated Balance Sheets

(Expressed in thousands of U.S. dollars except share data)

	Note	As of December 31, 2020	As of December 31, 2019
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		$ 80,757	$ 138,024
Restricted cash	3	825	3,909
Accounts receivable, net		2,532	2,350
Inventories	8	6,316	5,595
Prepaid expenses and other current assets	7	6,711	8,132
Due from related parties	13	1,472	3,860
Total current assets		**$ 98,613**	**$ 161,870**
NON - CURRENT ASSETS			
Vessels in operation	4	$ 1,140,583	$ 1,155,586
Advances for vessels acquisitions and other additions	4	1,364	10,791
Intangible assets - charter agreements	6	—	1,467
Deferred charges, net	5	22,951	16,408
Restricted cash, net of current portion	3	10,680	5,703
Total non - current assets		**1,175,578**	**1,189,955**
TOTAL ASSETS		**$ 1,274,191**	**$ 1,351,825**
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Accounts payable	9	$ 10,557	$ 9,052
Accrued liabilities	10	19,127	22,916
Current portion of long - term debt	11	76,681	87,532
Deferred revenue		5,623	9,987
Due to related parties	13	225	109
Total current liabilities		**112,213**	**129,596**
LONG - TERM LIABILITIES			
Long - term debt, net of current portion and deferred financing costs	11	$ 692,775	$ 809,357
Intangible liabilities - charter agreements	6	4,462	6,470
Total non - current liabilities		**697,237**	**815,827**
Total liabilities		**$ 809,450**	**$ 945,423**
Commitments and Contingencies	4	**—**	**—**
SHAREHOLDERS' EQUITY			
Class A common shares - authorized 214,000,000 shares with a $0.01 par value 17,741,008 shares issued and outstanding (2019 – 17,556,738 shares)	15	$ 177	$ 175
Series B Preferred Shares - authorized 44,000 shares with a $0.01 par value 22,822 shares issued and outstanding (2019 – 14,428 shares)	15	—	—
Series C Preferred Shares - authorized 250,000 shares with a $0.01 par value 250,000 shares issued and outstanding (2019 - 250,000 shares)	15	3	3
Additional paid in capital		586,355	565,586
Accumulated deficit		(121,794)	(159,362)
Total shareholders' equity		**464,741**	**406,402**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$ 1,274,191**	**$ 1,351,825**

See accompanying notes to Consolidated Financial Statements

Global Ship Lease, Inc.

Consolidated Statements of Operations

(Expressed in thousands of U.S. dollars except share data)

	Note	Year ended December 31, 2020	2019	2018
OPERATING REVENUES				
Time charter revenue (include related party revenues of $144,608, $153,661 and $126,207 for each of the years ended December 31, 2020, 2019 and 2018, respectively)	12, 13	$ 282,813	$ 261,102	$ 157,097
OPERATING EXPENSES:				
Vessel operating expenses (include related party vessels operating expenses of $12,580, $9,880 and $1,689 for each of the years ended December 31, 2020, 2019 and 2018, respectively)	13	102,837	87,786	49,273
Time charter and voyages expenses - related parties (include related party brokerage commissions of $2,446, $1,845 and $222 for each of the years ended December 31, 2020, 2019 and 2018, respectively)	13	11,149	9,022	1,574
Depreciation and amortization	4, 5	46,978	43,912	35,455
Impairment of vessels	4	8,497	—	71,834
General and administrative expenses		8,350	8,815	9,221
Loss on sale of vessels		244	—	—
Operating Income/ (Loss)		**104,758**	**111,567**	**(10,260)**
NON-OPERATING INCOME/(EXPENSES)				
Interest income		956	1,791	1,425
Interest and other finance expenses		(65,354)	(74,994)	(48,686)
Other income, net		1,252	1,477	212
Total non-operating expenses		**(63,146)**	**(71,726)**	**(47,049)**
Income/ (Loss) before income taxes		**41,612**	**39,841**	**(57,309)**
Income taxes		(49)	(3)	(55)
Net Income/ (Loss)		**$ 41,563**	**$ 39,838**	**$ (57,364)**
Earnings allocated to Series B Preferred Shares		(3,995)	(3,081)	(3,062)
Net Income/ (Loss) available to Common Shareholders		**$ 37,568**	**$ 36,757**	**$ (60,426)**
Earnings/ (Loss) per Share				
Weighted average number of Class A common shares outstanding				
Basic	17	17,687,137	11,859,506	6,514,390
Diluted	17	17,752,525	11,906,906	6,514,390
Net Earnings / (Loss) per Class A common share				
Basic	17	1.23	1.48	(7.42)
Diluted	17	1.22	1.48	(7.42)
Weighted average number of Class B common shares outstanding				
Basic and diluted	17	nil	nil	925,745
Net Earnings / (Loss) per Class B common share				
Basic and diluted	17	n/a	n/a	nil

See accompanying notes to Consolidated Financial Statements

Global Ship Lease, Inc.

Consolidated Statements of Cash Flows

(Expressed in thousands of U.S. dollars)

	Note	Year ended December 31, 2020	2019	2018
Cash flows from operating activities:				
Net income / (loss)		$ 41,563	$ 39,838	$ (57,364)
Adjustments to reconcile net income/(loss) to net cash provided by operating activities:				
Depreciation and amortization		46,978	43,912	35,455
Impairment of vessels	4	8,497	—	71,834
Loss on sale of vessels		244	—	—
Amortization of deferred financing costs		4,085	3,108	4,629
Amortization of original issue discount/premium on repurchase of notes		3,269	1,140	1,207
Amortization of intangible assets/liabilities - charter agreements	6	(541)	1,933	(1,305)
Share based compensation	16	1,998	1,717	50
Changes in operating assets and liabilities:				
Decrease/(increase) in accounts receivable and other assets		3,132	(1,393)	5,019
(Increase)/decrease in inventories		(721)	174	(2,250)
Increase/(decrease) in accounts payable and other liabilities		(2,215)	2,284	(9,117)
Increase/(decrease) in related parties' balances, net		2,504	(6,251)	(625)
(Decrease)/increase in deferred revenue		(4,364)	6,869	214
Unrealized foreign exchange gain		—	50	(5)
Net cash provided by operating activities		**104,429**	**93,381**	**47,742**
Cash flows from investing activities:				
Acquisition of vessels		(23,060)	(72,997)	(11,436)
Cash paid for vessel expenditures		(4,089)	(9,528)	(239)
Net proceeds from sale of vessels		6,852	—	14,504
Advances for vessel acquisitions and other additions		(4,541)	(9,184)	—
Cash paid for drydockings		(14,756)	(7,390)	(2,636)
Cash acquired in Poseidon Transaction, net of capitalized expenses		—	(826)	24,037
Net cash (used in)/provided by investing activities		**(39,594)**	**(99,925)**	**24,230**
Cash flows from financing activities:				
Proceeds from issuance of 2024 Notes		20,054	39,765	—
Repurchase of 2022 Notes, including premium	11	(91,971)	(17,623)	(20,400)
Proceeds from drawdown of credit facilities	11	47,000	327,500	8,125
Repayment of credit facilities	11	(64,311)	(63,505)	(37,771)
Repayment of refinanced debt		(44,366)	(262,810)	—
Deferred financing costs paid		(1,193)	(7,904)	(2,058)
Proceeds from offering of Class A common shares, net of offering costs		(74)	50,710	—
Proceeds from offering of Series B preferred shares, net of offering costs		18,647	1,056	—
Series B Preferred Shares - dividends paid	15	(3,995)	(3,081)	(3,062)
Net cash (used in)/provided by financing activities		**$(120,209)**	**$ 64,108**	**$ (55,166)**
Net (decrease)/increase in cash and cash equivalents and restricted cash		**(55,374)**	**57,564**	**16,806**
Cash and cash equivalents and restricted cash at beginning of the year		147,636	90,072	73,266
Cash and cash equivalents and restricted cash at end of the year		**$ 92,262**	**$ 147,636**	**$ 90,072**
Supplementary Cash Flow Information:				
Cash paid for interest		$ 59,769	$ 70,630	$ 42,390
Cash paid for income taxes		—	—	84
Non-cash investing activities:				
Unpaid capitalized expenses		—	—	(826)
Unpaid drydocking expenses		1,321	3,676	—
Unpaid vessels additions		4,127	1,641	—
Working capital acquired		—	—	(11,331)
Vessels and other intangibles acquired		—	—	622,925
Debt acquired		—	—	(509,673)
Non-cash financing activities:				
Issuance of Class A common shares		—	—	(23,564)
Issuance of Series C Preferred Shares		—	—	(101,569)
Unpaid offering costs		—	200	—

See accompanying notes to Consolidated Financial Statements

Global Ship Lease, Inc.

Consolidated Statements of Changes in Shareholders' Equity

(Expressed in thousands of U.S. dollars except share data)

	Number of Common Shares at par value $0.01	Number of Series B Preferred Shares at par value $0.01	Number of Series C Preferred Shares at par value $0.01	Common Shares	Series B Preferred Shares	Series C Preferred Shares	Additional paid - in capital	(Accumulated Deficit)	Total Shareholders' Equity
Balance at January 1, 2018	**6,876,962**	**14,000**	**—**	**$ 69**	**$ —**	**$ —**	**$387,229**	**$ (135,693)**	**$ 251,605**
Issuance of Restricted Stock Units (Note 16)	—	—	—	—	—	—	50	—	50
Class A common shares issued (Note 15)	3,065,988	—	—	30	—	—	23,534	—	23,564
Series C Preferred Shares issued (Note 15)	—	—	250,000	—	—	3	101,566	—	101,569
Net Loss for the year	—	—	—	—	—	—	—	(57,364)	(57,364)
Series B Preferred Shares dividend (Note 15)	—	—	—	—	—	—	—	(3,062)	(3,062)
Balance at December 31, 2018	**9,942,950**	**14,000**	**250,000**	**$ 99**	**$ —**	**$ 3**	**$512,379**	**$ (196,119)**	**$ 316,362**
Issuance of Restricted Stock Units (Note 16)	—	—	—	—	—	—	1,717	—	1,717
Class A common shares issued, net of offering costs (Note 15)	7,613,788	—	—	76	—	—	50,634	—	50,710
Net Income for the year	—	—	—	—	—	—	—	39,838	39,838
Series B Preferred Shares dividend (Note 15)	—	—	—	—	—	—	—	(3,081)	(3,081)
Issuance of Series B Preferred shares, net of offering costs	—	428	—	—	—	—	856	—	856
Balance at December 31, 2019	**17,556,738**	**14,428**	**250,000**	**$ 175**	**$ —**	**$ 3**	**$565,586**	**$ (159,362)**	**$ 406,402**
Issuance of Restricted Stock Units (Note 16)	—	—	—	—	—	—	1,998	—	1,998
Class A common shares issued (Notes 15 and 16)	184,270	—	—	2	—	—	(76)	—	(74)
Net Income for the year	—	—	—	—	—	—	—	41,563	41,563
Series B Preferred Shares dividend (Note 15)	—	—	—	—	—	—	—	(3,995)	(3,995)
Issuance of Series B Preferred shares, net of offering costs	—	8,394	—	—	—	—	18,847	—	18,847
Balance at December 31, 2020	**17,741,008**	**22,822**	**250,000**	**$ 177**	**$ —**	**$ 3**	**$586,355**	**$ (121,794)**	**$ 464,741**

See accompanying notes to Consolidated Financial Statements

Global Ship Lease, Inc.

Notes to the Consolidated Financial Statements

(Expressed in thousands of U.S. dollars)

1. Description of Business

On August 14, 2008, Global Ship Lease, Inc. (the "Company") merged indirectly with Marathon Acquisition Corp., a company then listed on The American Stock Exchange, and with the pre-existing Global Ship Lease, Inc. GSL Holdings, Inc. was the surviving entity (the "Marathon Merger"), changed its name to Global Ship Lease, Inc. and became listed on The New York Stock Exchange (the "NYSE").

On November 15, 2018, the Company completed a transformative transaction and acquired Poseidon Containers' 20 containerships, one of which, the Argos, was contracted to be sold, which sale was completed in December 2018, (the "Poseidon Transaction"). References herein to the "GSL Fleet" are to the 19 vessels that were owned by the Company prior to the consummation of the Poseidon Transaction, and references to the "Poseidon Fleet" are to the 19 vessels that the Company acquired as a result of the Poseidon Transaction, excluding the Argos.

The Company's business is to own and charter out containerships to leading liner companies. As of December 31, 2020, the Company owned 43 vessels with average age weighted by TEU capacity of 13.7 years.

The following table provides information about the 43 vessels owned as at December 31, 2020.

Company Name (1)	Fleet	Country of Incorporation	Vessel Name	Capacity in TEUs (2)	Year Built	Earliest Charter Expiry Date
Global Ship Lease 54 LLC	GSL	Liberia	CMA CGM Thalassa	11,040	2008	4Q25
Laertis Marine LLC	Poseidon	Marshall Islands	UASC Al Khor	9,115	2015	1Q22
Penelope Marine LLC	Poseidon	Marshall Islands	Maira XL	9,115	2015	2Q22
Telemachus Marine LLC	Poseidon	Marshall Islands	Anthea Y	9,115	2015	3Q23
Global Ship Lease 53 LLC	GSL	Liberia	MSC Tianjin	8,603	2005	2Q24
Global Ship Lease 52 LLC	GSL	Liberia	MSC Qingdao	8,603	2004	2Q24
Global Ship Lease 43 LLC	GSL	Liberia	GSL Ningbo	8,603	2004	1Q23
Global Ship Lease 30 Limited	—	Marshall Islands	GSL Eleni	7,847	2004	3Q24(3)
Global Ship Lease 31 Limited	—	Marshall Islands	GSL Kalliopi	7,847	2004	4Q22(3)
Global Ship Lease 32 Limited	—	Marshall Islands	GSL Grania	7,847	2004	4Q22(3)
Alexander Marine LLC	Poseidon	Marshall Islands	Mary	6,927	2013	3Q23
Hector Marine LLC	Poseidon	Marshall Islands	Kristina	6,927	2013	2Q24
Ikaros Marine LLC	Poseidon	Marshall Islands	Katherine	6,927	2013	1Q24
Philippos Marine LLC	Poseidon	Marshall Islands	Alexandra	6,927	2013	1Q24
Aristoteles Marine LLC	Poseidon	Marshall Islands	Alexis	6,882	2015	1Q24
Menelaos Marine LLC	Poseidon	Marshall Islands	Olivia I	6,882	2015	1Q24
Global Ship Lease 48 LLC	GSL	Liberia	CMA CGM Berlioz	6,621	2001	2Q21
Leonidas Marine LLC	Poseidon	Marshall Islands	Agios Dimitrios	6,572	2011	4Q23
Global Ship Lease 35 LLC	—	Liberia	GSL Nicoletta	6,840	2002	2Q21
Global Ship Lease 36 LLC	—	Liberia	GSL Christen	6,840	2002	1Q21(4)
Global Ship Lease 33 LLC	—	Liberia	GSL Vinia	6,080	2004	3Q24(5)
Global Ship Lease 34 LLC	—	Liberia	GSL Christel Elisabeth	6,080	2004	2Q24(5)
Tasman Marine LLC	Poseidon	Marshall Islands	Tasman	5,936	2000	1Q22(6)
Hudson Marine LLC	Poseidon	Marshall Islands	Dimitris Y	5,936	2000	2Q22
Drake Marine LLC	Poseidon	Marshall Islands	Ian H	5,936	2000	1Q21
Hephaestus Marine LLC	Poseidon	Marshall Islands	Dolphin II	5,095	2007	1Q22

Global Ship Lease, Inc.

Notes to the Consolidated Financial Statements

(Expressed in thousands of U.S. dollars)

1. Description of Business

Company Name (1)	Fleet	Country of Incorporation	Vessel Name	Capacity in TEUs (2)	Year Built	Earliest Charter Expiry Date
Zeus One Marine LLC	Poseidon	Marshall Islands	Orca I	5,095	2006	1Q21(7)
Global Ship Lease 47 LLC	GSL	Liberia	GSL Château d'If	5,089	2007	4Q21
GSL Alcazar Inc.	GSL	Marshall Islands	CMA CGM Alcazar	5,089	2007	3Q21
Global Ship Lease 50 LLC	GSL	Liberia	CMA CGM Jamaica	4,298	2006	3Q22
Global Ship Lease 49 LLC	GSL	Liberia	CMA CGM Sambhar	4,045	2006	3Q22
Global Ship Lease 51 LLC	GSL	Liberia	CMA CGM America	4,045	2006	3Q22
Global Ship Lease 42 LLC	GSL	Liberia	GSL Valerie	2,824	2005	3Q21
Pericles Marine LLC	Poseidon	Marshall Islands	Athena	2,762	2003	1Q21
Aris Marine LLC	Poseidon	Marshall Islands	Maira	2,506	2000	4Q20(8)
Aphrodite Marine LLC	Poseidon	Marshall Islands	Nikolas	2,506	2000	4Q20(8)
Athena Marine LLC	Poseidon	Marshall Islands	Newyorker	2,506	2001	1Q21
Global Ship Lease 46 LLC	GSL	Liberia	La Tour	2,272	2001	2Q21
Global Ship Lease 38 LLC	GSL	Liberia	Manet	2,272	2001	4Q21
Global Ship Lease 40 LLC	GSL	Liberia	Keta	2,207	2003	3Q21
Global Ship Lease 41 LLC	GSL	Liberia	Julie	2,207	2002	2Q21
Global Ship Lease 45 LLC	GSL	Liberia	Kumasi	2,207	2002	3Q21
Global Ship Lease 44 LLC	GSL	Liberia	Marie Delmas	2,207	2002	3Q21

(1) All subsidiaries are 100% owned, either directly or indirectly;
(2) Twenty-foot Equivalent Units;
(3) GSL Eleni delivered 3Q2019 and is chartered for five years; GSL Kalliopi (delivered 4Q2019) and GSL Grania (delivered 3Q2019) are chartered for three years plus two successive periods of one year at the option of the charterer;
(4) GSL Christen is chartered for 2 – 10 months, at charterer's option. The charter commenced in July 2020;
(5) GSL Vinia and GSL Christel Elisabeth were delivered in December 2019 and are contracted on 52 – 60 months charters;
(6) 12-month extension at charterer's option callable in 2Q2022;
(7) 12 - 24 month charter (which commenced in June 2019), at charterer's option;
(8) Charter with MSC to November/December 2020, at which time the vessels were dry-docked.

Global Ship Lease, Inc.

Notes to the Consolidated Financial Statements (continued)

(Expressed in thousands of U.S. dollars)

2. Summary of Significant Accounting Policies

(a) Basis of Presentation

The accompanying consolidated financial statements are prepared in accordance with United States Generally Accepted Accounting Principles ("U.S. GAAP").

On March 25, 2019, the Company's common shares began trading on a reverse-split-adjusted basis, following approval received from the Company's shareholders at a Special Meeting held on March 20, 2019 and subsequently approval from the Company's Board of Directors to reverse split the Company's common shares at a ratio of one-for-eight. The Class A common shares and Class B common shares per share amounts disclosed in the consolidated financial statements and notes give effect to the reverse stock split retroactively, for all years presented.

Adoption of new accounting standards

On January 1, 2020, the Company adopted Accounting Standards Update ("ASU") No. 2016-13, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments. This ASU amends the accounting for credit losses on available-for-sale debt securities, purchased financial assets with credit deterioration and clarifies that impairment of receivables arising from operating leases should be accounted for in accordance with Topic 842, Leases. In addition, these amendments require the measurement of all expected credit losses for financial assets, including trade accounts receivable, held at the reporting date based on historical experience, current conditions, and current expectations of future economic conditions based on reasonable and supportable forecasts. Upon adoption and as of December 31, 2020, this new guidance did not have a material impact on the Company's audited consolidated financial statements, as the majority of its Accounts Receivable, net relates to receivables arising from operating leases and are scoped out of the new standard.

In March 2020, the FASB issued ASU 2020-4, "Reference Rate Reform (Topic 848)" ("ASU 2020-4"), which provides optional guidance intended to ease the potential burden in accounting for the expected discontinuation of LIBOR as a reference rate in the financial markets. The guidance can be applied to modifications made to certain contracts to replace LIBOR with a new reference rate. The guidance, if elected, will permit entities to treat such modifications as the continuation of the original contract, without any required accounting reassessments or remeasurements. The ASU 2020-4 was effective for the Company beginning on March 12, 2020 and the Company will apply the amendments prospectively through December 31, 2022. There was no impact to the Company's audited consolidated financial statements for the year ended December 31, 2020 as a result of adopting this standard update. Currently, the Company has various contracts that reference LIBOR and is assessing how this standard may be applied to specific contract modifications.

Counterparty risk

The Company has significant contracts with CMA CGM, a related party and a significant source of the Company's operating revenues and consequently the Company is dependent on the performance by CMA CGM of its obligations under these charters, which operate in an industry that is subject to volatility.

If CMA CGM ceases doing business or fails to perform its obligations under the charters, the Company's business, financial position and results of operations could be materially adversely affected as it is probable that the Company could face difficulties finding immediate replacement charters, and such charters could potentially be at lower daily rates and shorter durations.

These consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded assets, nor to the amounts and classification of liabilities that may be necessary should the Company be unable to continue as a going concern.

Global Ship Lease, Inc.

Notes to the Consolidated Financial Statements (continued)

(Expressed in thousands of U.S. dollars)

2. Summary of Significant Accounting Policies (continued)

(a) Basis of Presentation (continued)

COVID-19 Pandemic

On March 11, 2020, the World Health Organization declared the novel coronavirus ("COVID-19") outbreak a pandemic. Since the beginning of calendar year 2020, the outbreak of COVID-19 pandemic has resulted in the implementation of numerous actions taken by governments and governmental agencies in an attempt to mitigate the spread of the virus, including, among others, business closures, quarantines, travel restrictions, and physical distancing requirements. These measures have resulted in a significant reduction in global economic activities and uncertainty in the global financial markets. When these measures and the resulting economic impact will end and the long-term impact of such measures on the global economy cannot be determined at this time. A significant reduction in manufacturing and other economic activities has and will continue to have a material and adverse impact on the global production and supply of goods, such as those that the Company's customers transport on its vessels, which has and may continue to negatively affect the demand for container shipping services, and therefore charter rates and asset values. In addition, the COVID-19 pandemic has caused, and if it continues on a prolonged basis may continue to cause, delayed or extended drydockings and disruptions in the Company's operations from non-availability of staff and materials. The scale and duration, as well as the impact, of these factors, while currently uncertain, could have a material and adverse impact on the Company's operations, earnings, cash flows and financial condition.

While the Company cannot predict the long-term economic impact of the COVID-19 pandemic, it will continue to actively monitor the situation and may take further actions altering the Company's business operations that it determines are in the best interests of its employees, customers, partners, suppliers, and stakeholders, or as required by authorities in the jurisdictions where the Company operates. The ultimate effects that any such alterations or modifications may have on the Company's business are not clear, including any potential negative effects on its business operations and financial results.

(b) Principles of Consolidation

The accompanying consolidated financial statements include the financial statements of the Company and its wholly owned subsidiaries; the Company has no other interests. All significant intercompany balances and transactions have been eliminated in the Company's consolidated financial statements.

(c) Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates under different assumptions and/or conditions.

(d) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

(e) Restricted cash

Restricted cash consists of retention accounts which are restricted in use and held in order to service debt and interest payments. In addition, restricted cash consists of pledged cash maintained with lenders and amounts built-up for future drydockings.

(f) Insurance claims

Insurance claims consist of claims submitted and/or claims in the process of compilation or submission. They are recorded on an accrual basis and represent the claimable expenses, net of applicable deductibles, incurred through December 31 of each reported period, which are probable to be recovered from insurers. Any outstanding costs to complete the claims are included in accrued liabilities. The classification of insurance claims into current and non-current assets is based on management's expectation as to the collection dates.

Global Ship Lease, Inc.

Notes to the Consolidated Financial Statements (continued)

(Expressed in thousands of U.S. dollars)

2. Summary of Significant Accounting Policies (continued)

(g) Inventories

Inventories consist of bunkers, lubricants, stores and provisions. Inventories are stated at the lower of cost or net realizable value as determined using the first-in, first-out method.

(h) Accounts receivable, net

The Company carries its accounts receivable at cost less, if appropriate, an allowance for doubtful accounts, based on a periodic review of accounts receivable, taking into account past write-offs, collections and current credit conditions. The Company does not generally charge interest on past-due accounts. Allowances for doubtful accounts amount to $nil as of December 31, 2020 (2019: $ nil).

(i) Vessels in operation

Vessels are generally recorded at their historical cost, which consists of the acquisition price and any material expenses incurred upon acquisition. Vessels acquired in a corporate transaction accounted for as an asset acquisition are stated at the acquisition price, which consists of consideration paid, plus transaction costs less any negative goodwill, if applicable. Vessels acquired in a corporate transaction accounted for as a business combination are recorded at fair value. Vessels acquired as part of the Marathon Merger in 2008 were accounted for under ASC 805, which required that the vessels be recorded at fair value, less the negative goodwill arising as a result of the accounting for the merger.

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

Borrowing costs incurred during the construction of vessels or as part of the prefinancing of the acquisition of vessels are capitalized. There was no capitalized interest for the years ended December 31, 2020 and 2019.

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

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

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

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

(j) Deferred charges, net

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

Global Ship Lease, Inc.

Notes to the Consolidated Financial Statements (continued)

(Expressed in thousands of U.S. dollars)

2. Summary of Significant Accounting Policies (continued)

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

(k) Intangible assets and liabilities – charter agreements

When intangible assets or liabilities associated with the acquisition of a vessel are identified, they are recorded at fair value. Fair value is determined by reference to market data and the discounted amount of expected future cash flows. Where charter rates are higher than market charter rates, an asset is recorded, being based on the difference between the acquired charter rate and the market charter rate for an equivalent vessel. Where charter rates are less than market charter rates, a liability is recorded, being based on the difference between the acquired charter rate and the market charter rate for an equivalent vessel. The determination of the fair value of acquired assets and assumed liabilities requires the Company to make significant assumptions and estimates of many variables including market charter rates, expected future charter rates, the level of utilization of the Company's vessels and the Company's weighted average cost of capital. The use of different assumptions could result in a material change in the fair value of these items, which could have a material impact on the Company's financial position and results of operations.

(l) Impairment of Long-lived assets

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

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

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

Global Ship Lease, Inc.

Notes to the Consolidated Financial Statements (continued)

(Expressed in thousands of U.S. dollars)

2. Significant Accounting Policies (continued)

(l) Impairment of Long-lived assets (continued)

Two 1999-built, 2,200 TEU feeder ships, GSL Matisse and Utrillo, were sold on July 3, 2020 and July 20, 2020, respectively. As of June 30, 2020, the vessels were immediately available for sale and qualified as assets held for sale. As of March 31, 2020, the Company had an expectation that the vessels would be sold before the end of their previously estimated useful life, and as a result performed an impairment test of the specific asset group. An impairment charge of $7,585 was recognized for the three months ended March 31, 2020 and an additional impairment charge of $912 has been recognized in the three months ended June 30, 2020.

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

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

The assessment performed for 2019 resulted in no impairment charges.

As of December 31, 2018, it was determined that step two of the impairment analysis was required for three vessels groups, as the undiscounted projected net operating cash flows did not exceed the carrying value. As a result, an impairment loss of $71,834 was recorded for three vessels, shown as “Impairment of vessels” in the Consolidated Statements of Operations, being the aggregate difference between the fair value of the vessel group (which included the charter attached) and the vessel group’s carrying value.

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

(m) Deferred financing costs

Costs incurred in connection with obtaining long-term debt and in obtaining amendments to existing facilities are recorded as deferred financing costs and are amortized to interest expense using the effective interest method over the estimated duration of the related debt. Such costs include fees paid to the lenders or on the lenders’ behalf and associated legal and other professional fees. Debt issuance costs, other than any up-front arrangement fee for revolving credit facilities, related to a recognized debt liability are presented as a direct deduction from the carrying amount of that debt. Arrangement fees for revolving credit facilities are shown within “Other non-current assets”.

(n) Preferred shares

The Series B Preferred Shares were originally issued in August 2014 and have been included within Equity in the Consolidated Balance Sheets since their initial issue in August 2014 and increased in 2019 and 2020 with the introduction of ATM program, and the dividends are presented as a reduction of Retained Earnings or addition to Accumulated Deficit in the Consolidated Statements of Shareholders’ Equity as their nature is similar to that of an equity instrument rather than a liability. Holders of these redeemable perpetual preferred shares, which may only be redeemed at the discretion of the Company, are entitled to receive a dividend equal to 8.75% on the original issue price, should such dividend be declared, and rank senior to the common shares with respect to dividend rights and rights upon liquidation, dissolution or winding up of the Company.

Global Ship Lease, Inc.

Notes to the Consolidated Financial Statements (continued)

(Expressed in thousands of U.S. dollars)

2. Significant Accounting Policies (continued)

(n) Preferred shares (continued)

The 250,000 Series C Perpetual Convertible Preferred Shares (the "Series C Preferred Shares") have been included within Equity in the Consolidated Balance Sheets, from their issue on November 15, 2018. The Series C Preferred Shares were convertible in certain circumstances to Class A common shares and they were entitled to a dividend only should such a dividend be declared on the Class A common shares. On January 20, 2021, upon the redemption in full of the 9.875% First Priority Secured Notes due 2022 (the "2022 Notes"), KEP VI (Newco Marine) Ltd. and KIA VIII (Newco Marine) Ltd. (together, "Kelso"), both affiliates of Kelso & Company, a U.S. private equity firm, exercised their right to convert all of their Series C Preferred Shares into Class A common shares of the Company, resulting in issuance of an aggregate of 12,955,188 Class A common shares to Kelso.

(o) Other comprehensive income/ (loss)

Other comprehensive income/ (loss), which is reported in the Consolidated Statements of Shareholders' Equity, consists of net income (loss) and other gains and losses affecting equity that, under U.S. GAAP, are excluded from net income (loss). Under ASU 2011-05, an entity reporting comprehensive income in a single continuous financial statement shall present its components in two sections, net income and other comprehensive income. As the Company does not, to date, have other comprehensive income, the accompanying Consolidated Financial Statements only include Consolidated Statements of Operations.

(p) Revenue recognition and related expense

The Company charters out its vessels on time charters which involves placing a vessel at a charterer's disposal for a specified period of time during which the charterer uses the vessel in return for the payment of a specified daily hire rate. Such charters are accounted for as operating leases and therefore revenue is recognized on a straight-line basis as the average revenues over the rental periods of such charter agreements, as service is performed. Cash received in excess of earned revenue is recorded as deferred revenue. If a time charter contains one or more consecutive option periods, then subject to the options being exercisable solely by the Company, the time charter revenue will be recognized on a straight-line basis over the total remaining life of the time charter, including any options which are more likely than not to be exercised. Any difference between the charter rate invoiced and the time charter revenue recognized is classified as, or released from, deferred revenue within the Consolidated Balance Sheets.

Revenues are recorded net of address commissions, which represent a discount provided directly to the charterer based on a fixed percentage of the agreed upon charter rate.

Charter revenue received in advance which relates to the period after a balance sheet date is recorded as deferred revenue within current liabilities until the respective charter services are rendered.

Under time charter arrangements the Company, as owner, is responsible for all the operating expenses of the vessels, such as crew costs, insurance, repairs and maintenance, and such costs are expensed as incurred and are included in vessel operating expenses.

Commission paid to brokers to facilitate the agreement of a new charter are included in time charter and voyage expenses as are certain expenses related to a voyage, such as the costs of bunker fuel consumed when a vessel is off-hire or idle.

The Company elected the practical expedient which allows the Company to treat the lease and non-lease components as a single lease component for the leases where the timing and pattern of transfer for the nonlease component and the associated lease component to the lessees are the same and the lease component, if accounted for separately, would be classified as an operating lease. The combined component is therefore accounted for as an operating lease under ASC 842, as the lease components are the predominant characteristics, in 2020 and 2019.

The Company adopted the new "Leases" standard (Topic 842) on January 1, 2019 using the modified retrospective method. The Company elected the practical expedient to use the effective date of adoption as the date of initial application. Furthermore the Company elected practical expedients, which allow entities (i) to not reassess whether any expired or existing contracts are considered or contain leases; (ii) to not reassess the lease classification for any expired or existing leases (iii) to not reassess initial direct costs for any existing leases and (iv) which allows to treat the lease and non-lease components as a single lease component due to its predominant characteristic. The adoption of this standard did not have a material effect on the consolidated financial statements since the Company is primarily a lessor and the accounting for lessors is largely unchanged under this standard.

Global Ship Lease, Inc.

Notes to the Consolidated Financial Statements (continued)

(Expressed in thousands of U.S. dollars)

2. Significant Accounting Policies (continued)

(q) Foreign currency transactions

The Company's functional currency is the U.S. dollar as substantially all revenues and a majority of expenditures are denominated in U.S. dollars. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange at the balance sheet dates. Expenses paid in foreign currencies are recorded at the rate of exchange at the transaction date. Exchange gains and losses are included in the determination of net income (loss).

(r) Share based compensation

The Company has awarded incentive stock units to its management and Directors as part of their compensation.

Using the graded vesting method of expensing the incentive stock unit grants, the weighted average fair value of the stock units is recognized as compensation costs in the Consolidated Statements of Operations over the vesting period. The fair value of the incentive stock units for this purpose is calculated by multiplying the number of stock units by the fair value of the shares at the grant date. The Company has not factored any anticipated forfeiture into these calculations based on the limited number of participants.

(s) Income taxes

The Company and its Marshall Island subsidiaries are exempt from taxation in the Marshall Islands. The Company's vessels are liable for tax based on the tonnage of the vessel, under the regulations applicable to the country of incorporation of the vessel owning company, which is included within vessels' operating expenses.

The Cyprus and Hong Kong subsidiaries are also liable for income tax on any interest income earned from non-shipping activity.

The Company has one subsidiary in the United Kingdom, where the principal rate of corporate income tax for 2020 is 19% (2019: 19%)

The Company recognizes uncertain tax positions only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based solely on the technical merits of the position.

(t) Dividends

Dividends are recorded in the period in which they are declared by the Company's Board of Directors. Dividends to be paid are presented in the Consolidated Balance Sheets in the line item "Dividends payable".

(u) Earnings/(Loss) per share

Basic earnings/(loss) per common share are based on income/(loss) available to common shareholders divided by the weighted average number of common shares outstanding during the period, excluding unvested restricted stock units. Diluted income/ (loss) per common share are calculated by applying the treasury stock method. All unvested restricted stock units that have a dilutive effect are included in the calculation. The basic and diluted earnings per share for the period are presented for each category of participating common shares under the two-class method.

(v) Risks Associated with Concentration

The Company is exposed to certain concentration risks that may adversely affect the Company's financial position in the near term:

(i) The Company derives its revenue from CMA CGM and other liner companies which are exposed to the cyclicality of the container shipping industry.

(ii) There is a minimum concentration of credit risk with respect to cash and cash equivalents at December 31, 2020, to the extent that substantially all of the amounts are deposited with eight banks (2019: five banks). The Company believes this risk is remote as the banks are high credit quality financial institutions.

Global Ship Lease, Inc.

Notes to the Consolidated Financial Statements (continued)

(Expressed in thousands of U.S. dollars)

2. Significant Accounting Policies (continued)

(w) Segment Reporting

The Company reports financial information and evaluates its operations by charter revenues and not by the length of ship employment for its customers. The Company does not use discrete financial information to evaluate operating results for each type of charter. Management does not identify expenses, profitability or other financial information by charter type. As a result, management reviews operating results solely by revenue per day and operating results of the fleet and thus the Company has determined that it operates under one reportable segment.

(x) Fair Value Measurement and Financial Instruments

Financial instruments carried on the balance sheet include cash and cash equivalents, restricted cash, trade receivables and payables, other receivables and other liabilities and long-term debt. The particular recognition methods applicable to each class of financial instrument are disclosed in the applicable significant policy description of each item or included below as applicable.

Fair value measurement: Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e. the "exit price") in an orderly transaction between market participants at the measurement date. The hierarchy is broken down into three levels based on the observability of inputs as follows:

Level 1 — Valuations based on quoted prices in active markets for identical assets or liabilities that the Company has the ability to access. Valuation adjustments and block discounts are not applied to Level 1 instruments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

Level 2 — Valuations based on one or more quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 — Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

As at March 31, 2020, two of the Company's vessel groups that were held and used with a total aggregate carrying amount of $15,585 were written down to their fair value of $8,000 resulting in a non-cash impairment charge of $7,585 which was allocated to the respective vessels' carrying values (see note 4). As at June 30, 2020, the two above mentioned vessels with a total aggregate carrying amount of $8,008 were written down to their fair value of $7,096 resulting in a non-cash impairment charge of $912 which was allocated to their respective carrying values. Total impairment charge of $8,497 was included in the Consolidated Statements of Operations for the year ended December 31, 2020. The estimated fair value, measured on a non-recurring basis, of the Company's relevant three vessel groups that are held and used is calculated with the assistance of valuation obtained by third party independent ship brokers. Therefore, the Company has categorized the fair value of these vessels as Level II in the fair value hierarchy.

As at December 31, 2018, three of the Company's vessel groups that were held and used with a total aggregate carrying amount of $165,334 were written down to their fair value of $93,500 resulting in a non-cash impairment charge of $71,834 which was allocated to the respective vessels' carrying values (see note 4) and was included in Consolidated Statements of Operations for the year ended December 31, 2018. The estimated fair value, measured on a non-recurring basis, of the Company's relevant three vessel groups that are held and used is calculated with the assistance of valuation obtained by third party independent ship brokers. Therefore, the Company has categorized the fair value of these vessels as Level II in the fair value hierarchy.

Financial Risk Management: The Company activities expose it to a variety of financial risks including fluctuations in, time charter rates, credit and interest rates risk. Risk management is carried out under policies approved by executive management. Guidelines are established for overall risk management, as well as specific areas of operations.

Global Ship Lease, Inc.

Notes to the Consolidated Financial Statements (continued)

(Expressed in thousands of U.S. dollars)

2. Significant Accounting Policies (continued)

(x) Fair Value Measurement and Financial Instruments (continued)

Credit risk: The Company closely monitors its credit exposure to customers and counter-parties for credit risk. The Company has entered into commercial management agreement with Conchart Commercial Inc. ("Conchart"), pursuant to which Conchart has agreed to provide commercial management services to the Company, including the negotiation, on behalf of the Company, of vessel employment contracts (see note 13). Conchart has policies in place to ensure that it trades with customers and counterparties with an appropriate credit history.

Financial instruments that potentially subject the Company to concentrations of credit risk are accounts receivable and cash and cash equivalents. The Company does not believe its exposure to credit risk is likely to have a material adverse effect on its financial position, results of operations or cash flows.

Liquidity Risk: Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Company monitors cash balances appropriately to meet working capital needs.

Foreign Exchange Risk: Foreign currency transactions are translated into the measurement currency rates prevailing at the dates of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the Consolidated Statements of Operations.

(y) Recently issued accounting standards

The Company does not believe that any other recently issued, but not yet effective, accounting pronouncements would have a material impact on its consolidated financial statements.

Global Ship Lease, Inc.

Notes to the Consolidated Financial Statements (continued)

(Expressed in thousands of U.S. dollars)

3. Restricted Cash

Restricted cash as of December 31, 2020 and 2019 consisted of the following:

	December 31, 2020	December 31, 2019
Retention accounts	$ 525	$ 3,024
Cash collateral	300	885
Total Current Restricted Cash	**$ 825**	**$ 3,909**
Cash collateral	$ 6,953	$ 5,190
Guarantee deposits	20	10
Restricted bank deposits/Drydock reserves	3,207	503
Cash in custody	500	—
Total Non - Current Restricted Cash	**10,680**	**5,703**
Total Current and Non - Current Restricted Cash	**$ 11,505**	**$ 9,612**

4. Vessels in Operation

Vessels in Operation as of December 31, 2020 and 2019 consisted of the following:

	Vessel Gross Cost, as adjusted for impairment charges	Accumulated Depreciation	Net Book Value
As of January 1, 2019	**$ 1,224,377**	**$ (111,611)**	**$ 1,112,766**
Additions	82,559	—	82,559
Depreciation	—	(39,739)	(39,739)
As of December 31, 2019	**$ 1,306,936**	**$ (151,350)**	**$ 1,155,586**
Additions	41,710	—	41,710
Disposals	(7,058)	—	(7,058)
Depreciation	—	(41,158)	(41,158)
Impairment loss	(43,803)	35,306	(8,497)
As of December 31, 2020	**$ 1,297,785**	**$ (157,202)**	**$ 1,140,583**

As of December 31, 2020, the Company had made additions for the installation of scrubbers and ballast water treatments.

On July 20, 2020, the Company sold Utrillo for net proceeds of $3,411, and the vessel was released as collateral under the Company's 2022 Notes and Citi Credit Facility.

On July 3, 2020, the Company sold GSL Matisse for net proceeds of $3,441, and the vessel was released as collateral under the Company's 2022 Notes and Citi Credit Facility.

On February 21, 2020, the Company took delivery of a 2002-built, 6,840 TEU containership, GSL Nicoletta for a purchase price of $12,660.

On January 29, 2020, the Company took delivery of a 2002-built, 6,840 TEU containership, GSL Christen for a purchase price of $13,000.

On December 12, 2019, the Company took delivery of two 2004-built, 6,080 TEU containerships, GSL Vinia and GSL Christel Elisabeth, for a contract price of $12,250 each.

Global Ship Lease, Inc.

Notes to the Consolidated Financial Statements (continued)

(Expressed in thousands of U.S. dollars)

4. Vessels in Operation (continued)

On October 9, 2019, the Company took delivery of a 2004-built, 7,847 TEU containership, GSL Kalliopi, for a contract price of $15,000.

On September 9, 2019, the Company took delivery of a 2004-built, 7,847 TEU containership, GSL Grania, for a contract price of $15,000.

On May 28, 2019, the Company took delivery of a 2004-built, 7,847 TEU containership, GSL Eleni, for a contract price of $18,500.

Impairment

During the three months ended March 31, 2020, the Company determined that the vessels Utrillo and GSL Matisse should be divested. As at March 31, 2020, the vessels were not immediately available for sale and therefore did not qualify as "assets held for sale". As of March 31, 2020, the Company had an expectation that the vessels would each be sold before the end of their estimated useful life, and as a result an impairment test of each of the specific asset groups was performed, recognizing an impairment loss of $7,585. As of June 30, 2020, the Company concluded that all the criteria required by the relevant accounting standard, ASC 360 for the classification of the vessels GSL Matisse and Utrillo as "held for sale" were met. The difference between the estimated fair value less cost to sell both vessels and their carrying value (including the unamortized balance of dry-docking cost of $38), amounting to $912, was recognized during the three months ended June 30, 2020 under the line item "Vessel impairment losses". An impairment loss of $8,497 has been recognized under the line item "Vessel impairment losses" in the Consolidated Statements of Operations for the year ended December 31, 2020.

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

As a result, step one of the impairment assessment of each of the vessel groups was performed, by comparing the undiscounted projected net operating cash flows for each vessel group to the carrying value of the vessel group. The Company's assessment performed as at December 31, 2020 resulted in no additional impairment charges.

The total impairment loss recognized for the year ended December 31, 2020 amounted to $8,497.

As of December 31, 2019, the assessment concluded that no impairment of vessels existed as the undiscounted projected net operating cash flows exceeded the carrying values. Step two of the impairment analysis was not required.

Collateral

As of December 31, 2020, 16 vessels were pledged as collateral under the 2022 Notes and the Citi Super Senior Term Loan ("Citi Credit Facility") and 22 vessels were pledged as collateral under the Company's loan facilities. Five vessels were unencumbered as of December 31, 2020.

Advances for vessel acquisitions and other additions

On November 5, 2019, the Company via its subsidiaries, Global Ship Lease 35 and 36 agreed to purchase two 2002-built, 6,840 TEU containerships for a contract price of $13,000 each. In connection with these acquisitions, the Company paid advances of $1,300 each. The vessels were delivered in January and February 2020 (see note 18).

As of December 31, 2020, the Company has made advances for vessels other additions totaling $1,364. As of December 31, 2019, the Company had made advances for the installation of scrubbers and ballast water treatments totaling $8,191.

Global Ship Lease, Inc.

Notes to the Consolidated Financial Statements (continued)

(Expressed in thousands of U.S. dollars)

5. Deferred charges, net

Deferred charges, net as of December 31, 2020 and 2019 consisted of the following:

	Dry - docking Costs
As of January 1, 2019	**$ 9,569**
Additions	11,066
Amortization	(4,169)
Write – off	(58)
As of December 31, 2019	**$16,408**
Additions	12,401
Amortization	(5,820)
Write – off	(38)
As of December 31, 2020	**$22,951**

The Company follows the deferral method of accounting for dry-docking costs in accordance with accounting for planned major maintenance activities, whereby actual costs incurred are deferred and amortized on a straight-line basis over the period until the next scheduled dry-docking, which is generally five years. Any remaining unamortized balance from the previous dry-docking are written-off.

6. Intangible Assets/Liabilities – Charter Agreements

Intangible Liabilities – Charter Agreements as of December 31, 2020 and 2019 consisted of the following:

	December 31, 2020	December 31, 2019
Opening balance	$ 6,470	$ 8,470
Amortization in the period	(2,008)	(2,000)
Closing balance	**$ 4,462**	**$ 6,470**

Intangible liabilities relate to management's estimate of the fair value of below-market charters on August 14, 2008, the date of the Marathon Merger (see note 1). These intangible liabilities, which are related to five vessels as at December 31, 2020, are being amortized over the remaining term of the relevant charter, giving rise to an increase in time charter revenue.

Intangible Assets – Charter Agreements as of December 31, 2020 and 2019 consisted of the following:

	December 31, 2020	December 31, 2019
Opening balance	$ 1,467	$ 5,400
Amortization in the period	(1,467)	(3,933)
Closing balance	**$ —**	**$ 1,467**

Intangible assets were derived from the management's estimate of the fair value of above-market charters. These intangible assets, were being amortized over the remaining term of the relevant charter, giving rise to a reduction in time charter revenue. The unamortized balance of the intangible assets recognized following the Poseidon Transaction (Note 1) as of December 31, 2019, was fully amortized during the second quarter of 2020.

Global Ship Lease, Inc.

Notes to the Consolidated Financial Statements (continued)

(Expressed in thousands of U.S. dollars)

7. Prepaid Expenses and Other Current Assets

Prepaid Expenses and Other Current Assets as of December 31, 2020 and December 31, 2019 consisted of the following:

	December 31, 2020	December 31, 2019
Insurance and other claims	$ 762	$ 1,709
Advances to suppliers and other assets	2,329	4,964
Prepaid insurances	584	998
Other (includes scrubber equipment and installation claim)	3,036	461
Total	**$ 6,711**	**$ 8,132**

8. Inventories

Inventories as of December 31, 2020 and December 31, 2019 consisted of the following:

	December 31, 2020	December 31, 2019
Bunkers	$ 521	$ 251
Lubricants	4,223	4,331
Stores	1,291	777
Victualling	281	236
Total	**$ 6,316**	**$ 5,595**

9. Accounts Payable

Accounts payable as of December 31, 2020 and 2019 consisted of the following:

	December 31, 2020	December 31, 2019
Suppliers, repairers	$ 8,774	$ 7,327
Insurers, agents and brokers	406	163
Payables to charterers	650	762
Other creditors	727	800
Total	**$ 10,557**	**$ 9,052**

10. Accrued Liabilities

Accrued liabilities as of December 31, 2020 and 2019 consisted of the following:

	December 31, 2020	December 31, 2019
Accrued expenses	$ 15,133	$ 16,047
Accrued interest	3,994	6,869
Total	**$ 19,127**	**$ 22,916**

Global Ship Lease, Inc.

Notes to the Consolidated Financial Statements (continued)

(Expressed in thousands of U.S. dollars)

11. Long-Term Debt

Long-term debt as of December 31, 2020 and 2019 consisted of the following:

Facilities	December 31, 2020	December 31, 2019
2022 Notes	$ 322,723	$ 340,000
Less repurchases	(89,287)	(17,277)
2022 Notes (a)	**$ 233,436**	**$ 322,723**
2024 Notes (b)	59,819	39,765
DVB Credit Facility (c)	—	45,445
Syndicated Senior Secured Credit Facility (CACIB, ABN, CIT, Siemens, CTBC, Bank Sinopac, Palatine) (d)	238,000	224,800
Blue Ocean Junior Credit Facility (e)	38,500	38,500
Deutsche, CIT, HCOB, Entrust, Blue Ocean Credit Facility (f)	149,055	164,710
Citi Credit Facility (g)	—	12,077
Hayfin Credit Facility (h)	5,833	7,129
Hellenic Bank Credit Facility (i)	49,700	57,700
Chailease Credit Facility (j)	7,596	—
Total	**$ 781,939**	**$ 912,849**
Less: Current portion of 2022 Notes (a)	(26,240)	(27,923)
Less: Current portion of long-term debt	(50,441)	(59,609)
Less: Original issue discount of 2022 Notes (a)	(1,133)	(1,859)
Less: Original issue discount of 2024 Notes (b)	(147)	(6)
Less: Deferred financing costs (l)	(11,203)	(14,095)
Non-current portion of Long-Term Debt	**$ 692,775**	**$ 809,357**

Global Ship Lease, Inc.

Notes to the Consolidated Financial Statements (continued)

(Expressed in thousands of U.S. dollars)

11. Long-Term Debt (continued)

a) 9.875% First Priority Secured Notes due 2022

On October 31, 2017, the Company completed the sale of $360,000 in aggregate principal amount of its 9.875% First Priority Secured Notes (the "2022 Notes") which mature on November 15, 2022. Proceeds after the deduction of the original issue discount, but before expenses, amounted to $356,400. The 2022 Notes were fully redeemed in January 2021 (note 18).

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

The Company was required to have a minimum cash balance of $20,000 on each test date, being March 31, June 30, September 30 and December 31 in each year. The original issue discount was being amortized on an effective interest rate basis over the life of the 2022 Notes. The Company was required to repay $40,000 each year for the first three years and $35,000 thereafter, across both the 2022 Notes and the new Citi Credit Facility—see note 11(m) below. The Citi Credit Facility had minimum fixed amortization whereas as long as amounts were outstanding under that Facility amortization of the 2022 Notes is at the option of the noteholders, who could accept or reject an annual tender offer the Company was obliged to make. In December 2018, the tender offer was accepted in full and the Company repurchased $20,000 of the 2022 Notes at a purchase price of 102%. In December 2019, the tender offer of $20,000 was partially accepted by the noteholders and the Company repurchased $17,277 principal amount of the 2022 Notes at a purchase price of 102%. The balance of the offer of $2,723 was applied to repay the Citi Credit Facility at par—see note 11(m) below. The Citi Credit Facility was fully repaid on October 31, 2020, consequently on December 3, 2020, the Company mandatorily redeemed $28,000 principal amount of the 2022 Notes at a redemption price of $28,560 (representing 102.0% of the aggregate principal amount redeemed) plus accrued and unpaid interest.

On February 10, 2020, the Company completed an optional redemption of $46,000 aggregate principal amount of its 2022 Notes at a redemption price of $48,271 (representing 104.938% of the aggregate principal amount redeemed) plus accrued and unpaid interest. During the year ended December 31, 2020, the Company purchased $15,287 of aggregate principal amount of 2022 Notes in the open market at a weighted average price of 98.98% of the aggregate principal amount.

On December 20, 2018, the Company entered into a first supplemental indenture for the 2022 Notes according to which the date beginning on which the Company was permitted to pay dividends to common shareholders in an aggregate amount per year equal to 50% of the consolidated net profit after taxes of the Company for the preceding financial year, was brought forward from January 1, 2021 to January 1, 2020. Also, certain restrictions were agreed in the increase in the permitted transfer basket and the immediate increase in dividend capacity as a result of completing the Poseidon Transaction, and certain other provisions of the Indenture, among other things, the restricted payment covenant, the arm's length transaction covenant and the reporting covenant were amended.

As of December 31, 2020, the outstanding balance was $232,303, net of the outstanding balance of the original issue discount.

b) 8.00% Senior Unsecured Notes due 2024

On November 19, 2019, the Company completed the sale of $27,500 aggregate principal amount of its 8.00% Senior Unsecured Notes (the "2024 Notes") which mature on December 31, 2024. On November 27, 2019, the Company sold an additional $4,125 of 2024 Notes, pursuant the underwriter's option to purchase such additional 2024 notes. Interest on the 2024 Notes is payable on the last day of February, May, August and November of each year commencing on February 29, 2020.

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

Global Ship Lease, Inc.

Notes to the Consolidated Financial Statements (continued)

(Expressed in thousands of U.S. dollars)

11. Long-Term Debt (continued)

b) 8.00% Senior Unsecured Notes due 2024 (continued)

On November 27, 2019, the Company entered into an "At Market Issuance Sales Agreement" with B. Riley FBR, Inc. (the "Agent") under which and in accordance with the Company's instructions, the Agent may offer and sell from time to time newly issued 2024 Notes. During 2020, a further $20,054 proceeds was raised under the ATM program for the 2024 Notes. As of December 31, 2020, the outstanding aggregate principal amount of the 2024 notes was $59,819 including an amount of $28,194 that comprise of newly issued 2024 notes under the At Market Issuance Sales Agreement. The outstanding balance, net of the outstanding balance of the original issue discount, was $59,672.

c) $52.6 Million DVB Credit Facility

In connection with the Poseidon Transaction, the Company assumed debt from the four vessel owning companies of Maira, Nikolas, Newyorker and Mary, on the date of completion of the transaction of $51,063 with DVB Bank SE ("DVB"). The agreement is dated July 18, 2017, with initial drawdown amount of $52,625 and final maturity of December 31, 2020.

As of February 12, 2020, the outstanding balance on this facility amounted to $44,366 was fully refinanced by the Tranche B Syndicated Senior Secured Credit Facility (see note 11d) and the Chailease Credit Facility (see note 11j).

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

d) $268.0 Million Syndicated Senior Secured Credit Facility (CACIB, ABN, CIT, Siemens, CTBC, Bank Sinopac, Palatine)

On September 19, 2019, the Company entered into a Syndicated Senior Secured Credit Facility in order to refinance existing credit facilities that had a maturity date in December 2020, of an amount $224,310.

The Senior Syndicated Secured Credit Facility was agreed to be borrowed in two tranches. The Lenders are Credit Agricole Corporate and Investment Bank ("CACIB"), ABN Amro Bank N.V. ("ABN"), CIT Bank, N.A. ("CIT"), Siemens Financial Services, Inc ("Siemens"), CTBC Bank Co. Ltd. ("CTBC"), Bank Sinopac Ltd. ("Bank Sinopac") and Banque Palatine ("Palatine"). Tranche A amounting to $230,000 was drawn down in full on September 24, 2019 and is scheduled to be repaid in 20 consecutive quarterly instalments of $5,200 starting from December 12, 2019 and a balloon payment of $126,000 payable on September 24, 2024.

Tranche B amounts to $38,000 was draw down in full on February 10, 2020, and is scheduled to be repaid in 20 consecutive quarterly instalments of $1,000 and a balloon payment of $18,000 payable in the termination date on the fifth anniversary from the utilization date of Tranche A, which falls in September 24, 2024.

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

- **$55.7 Million Credit Agricole Credit Facility:** This facility bore interest at LIBOR plus a margin of 2.75% per annum. As of September 23, 2019, the outstanding balance on this facility amounted to $50,961 and was fully refinanced.

Global Ship Lease, Inc.

Notes to the Consolidated Financial Statements (continued)

(Expressed in thousands of U.S. dollars)

11. Long-Term Debt (continued)

d) $268.0 Million Syndicated Senior Secured Credit Facility (CACIB, ABN, CIT, Siemens, CTBC, Bank Sinopac, Palatine) (continued)

- **$24.5 Million Blue Ocean Credit Facility:** A facility with Blue Ocean Income Fund LP, Blue Ocean Onshore Fund LP, Blue Ocean Investments SPC One and Blue Ocean Investments SPC Three (together, "Blue Ocean"). This facility bore interest on $18,830 of principal at LIBOR plus a margin of 4.00% per annum. As of September 24, 2019, the outstanding balance on this facility amounted to $23,652 and was fully refinanced.
- **$65.3 Million ABN AMRO Credit Facility Blue Ocean Credit Facility:** This facility bore interest at LIBOR plus a margin of 3.42% per annum up to March 31, 2019 and afterwards 3.50% per annum. As of September 24, 2019, the outstanding balance on this facility amounted to $61,595 and was fully refinanced.
- **$17.1 Million Amsterdam Trade Bank ("ATB") Credit Facility:** This facility bears interest at LIBOR plus a margin of 3.90% per annum. As of September 27, 2019, the outstanding balance on this facility amounted to $12,600 and was fully refinanced.
- **$80.0 Million Credit Agricole Credit Facility:** This facility bore interest at LIBOR plus a margin of 3.00% per annum for the first 6 months, 3.25% for the following 12 months and 3.50% thereafter payable quarterly in arrears. As of September 24, 2019, the outstanding balance on this facility amounted to $75,500 and was fully refinanced.

As of December 31, 2020, the outstanding balance of Tranche A amounted to $238,000.

The interest rate is LIBOR plus a margin of 3.00% and is payable at each quarter end date.

e) $38.5 Million Blue Ocean Junior Credit Facility

On September 19, 2019, the Company entered into a refinancing agreement with Blue Ocean Income Fund LP, Blue Ocean Onshore Fund LP, and Blue Ocean Investments SPC Blue, holders of the outstanding debt of $38,500 relevant to the previous Blue Ocean Credit Facility in order to refinance that existing facility with the only substantive change being to extend maturity at the same date with the Syndicated Senior Secured Credit Facility (see note 11d).

The Company fully drew down the facility on September 23, 2019 and it is scheduled to be repaid in a single instalment on the termination date which falls on September 24, 2024.

This facility bears interest at 10.00% per annum.

As of September 19, 2019, the outstanding balance on the following facility which was acquired in connection with the Poseidon Transaction and was fully refinanced with the Blue Ocean Junior Credit facility:

- **$38.5 Million Blue Ocean Credit Facility:** The Facility bore interest at 10.00% fixed payable quarterly in arrears. As of September 19, 2019, the outstanding balance on this facility amounted to $38,500 and was fully refinanced.

As of December 31, 2020, the outstanding balance on this facility amounted to $38,500.

Global Ship Lease, Inc.

Notes to the Consolidated Financial Statements (continued)

(Expressed in thousands of U.S. dollars)

11. Long-Term Debt (continued)

f) $180.5 Million Deutsche, CIT, HCOB, Entrust, Blue Ocean Credit Facility

In connection with the Poseidon Transaction, the Company assumed debt from the three vessel owning companies of UASC Al Khor, Maira XL and Anthea Y on the date of completion of the transaction of $180,500 with Deutsche Bank AG. The agreement is dated November 9, 2018, with initial drawdown amount of $180,500 and final maturity of June 30, 2022.

On December 31, 2018, the Company entered into a deed of amendment and restatement with the bank. Based on this restatement there was a re-tranche of the existing facility such that it was split into a senior facility in an amount of $141,900 ("Senior Facility") and a junior facility in an amount of $38,600 ("Junior Facility"). The Lenders of the Senior Facility are Hamburg Commercial Bank AG ("HCOB"), Deutsche Bank AG and CIT Bank N.A and the Lenders of the Junior Facility are Blue Ocean GP LLC, Blue Ocean Income Fund LP, Blue Ocean Onshore Fund LP, Entrustpermal ICAV, Blue Ocean Investments SPC one and Blue Ocean Investments SPC for three. The final maturity of both Facilities (Senior and Junior) will be June 30, 2022. In addition to the repayment schedule a cash sweep mechanism based on a DSCR ratio of 1.10:1 (DSCR ratio is the ratio of Cash Flow to the Cash Flow Debt Service) will apply pro rata against the Senior Facility and the Junior Facility.

Senior Facility

The Senior Facility is comprised of three Tranches. Tranche A relates to Al Khor and is repayable in 14 instalments of $868, and a final instalment of $35,148. Tranche B relates to Anthea Y and is repayable in 14 instalments of $863 and a final instalment of $35,218. Tranche C relates to Maira XL and is repayable in 14 instalments of $858 and a final instalment of $35,288.

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

As of December 31, 2020, the outstanding balance on the Senior Facility was $117,180.

Junior Facility

The Junior Facility is comprised of three Tranches. Tranche A relates to Al Khor and is repayable in 14 instalments of $236 and a final instalment of $9,563. Tranche B relates to Anthea Y and is repayable in 14 instalments of $235 and a final instalment of $9,577. Tranche C relates to Maira XL and is repayable in 14 instalments of $233 and a final instalment of $9,604.

The Junior Facility bears interest at LIBOR plus 10.00% payable quarterly in arrears.

As of December 31, 2020, the outstanding balance on the Junior Facility was $31,875.

g) $54.8 Million Citi Credit Facility

On October 26, 2017, and in connection with the 2022 Notes, the Company entered into a new $54,800 loan with Citibank N.A. The loan was drawn down in full on October 31, 2017 and matured no later than October 31, 2020. The interest rate was LIBOR plus a margin of 3.25% and is payable at least quarterly.

As of December 31, 2020, the outstanding balance on this facility was fully repaid.

Global Ship Lease, Inc.

Notes to the Consolidated Financial Statements (continued)

(Expressed in thousands of U.S. dollars)

11. Long-Term Debt (continued)

h) $65.0 Million Hayfin Credit Facility

On September 7, 2018, the Company and certain subsidiaries entered into a facility agreement with Hayfin Services LLP (the "Lenders") which provided for a secured term loan facility of up to $65,000. The Hayfin Credit Facility was to be borrowed in tranches and was to be used in connection with the acquisition of vessels as specified in the Hayfin Credit Facility or as otherwise agreed with the Lenders. Hayfin Credit Facility, which is non-amortizing, was available for drawing until May 10, 2019 and has a final maturity date of July 16, 2022. The interest rate is LIBOR plus a margin of 5.5% and is payable at each quarter end date. A commitment fee of 2.0% per annum was due on the undrawn commitments until May 10, 2019 when the availability period was terminated.

Any debt drawn under the Hayfin Credit Facility will be secured by first priority vessel mortgage on the acquired vessel (the "Facility Mortgaged Vessel") and by assignments of earnings and insurances, pledges over certain bank accounts, as well as share pledges over each subsidiary owning a Facility Mortgaged Vessel. In addition, the Hayfin Credit Facility is fully and unconditionally guaranteed, jointly and severally, by the Company, GSL Holdings, Inc. and Facility Mortgaged vessel owning subsidiaries. An initial tranche of $8,125 was drawn on September 10, 2018 in connection with the acquisition of the GSL Valerie.

As of December 31, 2020, the outstanding balance of this facility was $5,833.

i) $59.0 Million Hellenic Bank Credit Facility

On May 23, 2019, the Company via its subsidiaries, Global Ship Lease 30, 31 and 32 entered into a facility agreement with Hellenic Bank for an amount up to $37,000. The Hellenic Bank Facility is to be borrowed in tranches and is to be used in connection with the acquisition of the vessels GSL Eleni, GSL Grania and GSL Kalliopi (see note 4).

An initial tranche of $13,000 was drawn on May 24, 2019, in connection with the acquisition of the GSL Eleni. The Facility is repayable in 20 equal quarterly instalments of $450 each with a final balloon of $4,000 payable together with the final instalment.

A second tranche of $12,000 was drawn on September 4, 2019, in connection with the acquisition of GSL Grania. The Facility is repayable in 20 equal quarterly instalments of $400 each with a final balloon of $4,000 payable together with the final instalment.

The third tranche of $12,000 was drawn on October 3, 2019, in connection with the acquisition of GSL Kalliopi. The Facility is repayable in 20 equal quarterly instalments of $400 each with a final balloon of $4,000 payable together with the final instalment.

On December 10, 2019, the Company via its subsidiaries Global Ship Lease 33, 34 entered into an amended and restated loan agreement with Hellenic Bank for an additional facility of amount $22,000 that is to be borrowed in two tranches and to be used in connection with the acquisition of the vessels GSL Vinia and GSL Christel Elisabeth. Both tranches were drawn on December 10, 2019 and are each repayable in 20 equal quarterly instalments of $375 each with a final balloon of $3,500 payable together with the final instalment.

This facility bears interest at LIBOR plus a margin of 3.90% per annum.

As of December 31, 2020, the outstanding balance of this facility was $49,700.

j) $9.0 Million Chailease Credit Facility

On February 26, 2020, the Company via its subsidiaries, Athena Marine LLC, Aphrodite Marine LLC and Aris Marine LLC entered into a secured term facility agreement with Chailease International Financial Services Pte., Ltd. for an amount of $9,000. The Chailease Bank Facility is to be used for the refinance of DVB Credit Facility (see note 11c).

The Facility is repayable in 36 consecutive monthly instalments $156 and 24 monthly installments of $86 with a final balloon of $1,314 payable together with the final instalment.

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

As of December 31, 2020, the outstanding balance of this facility was $7,596.

Global Ship Lease, Inc.

Notes to the Consolidated Financial Statements (continued)

(Expressed in thousands of U.S. dollars)

11. Long-Term Debt (continued)

k) Repayment Schedule

Maturities of long-term debt for the years subsequent to December 31, 2020 are as follows:

Payment due by year ended	Amount
December 31, 2021	$ 76,681
December 31, 2022	200,032
December 31, 2023	60,284
December 31, 2024	314,894
December 31, 2025	27,812
December 31, 2026 and thereafter	102,236
	$781,939

l) Deferred Financing Costs

	December 31, 2020	December 31, 2019
Opening balance	$ 14,095	$ 9,299
Expenditure in the period	1,193	7,904
Amortization included within interest expense	(4,085)	(3,108)
Closing balance	**$ 11,203**	**$ 14,095**

During 2020, total costs amounting $776 were incurred in connection with the “At Market Issuance Sales Agreement” of 2024 Notes (see note 11b). In addition, total costs amounting $67 were incurred in connection with the Syndicated Senior Secured Credit Facility (see note 11d), costs amounting $320 in connection with the Chailease Credit Facility (see note 11j) and costs amounting $30 in connection with the two Tranches of Hellenic Bank Credit Facility that were drawn down during the twelve months ended December 31, 2020 (see note 11i).

In 2019, total costs amounting $4,726 were incurred in connection with the Syndicated Senior Secured Credit Facility (see note 11d) and the Blue Ocean Junior Credit Facility (see note 11e) utilized for the refinance of certain then-existed credit facilities. Further, total costs amounting $2,426 were incurred in connection with the issuance of 2024 Notes (see note 11b). Additionally, total costs amounting to $752 were incurred in connection with the Hellenic Bank Credit Facility (see note 11i). These costs are being amortized on an effective interest rate basis over the life of the financings for which they were incurred.

m) Debt covenants-securities

Amounts drawn under the facilities listed above are secured by first priority mortgages on the Company’s vessels and other collateral. The majority of the credit facilities contain a number of restrictive covenants that limit the Company from, among other things: incurring or guaranteeing indebtedness; charging, pledging or encumbering the vessels; changing the flag, class, management or ownership of the vessel owning entities. The credit facilities also require the vessels to comply with the ISM Code and ISPS Code and to maintain valid safety management certificates and documents of compliance at all times. Additionally, specific credit facilities require compliance with a number of financial covenants including debt ratios and minimum liquidity and corporate guarantor requirements. Among other events, it will be an event of default under the credit facilities if the financial covenants are not complied with.

As of December 31, 2020, and December 31, 2019, the Company was in compliance with its debt covenants.

Global Ship Lease, Inc.

Notes to the Consolidated Financial Statements (continued)

(Expressed in thousands of U.S. dollars)

12. Time charter revenue

Operating revenue from significant customers (constituting more than 10% of total time charter revenue) was as follows:

	Year Ended December 31,		
Charterer	2020	2019	2018
CMA CGM	50.60%	57.18%	80.41%
COSCO	6.85%	10.88%	—
MAERSK	14.13%	—	—
MSC	12.86%	—	—

13. Related Party Transactions

CMA CGM is presented as a related party due to the fact that as of December 31, 2020 and December 31, 2019, it was a significant shareholder of the Company, owning Class A common shares representing 11.13% and 11.20% of voting rights, respectively, in the Company. Amounts due to and from CMA CGM companies are shown within amounts due to or from related parties in the Consolidated Balance Sheets.

Time Charter Agreements

A number of the Company's time charter arrangements are with CMA CGM. Under these time charters, hire is payable in advance as in every charter and the daily rate is fixed for the duration of the charter. Revenues generated from charters to CMA CGM are presented in the Consolidated Statements of Operations. The outstanding receivables due from CMA CGM are presented in the Consolidated Balance Sheets under "Due from related parties" totaling $1,278 and $2,968 as of December 31, 2020 and December 31, 2019, respectively.

Ship Management Agreements

Technomar Shipping Inc. ("Technomar") is presented as a related party, as the Company's Executive Chairman is a significant shareholder. The Company has currently ship management agreement with Technomar for all fleet under which the ship manager is responsible for all day-to-day ship management, including crewing, purchasing stores, lubricating oils and spare parts, paying wages, pensions and insurance for the crew, and organizing other ship operating necessities, including the arrangement and management of dry-docking. During 2019, the ship management of certain vessels was undertaken by other third party companies, including CMA Ships, an affiliate of CMA CGM. As of December 31, 2020, and 2019, the management of the Company's fleet was performed solely by Technomar.

As of December 31, 2018, the Company outsourced day-to-day technical management of seven of its vessels in the GSL Fleet to CMA Ships Limited ("CMA Ships"), a wholly owned subsidiary of CMA CGM. The Company paid CMA Ships an annual management fee of $123 per vessel (2018: $123, 2017: $nil) and reimbursed costs incurred by CMA Ships on its behalf, mainly being for the provision of crew, lubricating oils and routine maintenance. Such reimbursement is subject to a cap per day per vessel, depending on the vessel. The impact of the cap is determined annually on a vessel by vessel basis for so long as the initial charters remain in place; no claims have been made under the cap agreement.

The management fees charged to the Company by Technomar and CMA Ships for the year ended December 31, 2020 amounted to $12,580 and $nil, respectively (year ended December 31, 2019: Technomar-$9,160 and CMA Ships-$720) and are shown in vessel operating expenses-related parties in the Consolidated Statements of Operations. As of December 31, 2020, no outstanding fees are presented due to Technomar and CMA Ships (December 31, 2019: Technomar: $nil and CMA Ships: $nil). Additionally, as of December 31, 2020, outstanding receivables due from Technomar and CMA Ships totaling to $184 and $10 respectively are presented under "Due from related parties".

Global Ship Lease, Inc.

Notes to the Consolidated Financial Statements (continued)

(Expressed in thousands of U.S. dollars)

13. Related Party Transactions (continued)

Conchart Commercial Inc. ("Conchart") provides commercial management services to the Company and is presented as a related party, as the Company's Executive Chairman is the sole beneficial owner. Under the management agreements, Conchart, is responsible for (i) marketing of the Company's vessels, (ii) seeking and negotiating employment of the Company's vessels, (iii) advise the Company on market developments, developments of new rules and regulations, (iv) assisting in calculation of hires, freights, demurrage and/or dispatch monies and collection any sums related to the operation of vessels, (v) communicating with agents, and (vi) negotiating sale and purchase transactions. For the 19 vessels of Poseidon Fleet, the agreements were effective from the date of the completion of the Poseidon Transaction; for the GSL Fleet, till refinance of 2022 Notes which took place on January 2021 an EBSA agreement was in place that was terminated and replaced with commercial management agreements also same agreements applied to seven vessels up to December 31, 2020; for all new acquired vessels during 2019 and 2020, the agreements were effective upon acquisition.

The fees charged to the Company by Conchart for the year ended December 31, 2020 amounted to $2,446 (2019: $1,845 and 2018: $222) and are disclosed within time charter and voyage costs-related parties in the Consolidated Statements of Operations.

Any outstanding fees due to Conchart are presented in the Consolidated Balance Sheets under "Due to related parties" totaling to $225 and $109 as of December 31, 2020 and 2019, respectively.

14. Commitments and Contingencies

Charter Hire Receivable

The Company has entered time charters for its vessels. The charter hire is fixed for the duration of the charter. The minimum contracted future charter hire receivable, net of address commissions, not allowing for any unscheduled off-hire, assuming expiry at earliest possible dates and assuming options callable by the Company included in the charters are not exercised, for the 43 vessels as at December 31, 2020 is as follows:

	Amount
December 31, 2021	$244,032
December 31, 2022	168,881
December 31, 2023	112,889
December 31, 2024	39,770
Thereafter	12,933
Total minimum lease revenue, net of address commissions	**$578,505**

Global Ship Lease, Inc.

Notes to the Consolidated Financial Statements (continued)

(Expressed in thousands of U.S. dollars)

15. Share Capital

Common shares

As of December 31, 2020, the Company has one class of common shares.

On October 1, 2019, the Company closed a public offering of 7,613,788 Class A common shares, at an offering price of $7.25 per share, for gross proceeds of $55,200. This included the exercise in full by the underwriter of its option to purchase additional shares. The net proceeds, after underwriting discounts and commissions and expenses, amounted to $50,710 and are to be used for general corporate purposes, including the acquisition of containerships or the prepayment of debt.

On March 25, 2019, the Company effected a one-for-eight reverse stock split of the Company's issued Class A common shares (see note 1). The reverse stock split ratio and the implementation and timing of the reverse stock split were determined by the Company's Board of Directors, following approval of shareholders at a Special Meeting on March 20, 2019. The reverse stock split did not change the authorized number of shares or par value of the Company's common shares. As part of the completion of the Poseidon Transaction, the outstanding shares of Class B common shares converted to Class A common shares on a one-for-one basis on January 2, 2019 and were also retrospectively adjusted for the one-for-eight reverse stock split.

On completion of the Poseidon Transaction on November 15, 2018, the Company issued 3,005,603 Class A common shares and 250,000 new Series C Preferred Shares of par value $0.01. Each Series C Preferred Share carries 38.75 votes and were converted in January 2021 after refinance of 2022 Notes to a total of 12,955,188 Class A common shares. They are entitled to a dividend only should such a dividend be declared on the Class A common shares.

Restricted stock units or incentive stock units have been granted periodically to the Directors and management, under the Company's Equity Incentive Plans, as part of their compensation arrangements (see note 16). In April 2020, 184,270 shares were issued under grants made under the Equity Incentive Plan.

Preferred shares

On December 10, 2019, the Company entered into At Market Issuance Sales Agreement with B. Riley FBR under which the Company may, from time to time, issue additional depositary shares, each of which represents 1/100th of one share of the Company's Series B Preferred Shares (the "Depositary Share ATM Program"). Pursuant to the Depositary Share ATM Program, in 2019, the Company issued 42,756 depositary shares (representing an interest in 428 Series B Preferred Shares) for net proceeds of $856, and during year ended December 31, 2020, the Company issued 839,442 depositary shares (representing an interest in 8,394 Series B Preferred Shares) for net proceeds of $18,847. As of December 31, 2020, the Company had 22,822 Series B Preferred Shares outstanding.

On August 20, 2014, the Company issued 1,400,000 Series B Preferred Shares. The net proceeds from the offering were $33,497. Dividends are payable at 8.75% per annum in arrears on a quarterly basis. At any time after August 20, 2019 (or within 180 days after the occurrence of a fundamental change), the Series B Preferred Shares may be redeemed, at the discretion of the Company, in whole or in part, at a redemption price of $2,500.00 per share (equivalent to $25.00 per depositary share).

These shares are classified as Equity in the Consolidated Balance Sheets. The dividends payable on the Series B Preferred Shares are presented as a reduction of Retained Earnings in the Consolidated Statements of Equity, when and if declared by the Board of Directors. An initial dividend was declared on September 22, 2014 for the third quarter 2014. Subsequent dividends have been declared for all quarters.

(Expressed in thousands of U.S. dollars except share data)

16. Share-Based Compensation

In July 2019, the Compensation Committee of the Board of Directors approved stock-based awards to senior management under the Company's 2019 Omnibus Incentive Plan (the "2019 Plan"). A total of 1,359,375 shares of incentive stock may be issued pursuant to the awards, in four tranches. The first tranche is to vest conditioned only on continued service over the three year period which commenced January 1, 2019. Tranches two, three and four will vest when the Company's stock price exceeds $8.00, $11.00 and $14.00, respectively, over a 60 day period. The $8.00 threshold was achieved in January 2020 and the $11.00 threshold was achieved in January 2021. Accordingly, 113,279 incentive shares vested in the year ended December 31, 2019 and 317,188 incentive shares vested in the year ended December 31, 2020. Of the total of 430,467 which vested, 184,270 were settled and were issued as Class A common shares in April 2020. A further 45,313 Class A common shares were issued in January 2021.

On February 4, 2019, the 2019 Plan was adopted, and the 2015 Plan and its predecessor plan from 2008 were terminated.

The 2019 Plan is administered by the Compensation Committee of the Board. The maximum aggregate number of Class A common shares that may be delivered pursuant to awards granted under the 2019 Plan during its 10-year term is 1,812,500. The maximum number of Class A common shares with respect to which awards may be granted to any non-employee director in any one calendar year is 12,500 shares or $100,000. As a consequence of the completion of the Poseidon Transaction, all outstanding restricted stock units vested on November 15, 2018 and as a result a total of 60,425 Class A common shares were issued.

Restricted stock units were granted to five members of management on March 1, 2018 under the 2015 Plan, as part of their 2018 remuneration, divided into two tranches. The first tranche (12,500 restricted stock units) would vest when the individual leaves employment, provided that this was after March 31, 2019 and was not for cause. The second tranche (12,500 restricted stock units) would also vest after March 31, 2019 on the same terms, but, in addition, only if and when the share price had been at or above $24.00 for 20 consecutive trading days and provided that this had occurred before December 31, 2021.

Restricted stock units were granted to five members of management on January 8, 2018 under the 2015 Plan, as part of their 2017 remuneration, divided into two tranches. The first tranche (12,500 restricted stock units) would vest when the individual left employment, provided that this was after March 31, 2018 and was not for cause. The second tranche (12,500 restricted stock units) would also vest after March 31, 2018 on the same terms, but, in addition, only if and when the share price had been at or above $24.00 for 20 consecutive trading days and provided that this had occurred before December 31, 2020.

Share based awards, are summarized as follows:

	Restricted Stock Units		
	Number of Units		
	Number	Weighted Average Fair Value on Grant Date	Actual Fair Value on Vesting Date
Unvested as at January 1, 2018	**62,500**	**$ 19.36**	**n/a**
Granted on January 8, 2018	25,000	9.28	n/a
Granted on March 1, 2018	25,000	9.04	n/a
Vested on November 15, 2018	(112,500)	n/a	7.92
Unvested as at December 31, 2018	**—**	**$ —**	**—**
Granted in July 2019	1,359,375	3.79	n/a
Vested in 2019	113,279	—	4.95
Unvested as at December 31, 2019	1,246,096	$ 3.79	n/a
Vested in 2020	317,188	—	4.45
Unvested as at December 31, 2020	928,908	$ 3.79	n/a

Global Ship Lease, Inc.

Notes to the Consolidated Financial Statements (continued)

(Expressed in thousands of U.S. dollars except share data)

16. Share-Based Compensation (continued)

Using the graded vesting method of expensing the restricted stock unit grants, the weighted average fair value of the stock units is recognized as compensation costs in the Consolidated Statements of Operations over the vesting period. The fair value of the restricted stock units for this purpose is calculated by multiplying the number of stock units by the fair value of the shares at the grant date. The Company has not factored any anticipated forfeiture into these calculations based on the limited number of participants.

On November 15, 2018, as a result of the completion of the Poseidon Transaction, all 112,500 unvested restricted stock units vested and as a result, 60,425 Class A common shares were issued, with the balance being retained by the Company to fund individual's personal tax liabilities under UK tax legislation, based on a fair value per share of $7.92.

During the year ended December 31, 2018, 4,266 shares were issued under the 2015 Plan, representing 20% of directors' base fee for 2017 and 2016 respectively. The number of shares to be issued was determined based on a notional value per share of $32.00 rather than market values.

During the year ended December 31, 2020, the Company recognized a total of $1,998 (2019: $1,717 and 2018: $50), in respect of stock based compensation.

17. Earnings/(Loss) per Share

Under the two-class method, net income/(loss), if any, is first reduced by the amount of dividends declared in respect of common shares for the current period, if any, and the remaining earnings are allocated to common shares and participating securities to the extent that each security can share the earnings assuming all earnings for the period are distributed. The net income allocated to Class A and Series C shares was based on an as converted basis utilizing the two-class method.

Earnings/ (losses) are only allocated to participating securities in a period of net income/ (loss) if, based on the contractual terms, the relevant common shareholders have an obligation to participate in such earnings. No such obligation exists for Class B common shareholders as at December 31, 2019, as they have converted to Class A common shares on a one-for-one basis on January 2, 2019 (see note 15). As a result, earnings would only be allocated to the Class A common shareholders and Series C preferred shareholders.

At December 31, 2020 and 2019, there were 928,908 and 1,246,096 shares, respectively, of restricted stock units granted and unvested as part of management's equity incentive plan. At December 31, 2018, there were no unvested awards under any of the Company's incentive plans. As at December 31, 2017, there were 62,500 restricted stock units granted and unvested as part of management's equity incentive plan. As of December 31, 2018, only Class A and B common shares and Series C preferred shares were participating securities.

Global Ship Lease, Inc.

Notes to the Consolidated Financial Statements (continued)

(Expressed in thousands of U.S. dollars except share data)

17. Earnings/(Loss) per Share (continued)

Numerator:	December 31, 2020	December 31, 2019	December 31, 2018
Net income/(loss) attributable to common shareholders	$ 37,568	$ 36,757	$ (60,426)
Undistributed (income)/ loss attributable to Series C participating preferred shares	(15,883)	(19,190)	12,110
Net income/(loss) available to common shareholders, basic and diluted	$ 21,685	$ 17,567	$ (48,316)
Net income/(loss) available to:			
Class A, basic and diluted	$ 21,685	$ 17,567	$ (48,316)
Class B, basic and diluted	—	—	—
Denominator:			
Class A Common shares			
Basic weighted average number of common shares outstanding	17,687,137	11,859,506	6,514,390
Weighted average number of RSUs without service conditions	—	—	—
Dilutive effect of share-based awards	—	—	—
Common share and common share equivalents, basic	17,687,137	11,859,506	6,514,390
Plus weighted average number of RSUs with service conditions	65,388	47,400	—
Common share and common share equivalents, dilutive	17,752,525	11,906,906	6,514,390
Class B Common shares			
Basic weighted average number of common shares outstanding	—	—	925,745
Common shares, basic and diluted	—	—	925,745
Basic earnings/(loss) per share:			
Class A	1.23	1.48	(7.42)
Class B	—	—	—
Diluted earnings/(loss) per share:			
Class A	1.22	1.48	(7.42)
Class B	—	—	—
Series C Preferred Shares-basic and diluted earnings per share:			
Undistributed income attributable to Series C participating preferred shares	$ 15,883	$ 19,190	$ (12,110)
Basic weighted average number of Series C Preferred shares outstanding, as converted	12,955,187	12,955,187	1,632,709
Plus weighted average number of RSUs with service conditions	47,895	51,780	—
Dilutive weighted average number of Series C Preferred shares outstanding, as converted	13,003,082	13,006,967	1,632,709
Basic earnings / (loss) per share	1.23	1.48	(7.42)
Diluted earnings / (loss) per share	1.22	1.48	(7.42)

Global Ship Lease, Inc.

Notes to the Consolidated Financial Statements (continued)

(Expressed in thousands of U.S. dollars except share data)

18. Subsequent events

On January 12, 2021, the Company announced that Board of Directors approved the initiation of a quarterly cash dividend of $0.12 per Class A Common Share, with effect from the first quarter of 2021.

On January 7, 2021, the Company entered into a new $236,200 senior secured loan facility with Hayfin Capital Management, LLP (the "New Hayfin Facility"), and on January 19, 2021, the Company drew down the full amount under the New Hayfin Facility. The proceeds from the New Hayfin Facility, along with cash on hand, were used to optionally redeem in full the outstanding 2022 Notes on January 20, 2021 (see below). The New Hayfin Facility matures in January 2026 and bears interest at a rate of LIBOR plus a margin of 7.00% per annum. It is repayable in twenty quarterly installments of $6,560, along with a balloon payment at maturity. The New Hayfin Facility is secured by, among other things, first priority ship mortgages over 21 of the Company's vessels, assignments of earnings and insurances of the mortgaged vessels, pledges over certain bank accounts, as well as share pledges over the equity interests of each mortgaged vessel-owning subsidiary. In addition to reducing the Company's interest costs, the re-financing also reduces amortization payments, from $35,000 per year under the 2022 Notes, to $26,240 per year under the New Hayfin Facility and with no premium comparing to 2% under the Company's 2022 Notes. Furthermore, the re-financing has eliminated the incurrence covenants applicable under the 2022 Notes, meaningfully reducing constraints on developing the business.

On January 20, 2021, the Company optionally redeemed, in full, $233,436 aggregate principal amount of 2022 Notes, representing the entire outstanding amount under the 2022 Notes, using the proceeds the Company received from the New Hayfin Facility and cash on hand, at a redemption price of $239,200 (representing 102.469% of the aggregate principal amount of notes redeemed) plus accrued and unpaid interest.

On January 20, 2021, upon the redemption in full of the 2022 Notes, KEP VI (Newco Marine) Ltd. and KIA VIII (Newco Marine) Ltd. (together, "Kelso"), both affiliates of Kelso & Company, a U.S. private equity firm, exercised their right to convert an aggregate of 250,000 Series C Perpetual Convertible Preferred Shares, representing all such shares outstanding, into Class A common shares of the Company, resulting in issuance of an aggregate of 12,955,188 Class A common shares to Kelso.

On January 26, 2021, the Company completed its underwritten public offering of 5,400,000 Class A common shares, at a public offering price of $13.00 per share, for gross proceeds to the Company of approximately $70,200, prior to deducting underwriting discounts, commissions and other offering expenses. The Company intends to use the net proceeds of the offering for funding the expansion of the Company's fleet, general corporate purposes, and working capital. On February 17, 2021, the Company issued an additional 141,959 Class A common shares in connection with the underwriters' partial exercise of their option to purchase additional shares (together, the "January 2021 Equity Offering"). The net proceeds, the Company received in the January 2021 Equity Offering, after underwriting discounts and commissions and expenses, were approximately $67,794. Following the closing of the January 2021 Equity offering, the Company has 36,283,468 Class A common shares outstanding.

On February 9, 2021, the Company announced that it has agreed to purchase and charter back seven 6,000 TEU Post-Panamax containerships with an average age of approximately 20 years for an aggregate purchase price of $116,000. The charters are to leading liner operators for a minimum firm period of 36 months each, followed by two one-year extensions at charterer's option. With these additions, the Company's fleet will comprise 50 vessels with a total capacity of 287,280 TEU. The vessels are scheduled for phased delivery during the second and third quarters of 2021, at which time they will be renamed GSL Arcadia, GSL Dorothea, GSL Maria, GSL Melita, GSL MYNY, GSL Tegea and GSL Violetta.

After the year end and up to March 17, 2021, the Company issued and sold an aggregate of 354,583 depositary shares (representing an interest in 3,545 Series B Preferred Shares) in connection with the At Market Issuance Sales Agreement for net proceeds of $8,721.

During the period from January 1, 2021 through March 17, 2021, a further $13,505 proceeds was raised under the ATM program for the 2024 Notes.

On March 11, 2021, the Board of Directors approved additional awards of 61,625 of Class A common shares under 2019 Plan resulting in a total amount of awards totaling up to 1,421,000 shares.

Exhibit 2.6

DESCRIPTION OF THE REGISTRANT'S SECURITIES REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934

Global Ship Lease, Inc. (the "Company") had the following classes of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended:

(1) Class A common shares, par value $0.01 per share (the "Class A common shares");
(2) 8.75% Series B Cumulative Redeemable Perpetual Preferred Shares (the "Series B Preferred Shares");
(3) Depositary Shares, each of which represents 1/100th interest in a share of Series B Preferred Shares (the "Depositary Shares"); and
(4) 8.00% Senior Unsecured Notes due 2024 (the "Notes").

The following description sets forth certain material provisions of these securities. The following summary does not purport to be complete and is subject to, and is qualified in its entirety by reference to, the applicable provisions of (i) the Company's Amended and Restated Articles of Incorporation, as amended (the "Articles of Incorporation"), (ii) the Company's Third Amended and Restated Bylaws (the "Bylaws"); (iii) the Certificate of Designation of the 8.75% Series B Cumulative Redeemable Perpetual Preferred Shares, filed with the Registrar or Deputy Registrar of Corporations of the Republic of the Marshall Islands effective August 19, 2014, as amended by the Certificate of Amendment effective December 9, 2019 (as amended, the "Certificate of Designation"); (iv) the indenture dated as of November 19, 2019 (the "Base Indenture"), between the Company and Wilmington Savings Fund Society, FSB, as trustee (the "Trustee"), as supplemented by a first supplemental indenture dated as of November 19, 2019, between the Company and the Trustee (the "First Supplemental Indenture"), and as amended by Amendment No. 1 to the First Supplemental Indenture dated April 2, 2020 between the Company and the Trustee (the "Amendment No. 1" and together with the Base Indenture and the First Supplemental Indenture, the "Indenture"), each of which is incorporated by reference as an exhibit to the Annual Report on Form 20-F of which this Exhibit is a part. We encourage you to refer to the Articles of Incorporation, Bylaws, Certificate of Designation and Indenture, as applicable, for additional information.

Under our Articles of Incorporation, our authorized capital stock consists of 249 million registered common shares, of which 214 million are designated as Class A common shares, par value $0.01 per share, 20 million are designated as Class B common shares, par value $0.01 and 15 million are designated as Class C common shares, par value $0.01. The Company is authorized to issue up to one million registered preferred shares, par value $0.01 per share.

DESCRIPTION OF COMMON SHARES

The Class A common shares have the voting rights described below under "Voting Rights" and the dividend rights described below under "Dividend Rights", subject to preferences that may be applicable to any outstanding preferred shares. Holders of our Class A common shares do not have solely by reason thereof conversion or redemption rights or any preemptive rights to subscribe for any of our unissued securities pursuant to our Articles of Incorporation. The rights, preferences and privileges of holders of our Class A common shares are subject to the rights of the holders of any preferred shares.

Voting Rights

The Class A common shares, the Class B common shares and the Class C 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. Our directors are elected by the vote of the majority of the votes cast of the Class A, Class B and Class C common shares, voting as a single class with respect to each director. For purposes thereof, a majority of the votes cast means that the number of shares voted "for" a director must exceed the number of votes cast against that director. A majority of the Class A and Class B common shares in the aggregate shall constitute a quorum. Our Articles of Incorporation prohibits cumulative voting. We have no Class B or Class C common shares outstanding.

Dividend Rights

Subject to preferences that may be applicable to any outstanding preferred shares, holders of Class A common shares are entitled to receive ratably all dividends, if any, declared by our board of directors out of funds legally available for dividends. Dividends, when declared, must be paid as follows:

- first, to all Class A common shares at the applicable rate for the quarter;
- second, to all Class A common shares until they have received payment for all preceding quarters at the rate of $0.23 per quarter;
- third, to all Class B common shares at the applicable rate for the quarter;
- fourth, to all Class A and B common shares as if they were a single class.

The Class B common shares remain subordinated until we have paid a dividend at least equal to $0.23 per quarter per share on both the Class A and Class B common shares for the immediately preceding four-quarter period. Due to the requirements described above, Class B common shares do not receive any dividend until all Class A common shares have received dividends representing $0.23 per share per quarter for all preceding quarters. We have no Class B common shares outstanding.

Liquidation Rights

Upon our dissolution or liquidation or the sale of all or substantially all of our assets, after payment in full of all amounts required to be paid to creditors and to the holders of preferred stock having liquidation preferences, if any, the holders of our common shares are entitled to receive pro rata our remaining assets available for distribution.

Limitations on Ownership

Under Marshall Islands law generally and our Articles of Incorporation, there are no limitations on the right of non-residents of the Marshall Islands or owners who are not citizens of the Marshall Islands to hold or vote our common shares.

Anti-takeover Effect of Certain Provisions of our Articles of Incorporation and Bylaws

Several provisions included in the Articles of Incorporation and Bylaws may have anti-takeover effects. These provisions were intended to avoid costly takeover battles, lessen our vulnerability to a hostile change of control and enhance the ability of the board of directors to maximize shareholder value in connection with any unsolicited offer to acquire us. However, these anti-takeover provisions, which are summarized below, could also discourage, delay or prevent (1) the merger or acquisition of us by means of a tender offer, a proxy contest or otherwise, that a shareholder may consider in its best interest, and (2) the removal of incumbent officers and directors.

Blank check preferred stock

The Articles of Incorporation authorize the issuance of one million blank check preferred shares with such designation, rights and preferences as may be determined from time to time by the board of directors. The board of directors may issue preferred shares on terms calculated to discourage, delay or prevent a change of control or the removal of its management. Moreover, our authorized but unissued common shares and preferred shares are available for future issuances without shareholder approval and could be utilized for a variety of corporate purposes, including future offerings to raise additional capital, acquisitions and employee benefit plans. The existence of authorized but unissued and unreserved common shares and preferred shares could render more difficult or discourage an attempt to obtain control of us by means of a proxy contest, tender offer, merger or otherwise.

Classified Board of Directors

Our Articles of Incorporation provides for a board of directors serving staggered, three-year terms. Approximately one-third of our board of directors are elected each year. This classified board of directors provision could discourage a third party from making a tender offer for our shares or attempting to obtain control of us. It could also delay shareholders who do not agree with the policies of the board of directors from removing a majority of the board of directors for two years. Our Articles of Incorporation also prohibits cumulative voting.

Calling of Special Meetings of Shareholders

Our Bylaws provide that special meetings of our shareholders may be called only by the Chairman of the board of directors or by resolution of the board of directors. Accordingly, a shareholder will be prevented from calling a special meeting for shareholder consideration of a proposal unless scheduled by our board of directors and shareholder consideration of a proposal may be delayed until the next annual meeting.

Advance Notice Requirements for Shareholder Proposals and Director Nominations

Our Bylaws provide that shareholders seeking to nominate candidates for election as directors or to bring business before an annual meeting of shareholders must provide timely notice of their proposal in writing to the corporate secretary.

Generally, to be timely, a shareholder's notice must be received at our principal executive offices not less than 90 days nor more than 120 days prior to the first anniversary date of the immediately preceding annual meeting of shareholders. Our bylaws also specify requirements as to the form and content of a shareholder's notice. These provisions may impede shareholders' ability to bring matters before an annual meeting of shareholders or make nominations for directors at an annual meeting of shareholders.

Business combinations

Although the Marshall Islands Business Corporations Act (the "BCA") does not contain specific provisions regarding "business combinations" between companies organized under the laws of the Marshall Islands and "interested shareholders," the Articles of Incorporation includes applicable provisions that prohibit us from engaging in a business transaction with an interested shareholder for a period of three years after the date of the transaction in which the person became an interested shareholder, unless:

- prior to the date of the transaction that resulted in the shareholder becoming an interested shareholder, the board of directors approved either the business combination or the transaction that resulted in the shareholder becoming an interested shareholder;
- upon consummation of the transaction that resulted in the shareholder becoming an interested shareholder, the interested shareholder owned at least 85% of the voting shares of the corporation outstanding at the time the transaction commenced; or
- at or subsequent to the date of the transaction that resulted in the shareholder becoming an interested shareholder, the business combination is approved by the board of directors and authorized at an annual or special meeting of shareholders by the affirmative vote of at least 66 2/3% of the outstanding voting shares that are not owned by the interested shareholder.

For the purpose of these provisions, a "business combination" includes mergers, consolidations, exchanges, asset sales, leases and other transactions resulting in a financial benefit to the interested shareholder and an "interested shareholder" is any person or entity that beneficially owns 15% or more of our outstanding voting shares and any person or entity affiliated with or controlling or controlled by that person or entity.

Listing

The Class A common shares are listed on the New York Stock Exchange (the "NYSE"), under the symbol "GSL."

Marshall Islands Company Considerations

Our corporate affairs are governed by our Articles of Incorporation and Bylaws and by the BCA. The provisions of the BCA resemble provisions of the corporation laws of a number of states in the United States. While the BCA also provides that it is to be interpreted according to the laws of the State of Delaware and other states with substantially similar legislative provisions, there have been few, if any, court cases interpreting the BCA in the Marshall Islands and we cannot predict whether Marshall Islands courts would reach the same conclusions as courts in the United States. As a result, you may have more difficulty protecting your interests in the face of actions by our management, directors or controlling shareholders than would shareholders of a corporation incorporated in a U.S. jurisdiction which has developed a substantial body of case law. The following table provides a comparison between the statutory provisions of the BCA and the General Corporation Law of the State of Delaware relating to shareholders' rights.

Marshall Islands	Delaware
Shareholder Meetings	
Held at a time and place as designated in the bylaws.	May be held at such time or place as designated in the certificate of incorporation or the bylaws, or if not so designated, as determined by the board of directors.
Special meetings of the shareholders may be called by the board of directors or by such person or persons as may be authorized by the articles of incorporation or by the bylaws.	Special meetings of the shareholders may be called by the board of directors or by such person or persons as may be authorized by the certificate of incorporation or by the bylaws.
May be held within or without the Marshall Islands.	May be held within or without Delaware.
Notice:	*Notice*:
Whenever shareholders are required to take any action at a meeting, written notice of the meeting shall be given which shall state the place, date and hour of the meeting and, unless it is an annual meeting, indicate that it is being issued by or at the direction of the person calling the meeting. Notice of a special meeting shall also state the purpose for which the meeting is called.	Whenever shareholders are required to take any action at a meeting, a written notice of the meeting shall be given which shall state the place, if any, date and hour of the meeting, and the means of remote communication, if any.
A copy of the notice of any meeting shall be given personally, sent by mail or by electronic mail not less than 15 nor more than 60 days before the meeting.	Written notice shall be given not less than 10 nor more than 60 days before the meeting.
Shareholders' Voting Rights	
Unless otherwise provided in the articles of incorporation, any action required to be taken at a meeting of shareholders may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, is signed by all the shareholders entitled to vote with respect to the subject matter thereof, or if the articles of incorporation so provide, by the holders of outstanding shares having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted.	Any action required to be taken at a meeting of shareholders may be taken without a meeting if a consent for such action is in writing and is signed by shareholders having not fewer than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted.
Any person authorized to vote may authorize another person or persons to act for him by proxy.	Any person authorized to vote may authorize another person or persons to act for him by proxy.

Marshall Islands	Delaware
Unless otherwise provided in the articles of incorporation or bylaws, a majority of shares entitled to vote constitutes a quorum. In no event shall a quorum consist of fewer than one-third of the shares entitled to vote at a meeting.	For stock corporations, the certificate of incorporation or bylaws may specify the number of shares required to constitute a quorum but in no event shall a quorum consist of less than one-third of shares entitled to vote at a meeting. In the absence of such specifications, a majority of shares entitled to vote shall constitute a quorum.
When a quorum is once present to organize a meeting, it is not broken by the subsequent withdrawal of any shareholders.	When a quorum is once present to organize a meeting, it is not broken by the subsequent withdrawal of any shareholders.
The articles of incorporation may provide for cumulative voting in the election of directors.	The certificate of incorporation may provide for cumulative voting in the election of directors.
Merger or Consolidation	
Any two or more domestic corporations may merge into a single corporation if approved by the board and if authorized by a majority vote of the holders of outstanding shares at a shareholder meeting.	Any two or more corporations existing under the laws of the state may merge into a single corporation pursuant to a board resolution and upon the majority vote by shareholders of each constituent corporation at an annual or special meeting.
Any sale, lease, exchange or other disposition of all or substantially all the assets of a corporation, if not made in the corporation's usual or regular course of business, once approved by the board, shall be authorized by the affirmative vote of two-thirds of the shares of those entitled to vote at a shareholder meeting.	Every corporation may at any meeting of the board sell, lease or exchange all or substantially all of its property and assets as its board deems expedient and for the best interests of the corporation when so authorized by a resolution adopted by the holders of a majority of the outstanding stock of the corporation entitled to vote.
Any domestic corporation owning at least 90% of the outstanding shares of each class of another domestic corporation may merge such other corporation into itself without the authorization of the shareholders of any corporation.	Any corporation owning at least 90% of the outstanding shares of each class of another corporation may merge the other corporation into itself and assume all of its obligations without the vote or consent of shareholders; however, in case the parent corporation is not the surviving corporation, the proposed merger shall be approved by a majority of the outstanding stock of the parent corporation entitled to vote at a duly called shareholder meeting.
Any mortgage, pledge of or creation of a security interest in all or any part of the corporate property may be authorized without the vote or consent of the shareholders, unless otherwise provided for in the articles of incorporation.	Any mortgage or pledge of a corporation's property and assets may be authorized without the vote or consent of shareholders, except to the extent that the certificate of incorporation otherwise provides.
Directors	
The board of directors must consist of at least one member.	The board of directors must consist of at least one member.
The number of board members may be changed by an amendment to the bylaws, by the shareholders, or by action of the board under the specific provisions of a bylaw.	The number of board members shall be fixed by, or in a manner provided by, the bylaws, unless the certificate of incorporation fixes the number of directors, in which case a change in the number shall be made only by an amendment to the certificate of incorporation.

Marshall Islands	Delaware
If the board is authorized to change the number of directors, it can only do so by a majority of the entire board and so long as no decrease in the number shall shorten the term of any incumbent director.	If the number of directors is fixed by the certificate of incorporation, a change in the number shall be made only by an amendment of the certificate.
Removal:	*Removal*:
Any or all of the directors may be removed for cause by vote of the shareholders.	Any or all of the directors may be removed, with or without cause, by the holders of a majority of the shares entitled to vote unless the certificate of incorporation otherwise provides.
If the articles of incorporation or the bylaws so provide, any or all of the directors may be removed without cause by vote of the shareholders.	In the case of a classified board, shareholders may effect removal of any or all directors only for cause.
Dissenters' Rights of Appraisal	
Shareholders have a right to dissent from any plan of merger, consolidation or sale of all or substantially all assets not made in the usual course of business, and receive payment of the fair value of their shares. However, the right of a dissenting shareholder under the BCA to receive payment of the appraised fair value of his shares shall not be available for the shares of any class or series of stock, which shares or depository receipts in respect thereof, at the record date fixed to determine the shareholders entitled to receive notice of and to vote at the meeting of the shareholders to act upon the agreement of merger or consolidation, were either (i) listed on a securities exchange or admitted for trading on an interdealer quotation system or (ii) held of record by more than 2,000 holders. The right of a dissenting shareholder to receive payment of the fair value of his or her shares shall not be available for any shares of stock of the constituent corporation surviving a merger if the merger did not require for its approval the vote of the shareholders of the surviving corporation.	Appraisal rights shall be available for the shares of any class or series of stock of a corporation in a merger or consolidation, subject to limited exceptions, such as a merger or consolidation of corporations listed on a national securities exchange in which listed stock is offered for consideration is (i) listed on a national securities exchange or (ii) held of record by more than 2,000 holders.
A holder of any adversely affected shares who does not vote on or consent in writing to an amendment to the articles of incorporation has the right to dissent and to receive payment for such shares if the amendment: · Alters or abolishes any preferential right of any outstanding shares having preference; or · Creates, alters, or abolishes any provision or right in respect to the redemption of any outstanding shares; or · Alters or abolishes any preemptive right of such holder to acquire shares or other securities; or · Excludes or limits the right of such holder to vote on any matter, except as such right may be limited by the voting rights given to new shares then being authorized of any existing or new class.	

Marshall Islands	Delaware
Shareholder's Derivative Actions	
An action may be brought in the right of a corporation to procure a judgment in its favor, by a holder of shares or of voting trust certificates or of a beneficial interest in such shares or certificates. It shall be made to appear that the plaintiff is such a holder at the time of bringing the action and that he was such a holder at the time of the transaction of which he complains, or that his shares or his interest therein devolved upon him by operation of law.	In any derivative suit instituted by a shareholder of a corporation, it shall be averred in the complaint that the plaintiff was a shareholder of the corporation at the time of the transaction of which he complains or that such shareholder's stock thereafter devolved upon such shareholder by operation of law.
A complaint shall set forth with particularity the efforts of the plaintiff to secure the initiation of such action by the board or the reasons for not making such effort.	Other requirements regarding derivative suits have been created by judicial decision, including that a shareholder may not bring a derivative suit unless he or she first demands that the corporation sue on its own behalf and that demand is refused (unless it is shown that such demand would have been futile).
Such action shall not be discontinued, compromised or settled, without the approval of the High Court of the Republic of the Marshall Islands.	
Reasonable expenses including attorney's fees may be awarded if the action is successful.	
A corporation may require a plaintiff bringing a derivative suit to give security for reasonable expenses if the plaintiff owns less than 5% of any class of outstanding shares or holds voting trust certificates or a beneficial interest in shares representing less than 5% of any class of such shares and the shares, voting trust certificates or beneficial interest of such plaintiff has a fair value of $50,000 or less.	

DESCRIPTION OF SERIES B PREFERRED SHARES AND DEPOSITARY SHARES

Each Depositary Share represents 1/100th of one share of Series B Preferred Shares. We have 44,000 authorized Series B Preferred Shares under the Certificate of Designation. The Series B Preferred Shares outstanding are deposited with Computershare Inc. and Computershare Trust Company, N.A., as applicable, as depositary, under the Deposit Agreement among us, the Depositary and the registered holders and indirect and beneficial owners from time to time of the Depositary Shares (the "Deposit Agreement"). The Deposit Agreement sets forth the terms of the Depositary Shares. In general, each Depositary Share represents, and entitles the holder, subject to the terms of the Deposit Agreement, to proportional rights and preferences (including dividends, voting, redemption and liquidation rights and preferences) as if such holder held 1/100th of one share of Series B Preferred Shares. The material terms of the Series B Preferred Shares and the Depositary Shares are summarized below.

Series B Preferred Shares

Ranking

The Series B Preferred Shares, with respect to anticipated quarterly dividends and distributions upon the liquidation, winding-up and dissolution of our affairs, rank:

- senior to our common stock and to each other class or series of capital stock that has been or will be 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");
- *pari passu* with any class or series of capital stock that has been or will be established after the original issue date of the Series B Preferred Shares with terms expressly providing that such class or series ranks on a 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 ("Parity Securities"); and
- junior to all of our indebtedness and other liabilities with respect to assets available to satisfy claims against us, and each other class or series of capital stock expressly made senior to the Series B Preferred Shares as to the payment of dividends and amounts payable upon liquidation, dissolution or winding up, whether voluntary or involuntary ("Senior Securities").

Under the Certificate of Designation, we may issue Junior Securities from time to time in one or more series without the consent of the holders of the Series B Preferred Shares. Our board of directors has the authority to determine the preferences, powers, qualifications, limitations, restrictions and special or relative rights or privileges, if any, of any such series before the issuance of any shares of that series. Our board of directors will also determine the number of shares constituting each series of securities. Our ability to issue additional Parity Securities in certain circumstances or Senior Securities is limited as described under "—Voting Rights."

Liquidation Rights

The holders of outstanding Series B Preferred Shares are entitled, in the event of any liquidation, dissolution or winding up of our affairs, whether voluntary or involuntary, to receive the liquidation preference of $2,500.00 per share (equivalent to $25.00 per Depositary Share) in cash plus an amount equal to accumulated and unpaid dividends thereon to the date fixed for payment of such amount (whether or not declared), and no more, before any distribution will be made to the holders of our common stock or any other Junior Securities. Neither the sale of all or substantially all of the property or business of the Company nor the consolidation or merger of us with or into any other entity, individually or in a series of transactions, will be deemed a liquidation, dissolution or winding up of our affairs for this purpose.

In the event that our assets available for distribution to holders of the outstanding Series B Preferred Shares and any Parity Securities are insufficient to permit payment of all required amounts, our assets then remaining will be distributed among the Series B Preferred Shares and any Parity Securities, as applicable, ratably on the basis of their relative aggregate liquidation preferences plus the amount of any accumulated and unpaid dividends thereon (whether or not declared). After payment of all required amounts to the holders of the outstanding Series B Preferred Shares and Parity Securities, our remaining assets and funds will be distributed among the holders of our common stock and any other Junior Securities then outstanding according to their respective rights.

Voting Rights

The Series B Preferred Shares have no voting rights except as set forth below or as otherwise provided by Marshall Islands law. In the event that six quarterly dividends payable on the Series B Preferred Shares are in arrears, whether or not consecutive, the holders of the Series B Preferred Shares, have the right, voting as a class together with holders of any Parity Securities upon which like voting rights have been conferred and are exercisable, at the next meeting of stockholders called for the election of directors, to elect one member to our board of directors, and the size of our board of directors will be increased as needed to accommodate such change (unless the size of our board of directors already has been increased by reason of the election of a director by holders of Parity Securities upon which like voting rights have been conferred and with which the Series B Preferred Shares voted as a class for the election of such director). The right of such holders of Series B Preferred Shares to elect one member of our board of directors will continue until such time as all dividends accumulated and in arrears on the Series B Preferred Shares have been paid in full or sufficient funds for such payment have been declared and set apart for such purpose, at which time such right will terminate, subject to the revesting of such right in the event of each and every subsequent failure to pay six quarterly dividends as described above and, with respect to funds set apart for payment, upon failure to pay the dividend on the Dividend Payment Date. Upon any termination of the right of the holders of the Series B Preferred Shares and any other Parity Securities to vote as a class for directors, the term of office of all directors then in office elected by such holders voting as a class will terminate immediately. Any director elected by the holders of the Series B Preferred Shares and any other Parity Securities shall each be entitled to one vote on any matter before our board of directors.

Unless we have received the affirmative vote or consent of the holders of at least two-thirds of the outstanding Series B Preferred Shares, voting as a single class, we may not adopt any amendment to our Articles of Incorporation that materially and adversely alters the preferences, powers or rights of the Series B Preferred Shares.

In addition, unless we have received the affirmative vote or consent of the holders of at least two-thirds of the outstanding Series B Preferred Shares, voting as a class together with holders of any other Parity Securities upon which like voting rights have been conferred and are exercisable, we may not create or issue any Senior Securities.

On any matter described above in which the Series B Preferred Shareholders are entitled to vote as a class, whether separately or together with the holders of any Parity Securities, such holders will be entitled to one vote per $25.00 of liquidation preference (equivalent to 100 votes per Series B Preferred Share). Any shares of Series B Preferred Shares held by us or any of our subsidiaries or affiliates will not be entitled to vote.

No vote or consent of Series B Preferred Shareholders shall be required for (i) the creation or incurrence of any indebtedness, (ii) the authorization or issuance of any common stock or other Junior Securities or (iii) except as expressly provided above, the authorization or issuance of any of our preferred shares.

Series B Preferred Shares held in nominee or street name account will be voted by the broker or other nominee in accordance with the instruction of the beneficial owner unless the arrangement between the beneficial owner and his nominee provides otherwise.

Dividends

General

Holders of Series B Preferred Shares will be entitled to receive, when, as and if declared by our board of directors, cumulative cash dividends out of legally available funds for such purpose, payable on each Dividend Payment Date commencing on the first Dividend Payment Date following issuance.

Dividends on the Series B Preferred Shares offered hereby will accrue from the Dividend Payment Date immediately preceding issuance at a rate of 8.75% per annum of the $2,500.00 per share liquidation preference of Series B Preferred Shares (equivalent to $25.00 per Depositary Share). The dividend rate is not subject to adjustment.

Dividend Payment Dates

The "Dividend Payment Dates" for the Series B Preferred Shares is each of January 1, April 1, July 1 and October 1. Dividends will accumulate in each dividend period from and including the Dividend Payment Date immediately preceding issuance to but excluding the next applicable Dividend Payment Date for such dividend period. If any Dividend Payment Date otherwise would fall on a day that is not a Business Day, declared dividends will be paid on the immediately succeeding Business Day without the accumulation of additional dividends. Dividends on the Series B Preferred Shares will be payable based on a 360-day year consisting of twelve 30-day months. "Business Day" means a day on which the NYSE is open for trading and which is not a Saturday, a Sunday or other day on which banks in New York City, London or Amsterdam are authorized or required to close.

Payment of Dividends

Not later than 5:00 p.m., New York City time, on each Dividend Payment Date, we will pay those dividends, if any, on the Series B Preferred Shares that have been declared by our board of directors to the Paying Agent or, if there is no Paying Agent at the relevant time, the holders of such shares as such holders' names appear on our share transfer books maintained by the Registrar and Transfer Agent on the applicable Record Date (as defined below). The applicable record date (the "Record Date") will be the fifth Business Day immediately preceding the applicable Dividend Payment Date, except that in the case of payments of dividends in arrears, the Record Date with respect to a Dividend Payment Date will be such date as may be designated by our board of directors in accordance with the Certificate of Designation, our Articles of Incorporation and our Bylaws, each as amended and as may be further amended from time to time.

Declared dividends will be paid to the Paying Agent in same-day funds on each Dividend Payment Date. The Paying Agent will be responsible for holding or disbursing such payments to holders of the Series B Preferred Shares in accordance with the instructions of such holders. In certain circumstances, dividends may be paid by check delivered to the registered address of the holder of Series B Preferred Shares, unless, in any particular case, we elect to pay by wire transfer.

No dividend may be declared or paid or set apart for payment on any 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 Parity Securities through the most recent respective dividend payment dates.

Accumulated dividends in arrears for any past dividend period may be declared by our board of directors and paid on any date fixed by our board of directors, whether or not a Dividend Payment Date, to holders of the Series B Preferred Shares on the record date for such payment, which may not be more than 60 days, nor less than five days, before such payment date. Subject to the next succeeding sentence, if all accumulated dividends in arrears on all outstanding Series B Preferred Shares and any Parity Securities have not been declared and paid, or sufficient funds for the payment thereof have not been declared and set apart, payment of accumulated dividends in arrears will be made in order of their respective dividend payment dates, commencing with the earliest. If less than all dividends payable with respect to all Series B Preferred Shares and any Parity Securities are paid, any partial payment will be made pro rata with respect to the Series B Preferred Shares and any Parity Securities entitled to a dividend payment at such time in proportion to the aggregate amounts remaining due in respect of such shares at such time. Holders of the Series B Preferred Shares will not be entitled to any dividend, whether payable in cash, property or shares, in excess of full cumulative dividends. No interest or sum of money in lieu of interest will be payable in respect of any dividend payment which may be in arrears on the Series B Preferred Shares.

Redemption

Optional Redemption

At any time, we may redeem, at our option, in whole or in part, the Series B Preferred Shares (and accordingly the Depositary Shares) at a redemption price in cash equal to $2,500.00 per share (equivalent to $25.00 per Depositary Share) plus an amount equal to all accumulated and unpaid dividends thereon to the date of redemption, whether or not declared. Any such optional redemption shall be effected only out of funds legally available for such purpose. We may undertake multiple partial redemptions.

Redemption Procedures

We will provide notice of any redemption, not less than 30 days and not more than 60 days before the scheduled date of redemption, to the holders of any shares to be redeemed as such holders' names appear on our share transfer books maintained by the Registrar and Transfer Agent at the address of such holders shown therein. Such notice shall state: (1) the redemption date, (2) the number of Series B Preferred Shares to be redeemed and, if less than all outstanding shares of Series B Preferred Shares are to be redeemed, the number (and the identification) of shares to be redeemed from such holder, (3) the redemption price, (4) the place where the shares of Series B Preferred Shares are to be redeemed and shall be presented and surrendered for payment of the redemption price therefor, and (5) that dividends on the shares to be redeemed will cease to accumulate from and after such redemption date.

If fewer than all of the outstanding shares of Series B Preferred Shares are to be redeemed, the number of shares to be redeemed will be determined by us, and such shares of Series B Preferred Shares will be redeemed by such method of selection as the Paying Agent shall determine, either pro rata or by lot, with adjustments to avoid redemption of fractional shares.

The redemption price will be paid by the Paying Agent to the holders of the Series B Preferred Shares on the redemption date.

The aggregate redemption price for any such partial redemption of the outstanding Series B Preferred Shares shall be allocated correspondingly among the redeemed shares of Series B Preferred Shares. The shares of Series B Preferred Shares not redeemed shall remain outstanding and entitled to all the rights and preferences provided in the Certificate of Designation (including our right, if we so elect, to redeem all or part of the Series B Preferred Shares outstanding at any relevant time in accordance with the redemption provisions described herein).

If we give or cause to be given a notice of redemption, then we will deposit with the Paying Agent funds sufficient to redeem the Series B Preferred Shares as to which notice has been given no later than 10:00 a.m., New York City time, on the Business Day fixed for redemption, and will give the Paying Agent irrevocable instructions and authority to pay the redemption price to the holder or holders thereof upon surrender or deemed surrender of such Series B Preferred Shares. If notice of redemption shall have been given, then from and after the date fixed for redemption, unless we default in providing funds sufficient for such redemption at the time and place specified for payment pursuant to the notice, all dividends on such shares will cease to accumulate and all rights of holders of such shares of Series B Preferred Shares as Series B Preferred Shareholders will cease, except the right to receive the redemption price, including an amount equal to accumulated and unpaid dividends through the date fixed for redemption, whether or not declared. We will be entitled to receive from the Paying Agent the interest income, if any, earned on such funds deposited with the Paying Agent (to the extent that such interest income is not required to pay the redemption price of the shares to be redeemed), and the holders of any shares so redeemed will have no claim to any such interest income. Any funds deposited with the Paying Agent hereunder by us for any reason, including, but not limited to, redemption of Series B Preferred Shares, that remain unclaimed or unpaid after two years after the applicable redemption date or other payment date, shall, to the extent permitted by law, be repaid to us upon our written request, after which repayment the holders of the Series B Preferred Shares entitled to such redemption or other payment shall have recourse only to us.

Any Series B Preferred Shares that are redeemed or otherwise acquired by the Company shall be cancelled and shall constitute preferred shares subject to designation by the Board of Directors set forth in our Articles of Incorporation. If only a portion of the Series B Preferred Shares has been called for redemption, upon surrender of any certificate representing Series B Preferred Shares to the Paying Agent, the Paying Agent will issue to the holder of such shares a new certificate (or adjust the applicable book-entry account) representing the number of shares of Series B Preferred Shares represented by the surrendered certificate that have not been called for redemption.

Notwithstanding any notice of redemption, there will be no redemption of any Series B Preferred Shares called for redemption until funds sufficient to pay the full redemption price of such shares, including all accumulated and unpaid dividends to the date of redemption, whether or not declared, have been deposited by us with the Paying Agent.

We and our affiliates may from time to time purchase shares of the Series B Preferred Shares, subject to compliance with all applicable securities and other laws. Neither we nor any of our affiliates has any obligation, or any present plan or intention, to purchase any Series B Preferred Shares. Any shares repurchased and canceled by us will revert to the status of authorized but unissued preferred shares undesignated by us.

Notwithstanding the foregoing, in the event that full cumulative dividends on the Series B Preferred Shares and any Parity Securities have not been paid or declared and set apart for payment, we may not repurchase, redeem or otherwise acquire (1) any Series B Preferred Shares or Parity Securities, except pursuant to a purchase or exchange offer made on the same terms to all holders of Series B Preferred Shares and any Parity Securities, an exchange for or conversion or reclassification into other Parity Securities or Junior Securities or with proceeds of a substantially contemporaneous sale of Parity Securities or Junior Securities, or (2) any common stock and any other Junior Securities, except pursuant to an exchange for or conversion or reclassification into other Junior Securities or with proceeds of a substantially contemporaneous sale of Junior Securities.

No Sinking Fund

The Series B Preferred Shares do not have the benefit of any sinking fund.

Depositary Shares

General

Each Depositary Share represents a $1/100^{th}$ interest in one Series B Preferred Share, and once issued will be evidenced by depositary receipts, as described under “Registration and Settlement—Book-Entry System.” The underlying shares of the Series B Preferred Shares are deposited with a depositary pursuant to the Deposit Agreement. Subject to the terms of the Deposit Agreement, the Depositary Shares are entitled to all the powers, preferences and special rights of the Series B Preferred Shares, as applicable, in proportion to the applicable fraction of a share of Series B Preferred Shares those Depositary Shares represent.

References to “holders” of Depositary Shares herein mean those who have depositary receipts registered in their own names on the books maintained by the depositary and not indirect holders who own beneficial interests in depositary receipts registered in the street name of, or issued in book-entry form through, The Depository Trust Company, or “DTC.” DTC is the only registered holder of the depositary receipts representing Depositary Shares. You should review the special considerations that apply to indirect holders described in “Registration and Settlement—Book-Entry System.”

The depositary, transfer agent and registrar for the Depositary Shares is Computershare Inc. and Computershare Trust Company, N.A., as applicable.

Dividends and Other Distributions

Each dividend payable on a Depositary Share will be in an amount equal to $1/100^{th}$ of the dividend declared and payable on the related share of the Series B Preferred Shares. The depositary will distribute all dividends and other cash distributions received on the Series B Preferred Shares to the holders of record of the depositary receipts in proportion to the number of Depositary Shares held by each holder. In the event of a distribution other than in cash, the depositary will distribute property received by it to the holders of record of the depositary receipts as nearly as practicable in proportion to the number of Depositary Shares held by each holder, unless the depositary determines that this distribution is not feasible, in which case the depositary may, with our approval, adopt a method of distribution that it deems practicable, including the sale of the property and distribution of the net proceeds of that sale to the holders of the depositary receipts.

Record dates for the payment of dividends and other matters relating to the Depositary Shares are the same as the corresponding record dates for the related shares of Series B Preferred Shares.

The amount paid as dividends or otherwise distributable by the depositary with respect to the Depositary Shares or the underlying Series B Preferred Shares will be reduced by any amounts required to be withheld by us or the depositary on account of taxes or other governmental charges. The depositary may refuse to make any payment or distribution, or any transfer, exchange, or withdrawal of any Depositary Shares or the shares of the Series B Preferred Shares until such taxes or other governmental charges are paid.

Redemption of Depositary Shares

If we redeem the Series B Preferred Shares, in whole or in part, as described above under "—Series B Preferred Shares—Redemption," Depositary Shares also will be redeemed with the proceeds received by the depositary from the redemption of the Series B Preferred Shares held by the depositary. The redemption price per Depositary Share will be $1/100^{th}$ of the redemption price per share payable with respect to the Series B Preferred Shares, plus any declared and unpaid dividends, without accumulation of undeclared dividends.

If we redeem shares of the Series B Preferred Shares held by the depositary, the depositary will redeem, as of the same redemption date, the number of Depositary Shares representing those shares of the Series B Preferred Shares so redeemed. If we redeem less than all of the outstanding Depositary Shares, the depositary will select pro rata, by lot or in such other manner as may be determined by the depositary to be fair and equitable, those Depositary Shares to be redeemed. The depositary will deliver notice of redemption to record holders of the depositary receipts not less than 30 and not more than 60 days prior to the date fixed for redemption of the Series B Preferred Shares and the related Depositary Shares.

Voting the Series B Preferred Shares

Because each Depositary Share represents a $1/100^{th}$ interest in a share of the Series B Preferred Shares, holders of depositary receipts are entitled to $1/100^{th}$ of a vote per Depositary Share under those limited circumstances in which holders of the Series B Preferred Shares are entitled to a vote, as described above in "—Series B Preferred Shares—Voting Rights."

When the depositary receives notice of any meeting at which the holders of the Series B Preferred Shares are entitled to vote, the depositary will deliver the information contained in the notice to the record holders of the Depositary Shares relating to the Series B Preferred Shares. Each record holder of the Depositary Shares on the record date, which will be the same date as the record date for the Series B Preferred Shares, may instruct the depositary to vote the amount of the Series B Preferred Shares represented by the holder's Depositary Shares. To the extent practicable, the depositary will vote the amount of the Series B Preferred Shares represented by Depositary Shares in accordance with the instructions it receives. We will agree to take all actions that the depositary determines are necessary to enable the depositary to vote as instructed. If the depositary does not receive specific instructions from the holders of any Depositary Shares representing the Series B Preferred Shares, it will abstain from voting with respect to such shares.

Withdrawal of Series B Preferred Shares

Underlying shares of Series B Preferred Shares may be withdrawn from the depositary arrangement upon surrender of depositary receipts at the depositary's office and upon payment of the taxes, charges and fees provided for in the Deposit Agreement. Subject to the terms of the Deposit Agreement, the holder of depositary receipts will receive the appropriate number of shares of Series B Preferred Shares represented by such Depositary Shares. Only whole shares of Series B Preferred Shares may be withdrawn; if a holder holds an amount other than a whole multiple of 100 Depositary Shares, the depositary will deliver along with the withdrawn shares of Series B Preferred Shares a new depositary receipt evidencing the excess number of Depositary Shares. Holders of withdrawn shares of Series B Preferred Shares will not be entitled to redeposit such shares or to receive Depositary Shares.

Amendment of the Deposit Agreement

We and the depositary may generally amend the form of depositary receipt evidencing the depositary shares and any provision of the Deposit Agreement at any time without the consent of the holders of Depositary Shares in any respect that we and the depositary deem necessary or desirable. However, any amendment that materially and adversely alters the rights of the holders or that would be materially and adversely inconsistent with the rights granted to holders of the Series B Preferred Shares will not be effective unless such amendment has been approved by holders of Depositary Shares representing at least a majority of the Depositary Shares then outstanding.

Form and Notices

The Series B Preferred Shares will be issued in registered form to the depositary, and the Depositary Shares will be issued in book-entry only form through DTC, as described below in "Registration and Settlement—Book-Entry System". The depositary will forward to the holders of Depositary Shares all reports, notices, and communications from us that are delivered to the depositary and that we are required to furnish to the holders of the Series B Preferred Shares.

Listing

The Depositary Shares are listed on the NYSE under the symbol "GSL-B." The Series B Preferred Shares represented by Depositary Shares are not listed and we do not expect that there will be any other trading market for the Series B Preferred Shares except as represented by the Depositary Shares. Currently, there is no public market for the Series B Preferred Shares and a limited public market for the Depositary Shares.

Registration and Settlement

Book-Entry System

The Depositary Shares are, and will be, issued in book-entry only form through the facilities of DTC. This means that actual depositary receipts will not be issued to each holder of Depositary Shares, except in limited circumstances. Instead, the Depositary Shares will be in the form of a single global depositary receipt deposited with and held in the name of DTC, or its nominee. In order to own a beneficial interest in a depositary receipt, you must be an organization that participates in DTC or have an account with an organization that participates in DTC, including Euroclear Bank S.A./N.V., as operator of the Euroclear System ("Euroclear"), and Clearstream Banking, *société anonyme* ("Clearstream").

Except as described herein, owners of beneficial interests in the global depositary receipt will not be entitled to have depositary receipts registered in their names, will not receive or be entitled to receive physical delivery of the depositary receipts in definitive form, and will not be considered the owners or holders of Depositary Shares under our Articles of Incorporation or the Deposit Agreement, including for purposes of receiving any reports or notices delivered by us. Accordingly, each person owning a beneficial interest in the depositary receipts must rely on the procedures of DTC and, if that person is not a participant, on the procedures of the participant through which that person owns its beneficial interest, in order to exercise any rights of a holder of Depositary Shares.

If we discontinue the book-entry only form system of registration, we will replace the global depositary receipt with depositary receipts in certificated form registered in the names of the beneficial owners.

Settlement

Investors in the Depositary Shares will be required to make their payment for the Depositary Shares in immediately available funds. DTC requires secondary market trading activity in the Depositary Shares to settle in immediately available funds. This requirement may affect trading activity in the Depositary Shares.

Payment of Dividends

We will pay dividends, if any, on the Series B Preferred Shares represented by Depositary Shares in book-entry form to the depositary. In turn, the depositary will deliver the dividends to DTC in accordance with the arrangements then in place between the depositary and DTC. Generally, DTC will be responsible for crediting the dividend payments it receives from the depositary to the accounts of DTC participants, and each participant will be responsible for disbursing the dividend payment for which it is credited to the holders that it represents. As long as the Depositary Shares are represented by a global depositary receipt, we will make all dividend payments in immediately available funds. In the event depositary receipts are issued in certificated form, dividends generally will be paid by check delivered to the holders of the depositary receipts on the applicable record date at the address appearing on the security register.

Notices

Any notices required to be delivered to you will be given by the depositary to DTC for communication to its participants.

If the depositary receipts are issued in certificated form, notices to you also will be delivered to the addresses of the holders as they appear on the security register.

DESCRIPTION OF NOTES

The following description is only a summary of certain provisions of the Notes and the Indenture. You should read these documents in their entirety because they, and not this description, define the rights of holders of the Notes. The following summary does not purport to be complete and is subject to, and is qualified in its entirety by reference to, the Trust Indenture Act of 1939, as amended (the "TIA"), and to all of the provisions of the Indenture and those terms made a part of the Indenture by reference to the TIA.

Ranking

The Notes are senior unsecured obligations of the Company, and, upon our liquidation, dissolution or winding up, will rank (i) senior to the outstanding shares of our common stock, (ii) senior to any of our future subordinated debt, (iii) *pari passu* (or equally) with our existing and future unsecured and unsubordinated indebtedness, (iv) effectively subordinated to any existing or future secured indebtedness (including indebtedness that is initially unsecured to which we subsequently grant security), to the extent of the value of the assets securing such indebtedness and (v) structurally subordinated to all existing and future indebtedness of our subsidiaries, including trade payables.

Interest

Interest on the Notes accrue at an annual rate equal to 8.00% from and including November 19, 2019, and thereafter, from the last date on which interest has been paid, to, but excluding, the maturity date or earlier acceleration or redemption date and will be payable quarterly in arrears on the last day of February, May, August and November of each year, beginning on February 29, 2020, and at maturity, to the record holders at the close of business on the immediately preceding February 15, May 15, August 15 and November 15 as applicable (whether or not a business day).

The initial interest period for the Notes will be the period from and including November 19, 2019 (or the most recent payment date immediately preceding the date of issuance of the Notes), to, but excluding, February 29, 2020 (or the next interest payment date), and the subsequent interest periods will be the periods from and including an interest payment date to, but excluding, the next interest payment date or the stated maturity date, as the case may be.

The amount of interest payable for any interest period, including interest payable for any partial interest period, will be computed on the basis of a 360-day year comprised of twelve 30-day months. If an interest payment date falls on a non-business day, the applicable interest payment will be made on the next business day and no additional interest will accrue as a result of such delayed payment.

"Business day" means, for any place where the principal and interest on the Notes is payable, each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day in which banking institutions in New York, New York are authorized or obligated by law or executive order to close.

Optional Redemption

The Notes may be redeemed for cash in whole or in part at any time at our option (i) on or after December 31, 2021 and prior to December 31, 2022, at a price equal to 102% of the principal amount to be redeemed, (ii) on or after December 31, 2022 and prior to December 31, 2023, at a price equal to 101% of the principal amount to be redeemed, and (iii) on or after December 31, 2023 and prior to maturity, at a price equal to 100% of the principal amount to be redeemed, in each case, plus accrued and unpaid interest to, but excluding, the date of redemption.

Optional Redemption in Case of Change of Control

If a Change of Control Event (as defined below) occurs, we will have the right, but not the obligation, before December 31, 2021, to redeem the Notes, in whole but not in part, within 90 days of the occurrence of such Change of Control Event, at a redemption price in cash equal to 104% of the aggregate principal amount of Notes to be redeemed, plus accrued and unpaid interest to, but excluding, the date of redemption.

"Capital Stock" means, with respect to any entity, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting), including partnership or limited liability company interests, whether general or limited, in the equity of such entity (including without limitation all warrants, options, derivative instruments, or rights of subscription or conversion relating to or affecting Capital Stock), whether outstanding on the issue date of the Notes or issued thereafter.

"Change of Control Event" means: the acquisition by any person, including any syndicate or group deemed to be a "person" under Section 13(d)(3) of the Exchange Act, of beneficial ownership, directly or indirectly, through a purchase, merger or other acquisition transaction or series of purchases, mergers or other acquisition transactions, of the Capital Stock entitling that person to exercise more than 50% of the total voting power of all the Capital Stock entitled to vote generally in the election of the Company's directors (except that such person will be deemed to have beneficial ownership of all securities that such person has the right to acquire, whether such right is currently exercisable or is exercisable only upon the occurrence of a subsequent condition).

Redemption—General

Any redemption shall be upon notice not fewer than 30 days and not more than 60 days prior to the date fixed for redemption. If less than all of the Notes are to be redeemed, the particular Notes to be redeemed will be selected not more than 45 days prior to the redemption date by the trustee from the outstanding Notes not previously called for redemption, by lot, provided that the unredeemed portion of the principal amount of any Notes will be in an authorized denomination (which will not be less than the minimum authorized denomination) for such Notes. The trustee will promptly notify us in writing of the Notes selected for redemption and, in the case of any Notes selected for partial redemption, the principal amount thereof to be redeemed. Beneficial interests in any of the Notes or portions thereof called for redemption that are registered in the name of DTC or its nominee will be selected by DTC in accordance with DTC's applicable procedures.

Unless we default on the payment of the redemption price, on and after the date of redemption, interest will cease to accrue on the Notes called for redemption.

Events of Default

Holders of our Notes will have rights if an Event of Default occurs in respect of the Notes and is not cured, as described later in this subsection. The term "Event of Default" in respect of the Notes means any of the following:

(1) we do not pay interest on any Note when due, and such default is not cured within 30 days;

(2) we do not pay the principal of the Notes when due and payable;

(3) we breach any covenant or warranty in the Indenture with respect to the Notes and such breach continues for 60 days after we receive a written notice of such breach from the trustee or the holders of at least 25% of the principal amount of the Notes; and

(4) certain specified events of bankruptcy, insolvency or reorganization occur and remain undischarged or unstayed for a period of 90 consecutive days following entry of such final judgment or decree.

The trustee may withhold notice to the holders of the Notes of any default, except in the payment of principal or interest, if the trustee in good faith determines the withholding of notice to be in the interest of the holders of the Notes.

Each year, we will furnish to the trustee a written statement of certain of our officers certifying that to their knowledge we are in compliance with the Indenture and the Notes, or else specifying any default.

Remedies if an Event of Default Occurs

If an Event of Default, other than an event of default described in clause (4) above, has occurred and is continuing, either the trustee or the holders of not less than 25% of the outstanding principal amount of the Notes may declare the entire principal amount of the Notes then outstanding, together with accrued and unpaid interest, if any, to be due and payable immediately by a notice in writing to us and, if notice is given by the holders of the Notes, the trustee. This is called an "acceleration of maturity." If the Event of Default occurs in relation to our filing for bankruptcy or certain other events of bankruptcy, insolvency or reorganization occur, the principal amount of the Notes, together with accrued and unpaid interest, if any, will automatically, and without any declaration or other action on the part of the trustee or the holders, become immediately due and payable.

At any time after a declaration of acceleration of the Notes has been made by the trustee or the holders of the Notes and before any judgment or decree for payment of money due has been obtained by the trustee, the holders of a majority of the outstanding principal of the Notes, by written notice to us and the trustee, may rescind and annul such declaration and its consequences if (i) we have paid or deposited with the trustee all amounts due and owed with respect to the Notes (other than principal that has become due solely by reason of such acceleration) and certain other amounts, and (ii) any other Events of Default have been cured or waived.

At our election, the sole remedy with respect to an Event of Default due to our failure to comply with certain reporting requirements under the Trust Indenture Act or under "—Covenants—Reporting" below, for the first 180 calendar days after the occurrence of such Event of Default, consists exclusively of the right to receive additional interest on the Notes at an annual rate equal to (1) 0.25% for the first 90 calendar days after such default and (2) 0.50% for calendar days 91 through 180 after such default. On the 181st day after such Event of Default, if such violation is not cured or waived, the trustee or the holders of not less than 25% of the outstanding principal amount of the Notes may declare the principal, together with accrued and unpaid interest, if any, on the Notes to be due and payable immediately. If we choose to pay such additional interest, we must notify the trustee and the holders of the Notes by certificate of our election at any time on or before the close of business on the first business day following the Event of Default.

Before a holder of the Notes is allowed to bypass the trustee and bring a lawsuit or other formal legal action or take other steps to enforce such holder's rights relating to the Notes, the following must occur:

- such holder must give the trustee written notice that the Event of Default has occurred and remains uncured;
- the holders of at least 25% of the outstanding principal of the Notes must have made a written request to the trustee to institute proceedings in respect of such Event of Default in its own name as trustee;
- such holder or holders must have offered to the trustee indemnity satisfactory to the trustee against the costs, expenses and liabilities to be incurred in compliance with such request;
- the trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and
- no direction inconsistent with such written request has been given to the trustee during such 60-day period by holders of a majority of the outstanding principal of the Notes.

No delay or omission in exercising any right or remedy will be treated as a waiver of that right, remedy or Event of Default.

Book-entry and other indirect holders of the Notes should consult their banks or brokers for information on how to give notice or direction to or make a request of the trustee and how to declare or cancel an acceleration of maturity.

Waiver of Defaults

The holders of a majority of the outstanding principal amount of the Notes may on behalf of the holders of all Notes waive any past default with respect to the Notes other than (i) a default in the payment of principal or interest on the Notes when such payments are due and payable (other than by acceleration as described above), or (ii) in respect of a covenant that cannot be modified or amended without the consent of each holder of Notes.

Covenants

In addition to any other covenants described in the accompanying prospectus, as well as standard covenants relating to payment of principal and interest, maintaining an office where payments may be made or securities can be surrendered for payment, payment of taxes by us and related matters, the following covenants will apply to the Notes. To the extent of any conflict or inconsistency between the base indenture and the following covenants, the following covenants will govern.

Merger, Consolidation or Sale of Assets

The Indenture provides that we will not merge or consolidate with or into any other person (other than a merger of a wholly-owned subsidiary into us), or sell, transfer, lease, convey or otherwise dispose of all or substantially all our property in any one transaction or series of related transactions unless:

- we are the surviving entity or the entity (if other than us) formed by such merger or consolidation or to which such sale, transfer, lease, conveyance or disposition is made will be a corporation or limited liability company organized and existing under the laws of the United States of America, any state thereof or the District of Columbia, the Republic of the Marshall Islands, the Commonwealth of the Bahamas, the Republic of Liberia, the Republic of Panama, the Commonwealth of Bermuda, the British Virgin Islands, the Cayman Islands, the Isle of Man, Cyprus, Norway, Greece, Hong Kong, the United Kingdom, Malta, any Member State of the European Union or any jurisdiction generally acceptable as determined in good faith by the board of directors of the Company, to institutional lenders in the shipping industries;

- the surviving entity (if other than us) expressly assumes, by supplemental indenture in form reasonably satisfactory to the trustee, executed and delivered to the trustee by such surviving entity, the due and punctual payment of the principal of, and premium, if any, and interest on, all the Notes outstanding, and the due and punctual performance and observance of all the covenants and conditions of the Indenture to be performed by us;

- immediately before and immediately after giving effect to such transaction or series of related transactions, no default or Event of Default has occurred and is continuing; and

- in the case of a merger where the surviving entity is other than us, we or such surviving entity will deliver, or cause to be delivered, to the trustee, an officers' certificate and an opinion of counsel, each stating that such transaction and the supplemental indenture, if any, in respect thereto, comply with this covenant and that all conditions precedent in the Indenture relating to such transaction have been complied with.

Reporting

So long as any Notes are outstanding, we will (i) file with the Commission within the time periods prescribed by its rules and regulations and applicable to us and (ii) furnish to the Trustee and the holders of the Notes within 15 days after the date on which we would be required to file the same with the Commission pursuant to its rules and regulations (giving effect to any grace period provided by Rule 12b-25 under the Exchange Act), all financial information to the extent required of us to be contained in our filings on Form 20-F and, with respect to the annual consolidated financial statements only, a report thereon by our independent auditors. We shall not be required to file any report or other information with the Commission if the Commission does not permit such filing, although such reports will be required to be furnished to the Trustee. Documents filed by us with the Commission via the EDGAR system will be deemed to have been furnished to the Trustee and the holders of the Notes as of the time such documents are filed via EDGAR, *provided*, *however*, that the Trustee shall have no obligation whatsoever to determine whether or not such information, documents or reports have been filed pursuant to EDGAR.

Modification or Waiver

There are three types of changes we can make to the Indenture and the Notes:

Changes Not Requiring Approval

There are changes that we and the Trustee can make to the Notes without the specific approval of the holders of the Notes. This type is limited to clarifications and certain other changes that would not adversely affect holders of the Notes in any material respect and include changes:

- to evidence the succession of another corporation, and the assumption by the successor corporation of our covenants, agreements and obligations under the Indenture and the Notes;
- to add to our covenants such new covenants, restrictions, conditions or provisions for the protection of the holders of the Notes, and to make the occurrence, or the occurrence and continuance, of a default in any of such additional covenants, restrictions, conditions or provisions an Event of Default;
- to modify, eliminate or add to any of the provisions of the Indenture to such extent as necessary to effect the qualification of the Indenture under the Trust Indenture Act, and to add to the Indenture such other provisions as may be expressly permitted by the Trust Indenture Act, excluding however, the provisions referred to in Section 316(a)(2) of the Trust Indenture Act;
- to cure any ambiguity or to correct or supplement any provision contained in the Indenture or in any supplemental Indenture which may be defective or inconsistent with other provisions;
- to secure the Notes;
- to evidence and provide for the acceptance and appointment of a successor trustee and to add or change any provisions of the Indenture as necessary to provide for or facilitate the administration of the trust by more than one trustee; and
- to make provisions in regard to matters or questions arising under the Indenture, so long such other provisions to do not materially affect the interest of any other holder of the Notes.

Changes Requiring Approval of Each Holder

We cannot make certain changes to the Notes without the specific approval of each holder of the Notes. The following is a list of those types of changes:

- changing the stated maturity of the principal of, or any installment of interest on, any Note;
- reducing the principal amount or rate of interest of any Note;
- changing the place of payment where any Note or any interest is payable;

- impairing the right to institute suit for the enforcement of any payment on or after the date on which it is due and payable;

- reducing the percentage in principal amount of holders of the Notes whose consent is needed to modify or amend the Indenture; and

- reducing the percentage in principal amount of holders of the Notes whose consent is needed to waive compliance with certain provisions of the Indenture or to waive certain defaults.

Changes Requiring Majority Approval

Any other change to the Indenture and the Notes would require the following approval:

- if the change only affects the Notes, it must be approved by holders of a majority in aggregate principal amount of the outstanding Notes; and

- if the change affects more than one series of debt securities issued under the Indenture, it must be approved by the holders of a majority in aggregate principal amount of each of the series of debt securities affected by the change.

Consent from holders to any change to the Indenture or the Notes must be given in writing.

Further Details Concerning Voting

The amount of Notes deemed to be outstanding for the purpose of voting will include all Notes authenticated and delivered under the Indenture as of the date of determination except:

- Notes cancelled by the trustee or delivered to the trustee for cancellation;

- Notes for which we have deposited with the trustee or paying agent or set aside in trust money for their payment or redemption and, if money has been set aside for the redemption of the Notes, notice of such redemption has been duly given pursuant to the Indenture to the satisfaction of the trustee;

- Notes held by the Company, its subsidiaries or any other entity which is an obligor under the Notes, unless such Notes have been pledged in good faith and the pledgee is not the Company, an affiliate of the Company or an obligor under the Notes;

- Notes for which have undergone full defeasance, as described below; and

- Notes which have been paid or exchanged for other Notes due to such Notes loss, destruction or mutilation, with the exception of any such Notes held by bona fide purchasers who have presented proof to the trustee that such Notes are valid obligations of the Company.

We will generally be entitled to set any day as a record date for the purpose of determining the holders of the Notes that are entitled to vote or take other action under the Indenture, and the trustee will generally be entitled to set any day as a record date for the purpose of determining the holders of the Notes that are entitled to join in the giving or making of any Notice of Default, any declaration of acceleration of maturity of the Notes, any request to institute proceedings or the reversal of such declaration. If we or the trustee set a record date for a vote or other action to be taken by the holders of the Notes, that vote or action can only be taken by persons who are holders of the Notes on the record date and, unless otherwise specified, such vote or action must take place on or prior to the 180th day after the record date. We may change the record date at our option, and we will provide written notice to the trustee and to each holder of the Notes of any such change of record date.

Defeasance

The following defeasance provisions will be applicable to the Notes. "Defeasance" means that, by irrevocably depositing with the trustee an amount of cash denominated in U.S. dollars and/or U.S. government obligations sufficient to pay all principal and interest, if any, on the Notes when due and satisfying any additional conditions noted below, we will be deemed to have been discharged from our obligations under the Notes. In the event of a "covenant defeasance," upon depositing such funds and satisfying similar conditions discussed below we would be released from certain covenants under the Indenture relating to the Notes. The consequences to the holders of the Notes would be that, while they would no longer benefit from certain covenants under the Indenture, and while the Notes could not be accelerated for any reason, the holders of the Notes nonetheless would be guaranteed to receive the principal and interest owed to them.

Covenant Defeasance

Under the Indenture, we have the option to take the actions described below and be released from some of the restrictive covenants under the Indenture under which the Notes were issued. This is called "covenant defeasance." In that event, holders of the Notes would lose the protection of those restrictive covenants but would gain the protection of having money and government securities set aside in trust to repay the Notes. In order to achieve covenant defeasance, the following must occur:

- we must irrevocably deposit or cause to be deposited with the trustee as trust funds for the benefit of the all holders of the Notes cash, U.S. government obligations or a combination of cash and U.S. government obligations sufficient, without reinvestment, in the opinion of a nationally recognized firm of independent public accountants, investment bank or appraisal firm, to generate enough cash to make interest, principal and any other applicable payments on the Notes on their various due dates;

- we must deliver to the trustee a legal opinion of our counsel stating that under U.S. federal income tax law, we may make the above deposit and covenant defeasance without causing holders to be taxed on the Notes differently than if those actions were not taken;

- we must deliver to the trustee an officers' certificate stating that the Notes, if then listed on any securities exchange, will not be delisted as a result of the deposit;

- no default or Event of Default with respect to the Notes has occurred and is continuing, and no defaults or Events of Defaults related to bankruptcy, insolvency or organization occurs during the 90 days following the deposit;

- the covenant defeasance must not cause the trustee to have a conflicting interest within the meaning of the Trust Indenture Act;

- the covenant defeasance must not result in a breach or violation of, or constitute a default under, the Indenture or any other material agreements or instruments to which we are a party;

- the covenant defeasance must not result in the trust arising from the deposit constituting an investment company within the meaning of the Investment Company Act unless such trust will be registered under the Investment Company Act or exempt from registration thereunder; and

- we must deliver to the trustee an officers' certificate and a legal opinion from our counsel stating that all conditions precedent with respect to the covenant defeasance have been complied with.

Full Defeasance

If there is a change in U.S. federal income tax law, we can legally release ourselves from all payment and other obligations on the Notes if we take the following actions below:

- we must irrevocably deposit or cause to be deposited with the trustee as trust funds for the benefit of the all holders of the Notes cash, U.S. government obligations or a combination of cash and U.S. government obligations sufficient, without reinvestment, in the opinion of a nationally recognized firm, of independent public accountants, investment bank or appraisal firm, to generate enough cash to make interest, principal and any other applicable payments on the Notes on their various due dates;

- we must deliver to the trustee a legal opinion confirming that there has been a change to the current U.S. federal income tax law or an Internal Revenue Service ruling that allows us to make the above deposit without causing holders to be taxed on the Notes any differently than if we did not make the deposit;

- we must deliver to the trustee an officers' certificate stating that the Notes, if then listed on any securities exchange, will not be delisted as a result of the deposit;

- no default or Event of Default with respect to the Notes has occurred and is continuing and no defaults or Events of Defaults related to bankruptcy, insolvency or organization occurs during the 90 days following the deposit;

- the full defeasance must not cause the trustee to have a conflicting interest within the meaning of the Trust Indenture Act;

- the full defeasance must not result in a breach or violation of, or constitute a default under, the Indenture or any other material agreements or instruments to which we are a party;

- the full defeasance must not result in the trust arising from the deposit constituting an investment company within the meaning of the Investment Company Act unless such trust will be registered under the Investment Company Act or exempt from registration thereunder; and

- we must deliver to the trustee an officers' certificate and a legal opinion from our counsel stating that all conditions precedent with respect to the full defeasance have been complied with.

In the event that the trustee is unable to apply the funds held in trust to the payment of obligations under the Notes by reason of a court order or governmental injunction or prohibition, then those of our obligations discharged under the full defeasance or covenant defeasance will be revived and reinstated as though no deposit of funds had occurred, until such time as the trustee is permitted to apply all funds held in trust under the procedure described above may be applied to the payment of obligations under the Notes. However, if we make any payment of principal or interest on the Notes to the holders, we will have the right to receive such payments from the trust in the place of the holders.

Listing

The Notes are listed on the NYSE under the symbol "GSLD." The Notes trade "flat," meaning that purchasers will not pay and sellers will not receive any accrued and unpaid interest on the Notes that is not included in the trading price.

Governing Law

The Indenture is, and the Notes will be, governed by and construed in accordance with the laws of the State of New York.

Global Notes; Book-Entry Issuance

The Notes are and will be issued in the form of a global certificate, or "Global Notes," registered in the name of DTC. DTC has informed us that its nominee will be Cede & Co. Accordingly, we expect Cede & Co. to be the initial registered holder of the Notes. No person that acquires a beneficial interest in the Notes will be entitled to receive a certificate representing that person's interest in the Notes except as described herein. Unless and until definitive securities are issued under the limited circumstances described below, all references to actions by holders of the Notes will refer to actions taken by DTC upon instructions from its participants, and all references to payments and notices to holders will refer to payments and notices to DTC or Cede & Co., as the registered holder of these securities.

DTC has informed us that it is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants, or "Direct Participants," deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation, or "DTCC."

DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly, or "Indirect Participants." DTC has an S&P rating of AA+. The DTC Rules applicable to its participants are on file with the Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each Note, or the "Beneficial Owner," is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts the Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices will be sent to DTC. If less than all of the Notes are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in the Notes to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Notes unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to us as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions and interest payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from us or the applicable trustee or depositary on the payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with the Notes held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the applicable trustee or depositary, or us, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of us or the applicable trustee or depositary. Disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that we believe to be reliable, but we take no responsibility for the accuracy thereof.

None of the Company, the trustee, any depositary, or any agent of any of them will have any responsibility or liability for any aspect of DTC's or any participant's records relating to, or for payments made on account of, beneficial interests in a Global Note, or for maintaining, supervising or reviewing any records relating to such beneficial interests.

Termination of a Global Note

If a Global Note is terminated for any reason, interest in it will be exchanged for certificates in non-book-entry form as certificated securities. After such exchange, the choice of whether to hold the certificated Notes directly or in street name will be up to the investor. Investors must consult their own banks or brokers to find out how to have their interests in a Global Note transferred on termination to their own names, so that they will be holders of the Notes. See "—Form, Exchange and Transfer of Certificated Registered Securities."

Payment and Paying Agents

We will pay interest to the person listed in the trustee's records as the owner of the Notes at the close of business on the record date for the applicable interest payment date, even if that person no longer owns the Note on the interest payment date. Because we pay all the interest for an interest period to the holders on the record date, holders buying and selling the Notes must work out between themselves the appropriate purchase price. The most common manner is to adjust the sales price of the Notes to prorate interest fairly between buyer and seller based on their respective ownership periods within the particular interest period.

Payments on Global Notes

We will make payments on the Notes so long as they are represented by Global Notes in accordance with the applicable policies of the depositary in effect from time to time. Under those policies, we will make payments directly to the depositary, or its nominee, and not to any indirect holders who own beneficial interest in the Global Notes. An indirect holder's right to those payments will be governed by the rules and practices of the depositary and its participants.

Payments on Certificated Securities

In the event the Notes become represented by certificates, we will make payments on the Notes as follows. We will pay interest that is due on an interest payment date by check mailed on the interest payment date to the holder of the Note at his or her address shown on the trustee's records as of the close of business on the record date. We will make all payments of principal by check at the office of the trustee in the contiguous United States and/or at other offices that may be specified in the Indenture or a notice to holders against surrender of the Note.

Payment When Offices Are Closed

If any payment is due on the Notes on a day that is not a business day, we will make the payment on the next day that is a business day. Payments made on the next business day in this situation will be treated under the Indenture as if they were made on the original due date. Such payment will not result in a default under the Notes or the Indenture, and no interest will accrue on the payment amount from the original due date to the next day that is a business day.

Book-entry and other indirect holders should consult their banks or brokers for information on how they will receive payments on the Notes.

Form, Exchange and Transfer of Certificated Registered Securities

Notes in physical, certificated form will be issued and delivered to each person that DTC identifies as a beneficial owner of the related Notes only if:

- DTC notifies us at any time that it is unwilling or unable to continue as depositary for such Global Note or ceases to be a clearing agency registered under the Exchange Act, and we have not appointed a successor depositary within 90 days of that notice or becoming aware that DTC is no longer so registered;

- an Event of Default with respect to such Global Note has occurred and is continuing, and DTC requests the issuance of certificated Notes; or

- we determine not to have the Notes represented by a Global Note.

Holders may exchange their certificated securities for Notes of smaller denominations or combined into fewer Notes of larger denominations, as long as the total principal amount is not changed and as long as the denomination is equal to or greater than $25.00.

Holders may exchange or transfer their certificated securities at the office of the trustee. We have appointed the trustee to act as our agent for registering the Notes in the name of holders transferring Notes. We may at any time designate additional transfer agents or rescind the designation of any transfer agent or approve a change in the office through which any transfer agent acts.

Holders will not be required to pay a service charge for any registration of transfer or exchange of their certificated securities, but they may be required to pay any tax or other governmental charge associated with the registration of transfer or exchange. The transfer or exchange will be made only if our transfer agent is satisfied with the holder's proof of legal ownership.

If we redeem any of the Notes, we may block the transfer or exchange of those Notes selected for redemption during the period beginning 15 days before the day we mail the notice of redemption and ending on the day of that mailing, in order to determine or fix the list of holders to prepare the mailing. We may also refuse to register transfer or exchanges of any certificated Notes selected for redemption, except that we will continue to permit transfers and exchanges of the unredeemed portion of any Note that will be partially redeemed.

Governing Law

The Indenture and the Notes will be governed by and construed in accordance with the laws of the State of New York.

About the Trustee

Wilmington Savings Fund Society, FSB currently serves and is expected to continue to serve as the trustee under the Indenture and will be the principal paying agent and registrar for the Notes. The trustee may resign or be removed with respect to the Notes provided that a successor trustee is appointed to act with respect to the Notes.

Private and Confidential

DATED JANUARY 7, 2021

(1) KNA USE NHOLDING LLC

(as Borrower)

(2) EACH OF THE ENTITIES LISTED IN SCHEDULE 1 PART I

(as Vessel Owners)

(3) GSL LEGACY HOLDING LLC

(as Parent)

(4) GLOBAL SHIP LEASE, INC.

(as Ultimate Parent)

(5) THE FINANCIAL INSTITUTIONS LISTED IN SCHEDULE 1 PART II 1

(as Original Lenders)

(6) HAYFIN SERVICES LLP

(as Agent)

(7) HAYFIN SERVICES LLP

(as Security Agent)

FACILITY AGREEMENT
SECURED TERM LOAN FACILITY OF UP TO US$236,200,000

EXECUTION VERSION

REFERENCE: RAW/CEH/382792.00053

CONTENTS

CLAUSE

THIS AGREEMENT dated_____2021

BETWEEN:

(1) **KNAUSEN HOLDING LLC**, a limited liability company formed under the laws of the Republic of the Marshall Islands whose registered office is at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, the Republic of the Marshall Islands, MH 96960 ("**Borrower**");

(2) **EACH OF THE ENTITIES** listed in Part I of Schedule 1 (*The Original Parties*) as vessel owners (together the "**Vessel Owners**" and each a "**Vessel Owner**");

(3) **GSL LEGACY HOLDING LLC**, a limited liability company formed under the laws of the Republic of the Marshall Islands whose registered office is at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, the Republic of the Marshall Islands, MH 96960 ("**Parent**");

(4) **GLOBAL SHIP LEASE, INC.**, a corporation incorporated under the laws of the Republic of the Marshall Islands whose registered office is at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, the Republic of the Marshall Islands, MH 96960 ("**Ultimate Parent**");

(5) **THE FINANCIAL INSTITUTIONS** listed in Part II of Schedule 1 (*The Original Parties*) as lenders ("**Original Lenders**");

(6) **HAYFIN SERVICES LLP** as agent of the Finance Parties ("**Agent**"); and

(7) **HAYFIN SERVICES LLP** as security agent for the Finance Parties ("**Security Agent**").

BACKGROUND

The Lenders have agreed to make available to the Borrower a loan facility of up to the Maximum Loan Amount for the purposes of refinancing the existing indebtedness incurred in relation to certain of the Vessels pursuant to the Senior Secured Notes and to pay any fees, costs or expenses under this Agreement.

IT IS AGREED as follows:

1. Definitions and Interpretation

1.1 Definitions

In this Agreement:

"**Account**" means each of the Earnings Accounts, each of the Dry Docking Reserve Accounts, the Minimum Liquidity Account and any other account opened, made or established in accordance with Clause 24 (*Accounts*).

"**Account Bank**" means, in relation to any Account, ABN AMRO Bank NV or any other bank or financial institution approved by the Agent (with the prior written consent of the Majority Lenders).

"**Account Holder**" means, in relation to any Account, each Obligor in whose name that Account is held.

"**Accounts Security**" means, in relation to an Account, a deed or other instrument granted by the Account Holder in favour of the Security Agent conferring Security over that Account in the agreed form.

"**Affiliate**" means, in relation to any person, a Subsidiary of that person or a Holding Company of that person or any other Subsidiary of that Holding Company.

"**Approved Brokers**" means Maersk Broker or the head offices of Barry Rogliano Salles or Howe Robinson Partners (or any Affiliate of such persons through which valuations are commonly issued), or any independent international sale and purchase broker mutually agreed by the Agent (acting on the instructions of the Majority Lenders) and the Borrower from time to time (and "**Approved Broker**" means any one of them).

"**Approved Commercial Manager**" means, in relation to a Vessel:

(a) Global Ship Lease Services Limited;

(b) Conchart Commercial Inc.;

(c) any other wholly owned subsidiary of the Ultimate Parent; or

(d) any other third party management company as the Agent may, with the authorisation of the Majority Lenders acting reasonably, approve in writing from time to time in respect of that Vessel.

"**Approved Flag**" means Hong Kong, Liberia, Panama, Bahamas, Marshall Islands, Malta, Bermuda or Cyprus flag or any other flag mutually agreed by the Agent (with the authorisation of all Lenders) and the Borrower, provided that, for the avoidance of doubt, no flag under which a Vessel may be registered may be changed from one Approved Flag to another Approved Flag without the consent of the Agent (with the authorisation of all Lenders), such consent not to be unreasonably withheld or delayed.

"**Approved Manager**" means each Approved Technical Manager and each Approved Commercial Manager.

"**Approved Sub-Manager**" means, in relation to an Approved Manager, any sub-manager appointed by an Approved Manager with the approval of the Agent, with the authorisation of the Majority Lenders, pursuant to Clause 22.18 (*Management Agreement*).

"**Approved Technical Manager**" means, in relation to a Vessel, Technomar Shipping Inc. as well as any Affiliates thereof or any other management company as the Agent may, with the authorisation of the Majority Lenders, approve in writing from time to time in respect of that Vessel (such approval not to be unreasonably withheld or delayed).

"**Assignment Agreement**" means an agreement substantially in the form set out in Schedule 5 (*Form of Assignment Agreement*) or any other form agreed between the relevant assignor and assignee.

"**Auditor**" means a certified public auditor or audit firm seated in an EEA Member Country, the United Kingdom, Hong Kong, Canada or the United States of America and licensed by the relevant national authorities.

"**Availability Period**" means the period from and including the date of this Agreement to and including 31 January 2021 (or such later date as the Agent may agree in its sole discretion acting on the instructions of the Majority Lenders).

"**Available Commitment**" means a Lender's Commitment minus:

(a) the amount of its participation in the outstanding Loan; and

(b) in relation to any proposed Utilisation, the amount of its participation in the Utilisation that is due to be made on or before the proposed Utilisation Date.

"**Available Facility**" means the aggregate for the time being of each Lender's Available Commitment.

"**Bail-In Action**" means the exercise of any Write-down and Conversion Powers.

"**Bail-In Legislation**" means:

(a) in relation to an EEA Member Country which has implemented, or which at any time implements, Article 55 of Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms, the relevant implementing law or regulation as described in the EU Bail-In Legislation Schedule from time to time;

(b) in relation to any state other than such an EEA Member Country and the United Kingdom, any analogous law or regulation from time to time which requires contractual recognition of any Write-down and Conversion Powers contained in that law or regulation; and

(c) in relation to the United Kingdom, the UK Bail-In Legislation.

"**Blocking Law**" means any of the following:

(a) the U.S. Export Administration Regulations, 15 C.F.R. Part 760, and Section 1771-4 of P.L. 115-232, or Section 999 of the internal Revenue Code of 1986, as amended (referred to as the Ribicoff Amendment) and their respective implementing rules and regulations;

(b) any provision of Council Regulation (EC) No. 2271/1996 of 22 November 1996, as amended (or any law or regulation implementing such regulation in any member state of the European Union);

(c) any provision of Council Regulation (EC No. 2271/1996 of 22 November 1996, as amended and as it applies in the UK pursuant to (i) the European Union (Withdrawal) Act of 2018 of the UK and (ii) the European Union (Withdrawal Agreement) Act 2020 of the UK;

(d) section 7 of the German Foreign Trade Regulation (*Außenwirtshaftsverordnung*);

(e) any provision of the UK Protection of Trading Interests Act 1980 or any subsidiary legislation; or

(f) any similar blocking or anti-boycott law. "**Board of Directors**" means:

(a) with respect to a corporation, the board of directors of the corporation or, other than for purposes of the definition of "Change of Control," any committee thereof duly authorised to act on behalf of such board; and

(b) with respect to any other person, the functional equivalent of a board of directors of a corporation or, other than for purposes of the definition of "Change of Control," any committee thereof duly authorised to act on behalf thereof.

"**Break Costs**" means the amount (if any) by which:

(a) the interest (excluding the Margin) which a Lender should have received for the period from the date of receipt of all or any part of its participation in the Loan or Unpaid Sum to the last day of the current Interest Period in respect of that Loan or Unpaid Sum, had the principal amount or Unpaid Sum received been paid on the last day of that Interest Period;

exceeds:

(b) the amount which that Lender would be able to obtain by placing an amount equal to the principal amount or Unpaid Sum received by it on deposit with a leading bank in the Relevant Interbank Market for a period starting on the Business Day following receipt or recovery and ending on the last day of the current Interest Period.

"**Business Day**" means a day (other than a Saturday or Sunday) on which banks are open for general business in Amsterdam, Athens, London and New York.

"**Capital Stock**" means:

(a) in the case of a corporation, corporate stock;

(b) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) in the equity of such association or entity;

(c) in the case of a partnership or limited liability company, partnership interests (whether general or limited), membership interests or limited liability company interests; and

(d) any other interest or participation that confers on a person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing person, but excluding from all of the foregoing any debt securities convertible into Capital Stock, whether or not such debt securities include any right of participation with Capital Stock.

"**Cash**" means, at any time with respect to any person, cash in hand or at a bank and (in the latter case) credited to an account in the name of that person and to which that person alone is beneficially entitled and for so long as:

(a) that cash is repayable within thirty (30) days after the relevant date of calculation;

(b) repayment of that cash is not contingent on the prior discharge of any other indebtedness of that person or of any other person whatsoever or on the satisfaction of any other condition other than any such conditions under Transaction Security referred to in paragraph (c) below;

(c) there is no Security over that cash except for Transaction Security; and

(d) the cash is freely and (except as mentioned in paragraph (a) and (c) above) immediately available to be applied in repayment or prepayment of the Loan.

"**Cash Equivalents**" means:

(a) United States dollars, pounds sterling or Euro or other currency of a member of the Organization for Economic Cooperation and Development (including such currencies as are held as overnight bank deposits and demand deposits with banks);

(b) securities issued or directly and fully guaranteed or insured by the government of the United States of America or any Member State of the European Union or any other country whose sovereign debt has a rating of at least "A3" from Moody's and at least "A-" from S&P or any agency or instrumentality thereof having maturities of not more than one year from the date of acquisition;

(c) demand and time deposits and eurodollar time deposits and certificates of deposit or bankers' acceptances with maturities of one year or less from the date of acquisition, in each case, with any financial institution organised under the laws of any country that is a member of the Organization for Economic Cooperation and Development (i) whose long-term debt obligations are rated at least "A-3" or the equivalent thereof by S&P or at least "P-3" or the equivalent thereof by Moody's (or if at the time neither is issuing comparable ratings, then a comparable rating of another Rating Agency) and (ii) having capital and surplus and undivided profits in excess of US$250 million;

(d) repurchase obligations with a term of not more than 60 days for underlying securities of the types described in paragraph (b) of this definition entered into with any financial institution meeting the qualifications specified in paragraph (c) of this definition;

(e) commercial paper and variable or fixed rate notes rated "P-1" or higher by Moody's or "A-1" or higher by S&P and, in each case, maturing within one year after the date of acquisition;

(f) money market funds that invest primarily in Cash Equivalents of the kinds described in paragraphs (a) through (e) of this definition; and

(g) instruments equivalent to those referred to in paragraphs (a) through (f) of this definition denominated in any other foreign currency and comparable in credit quality and tenor to those referred to above and customarily to the extent reasonably required in connection with (i) any business conducted by the Ultimate Parent or any of its Subsidiaries in such jurisdiction or (ii) any investment in the jurisdiction in which such investment is made.

"**Change of Control**" means:

(a) in respect of the Ultimate Parent, the occurrence of any of the following events:

(i) at any time, the Ultimate Parent becomes aware of (by way of a report or any other filing pursuant to Section 13(d) of the Exchange Act, proxy, vote, written notice or otherwise) the acquisition by any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act or any successor provision), including any group acting for the purpose of acquiring, holding or disposing of securities (within the meaning of Rule 13d-5(b)(1) under the Exchange Act, or any successor provision), other than the Permitted Holders, in a single transaction or in a related series of transactions, by way of merger, consolidation or other business combination or purchase of beneficial ownership of more than 35% of the total voting power of the Voting Stock of the Ultimate Parent or any direct or indirect parent company of the Ultimate Parent; *provided* that (x) so long as the Ultimate Parent is a Relevant Subsidiary of a parent company, no person shall be deemed to be or become a beneficial owner of more than 35% of the total voting power of the Voting Stock of the Ultimate Parent unless such person shall be or become a beneficial owner of more than 35% of the total voting power of the Voting Stock of such parent company and (y) any Voting Stock of which any Permitted Holder is the beneficial owner shall not in any case be included in calculating the Voting Stock of which any such person first referred to above in this paragraph (i) is the beneficial owner;

(ii) the sale, lease or transfer, in one or a series of related transactions, of all or substantially all of the assets of the Ultimate Parent and its Relevant Subsidiaries, taken as a whole, to any person other than a wholly owned Relevant Subsidiary or one or more Permitted Holders in connection with which any person other than one or more Permitted Holders, is or becomes the beneficial owner (within the meaning of Rule 13d-3 under the Exchange Act, or any successor provision), directly or indirectly, of a majority of the total voting power of the Voting Stock of the transferee person in such sale or transfer of assets, as the case may be; *provided* that (x) so long as such transferee person is a Relevant Subsidiary of a Permitted Parent, no person shall be deemed to be or become a beneficial owner of a majority of the total voting power of the Voting Stock of such transferee person unless such person shall be or become a beneficial owner of a majority of the total voting power of the Voting Stock of such Permitted Parent and (y) any Voting Stock of which any Permitted Holder is the beneficial owner shall not in any case be included in the calculation of any Voting Stock of which any such person first referred to above in this paragraph (ii) is the beneficial owner;

(iii) the Ultimate Parent shall adopt a plan of liquidation or dissolution or any such plan shall be approved by the stockholders of the Ultimate Parent;

(iv) de-listing of the Ultimate Parent's common stock from the New York Stock Exchange or another internationally recognised stock exchange (if applicable) that does not occur in connection with a listing of the Ultimate Parent's common stock on another internationally recognised stock exchange;

(v) Mr George Giouroukos ceases to own (either directly or through one or more affiliates) at least 50% of the number of shares of the Ultimate Parent held by him on the date of the completion of the Merger (excluding any share split or reverse split) other than by reason of death or other incapacity in managing his affairs; or

(vi) Mr George Giouroukos ceases to be the Executive Chairman of (or to hold an equivalent executive officer position in) the Ultimate Parent other than by reason of death or other incapacity in managing his affairs;

(b) in respect of the Parent:

(i) a sale, lease or transfer of all or substantially all of the Parent's assets to any person or group; or

(ii) at any time during which and for any reason, the Ultimate Parent fails to legally and beneficially own, directly, one hundred per cent. (100%) of the limited liability company interests and other equity interests of the Parent;

(c) in respect of the Borrower:

(i) a sale, lease or transfer of all or substantially all of the Borrower's assets to any person or group; or

(ii) at any time during which and for any reason, the Parent fails to legally and beneficially own, directly, one hundred per cent. (100%) of the limited liability company interests and other equity interests of the Borrower;

(d) in respect of each Vessel Owner:

(i) a sale, lease or transfer of all or substantially all of that Vessel Owner's assets to any person or group other than as expressly permitted by the terms of this Agreement; or

(ii) at any time on or after the date falling one (1) Business Day after the Preposition Date during which and for any reason, the Borrower fails to legally and beneficially own, directly, one hundred per cent. (100%) of the capital stock, limited liability company interests and other equity interests of that Vessel Owner.

"**Charged Property**" means the shares or limited liability company interests, as applicable, in each of the relevant Obligors and all of the assets of the relevant Obligors which from time to time are, or are expressed or intended to be, the subject of the Security Documents.

"**Charter**" means, in respect of a Vessel, any time charter or other contract of employment between the relevant Vessel Owner owning that Vessel and any charterer, which exceeds or is capable of exceeding twenty four (24) months (including by virtue of optional extensions).

"**Charter Assignment**" means the first priority assignment of any Charter in the agreed form.

"**Classification**" means, in relation to a Vessel, the classification with the Classification Society specified in Schedule 9 (*Details of Vessels*) or such other classification with a Classification Society as the Agent may, with the authorisation of the Majority Lenders, approve in writing (such authorisation not to be unreasonably withheld or delayed).

"**Classification Society**" means, in relation to a Vessel, DNV-GL, Bureau Veritas, ABS, Lloyds, NKK, RINA or such other classification society being a member of the International Association of Classification Societies mutually agreed by the Agent (with the authorisation of the Majority Lenders) and the Borrower.

"**Code**" means the US Internal Revenue Code of 1986 as amended.

"**Commercial Management Agreement**" means, in relation to a Vessel, any commercial management agreement entered into or to be entered into (as applicable) between the Vessel Owner owning that Vessel and an Approved Commercial Manager in form and substance acceptable to the Agent (such acceptance not to be unreasonably withheld or delayed, and acting on the instructions of the Majority Lenders).

"**Commission**" means the U.S. Securities and Exchange Commission.

"**Commitment**" means:

(a) in relation to an Original Lender, the amount set opposite its name under the heading "Commitment" in Part I of Schedule 1 (*The Original Parties*) and the amount of any other Commitment transferred or assigned to it under this Agreement; and

(b) in relation to any other Lender, the amount of any Commitment transferred or assigned to it under this Agreement,

to the extent not cancelled, reduced or transferred by it under this Agreement.

"**Compliance Certificate**" means a certificate in the form set out in Schedule 6 (*Form of Compliance Certificate*) or otherwise in form and substance satisfactory to the Agent.

"**Confidential Information**" means all information relating to the Ultimate Parent and any Group member, the Finance Documents or the Loan of which a Finance Party becomes aware in its capacity as, or for the purpose of becoming, a Finance Party which is received by a Finance Party in relation to, or for the purpose of becoming a Finance Party under, the Finance Documents or the Loan from either:

(a) any Obligor or any of its advisers; or

(b) another Finance Party, if the information was obtained by that Finance Party directly or indirectly from any Obligor or any of its advisers, in whatever form, and includes information given orally and any document, electronic file or any other way of representing or recording information which contains or is derived or copied from such information but excludes information that:

(i) is or becomes public information other than as a direct or indirect result of any breach by that Finance Party of Clause 41 (*Confidentiality*); or

(ii) is identified in writing at the time of delivery as non-confidential by any Obligor or any of its advisers; or

(iii) is known by that Finance Party before the date the information is disclosed to it in accordance with (a) or (b) or is lawfully obtained by that Finance Party after that date, from a source which is, as far as that Finance Party is aware, unconnected with any Obligor and which, in either case, as far as that Finance Party is aware, has not been obtained in breach of, and is not otherwise subject to, any obligation of confidentiality.

"**Confidentiality Undertaking**" means a confidentiality undertaking substantially in a recommended form of the LMA from time to time or in any other form agreed between the Borrower and the Agent.

"**Corresponding Debt**" means any amount, other than a Parallel Debt, which a Transaction Obligor owes to a Finance Party under or in connection with the Finance Documents.

"**Deed of Covenants**" means, in relation to a Vessel registered under Hong Kong, Bahamas, Bermuda, Malta or Cyprus flag (or under any other Approved Flag whose laws prescribe a statutory form of vessel mortgage), a first priority deed of covenants collateral to the relevant Mortgage, in the agreed form.

"**Default**" means an Event of Default or any event or circumstance specified in Clause 26 (*Events of Default*) which would (with the expiry of a grace period, the giving of notice, the making of any determination under the Finance Documents or any combination of any of the foregoing) be an Event of Default.

"**Defaulting Lender**" means any Lender:

(a) which has failed to make its participation in the Loan available (or has notified the Agent that it will not make its participation in the Loan available) by the Utilisation Date in accordance with Clause 5.4 (*Lenders' participation*);

(b) which has otherwise rescinded or repudiated a Finance Document; or

(c) with respect to which an Insolvency Event has occurred and is continuing,

unless, in the case of paragraph (a) above:

(i) its failure to pay is caused by:

(A) administrative or technical error; or

(B) a Disruption Event, and

payment is made within two (2) Business Days of its due date; or

(ii) the Lender is disputing in good faith whether it is contractually obliged to make the payment in question.

"**Delegate**" means any delegate, agent, attorney or co-trustee appointed by the Security Agent.

"**Disruption Event**" means either or both of:

(a) a material disruption to those payment or communications systems or to those financial markets which are, in each case, required to operate in order for payments to be made in connection with the Facility (or otherwise in order for the transactions contemplated by the Finance Documents to be carried out) which disruption is not caused by, and is beyond the control of, any of the Parties; or

(b) the occurrence of any other event which results in a disruption (of a technical or systems-related nature) to the treasury or payments operations of a Party preventing that, or any other Party:

(i) from performing its payment obligations under the Finance Documents; or

(ii) from communicating with other Parties in accordance with the terms of the Finance Documents, and which (in either such case) is not caused by, and is beyond the control of, the Party whose operations are disrupted.

"**Dividend / Loan Payment Criteria**" means, at the time of a proposed dividend, distribution or loan payment by the Borrower (in the case of a dividend, distribution or loan payment to the Parent) or the Parent (in the case of a dividend, distribution or loan payment to the Ultimate Parent):

(a) the Borrower provides a Compliance Certificate to the Agent evidencing that the Minimum Liquidity Test will continue to be satisfied following the making of such dividend, distribution or loan payment;

(b) no Default has occurred and is continuing or would result from the making of such dividend, distribution or loan payment;

(c) such dividend, distribution or loan payment is made within 30 days of a Quarter Date; and

(d) no such dividend, distribution or loan payment is made before 31 March 2021.

"**DOC**" means, in relation to the ISM Company, a valid Document of Compliance issued for the ISM Company by the Administration (as defined in the ISM Code) under paragraph 13.2 of the ISM Code.

"**Dollars**" and "**US$**" mean the lawful currency, for the time being, of the United States of America.

"**Dry Docking Costs**" means, in respect of a Vessel, costs in respect of any intermediate or special survey of that Vessel which is scheduled to take place prior to the Termination Date.

"**Dry Docking Reserve**" means, in relation to each Vessel, amounts paid into the relevant Dry Docking Reserve Account in accordance with Clause 24.8 (*Dry Docking Reserve*).

"**Dry Docking Reserve Accounts**" means, in relation to each Vessel Owner, an account in the name of that Vessel Owner with the Account Bank, or any other account opened or established with that office of the Account Bank or another office of the Account Bank which is designated by the Agent as a "Dry Docking Reserve Account" for the purposes of this Agreement and "**Dry Docking Reserve Account**" means any of them.

"**Earnings**" means, in relation to a Vessel, all moneys whatsoever which are now, or later become, payable (actually or contingently) to the Vessel Owner owning that Vessel or the Security Agent and which arise out of the use or operation of the Vessel including (but not limited to):

(a) all freight, hire and passage moneys, money or compensation payable for the provision of services by or from a Vessel or under any charter commitment, compensation payable to that Vessel Owner or the Security Agent in the event of requisition of a Vessel for hire, general average consolidation, remuneration for salvage and towage services, demurrage and detention moneys and damages for breach (or payments for variation or termination) of any charterparty or other contract for the employment of a Vessel;

(b) all moneys which are at any time payable under Insurances in respect of loss of earnings; and

(c) if and whenever a Vessel is employed on terms whereby any moneys falling within paragraphs (a) or (b) is pooled or shared with any other person, that proportion of the net receipts of the relevant pooling or sharing arrangement which is attributable to a Vessel.

"**Earnings Accounts**" means, in relation to each Vessel Owner, an account in the name of that Vessel Owner with the Account Bank, or any other account opened or established with that office of the Account Bank or another office of the Account Bank which is designated by the Agent as an "**Earnings Account**" for the purposes of this Agreement and "**Earnings Account**" means any of them.

"**EEA Member Country**" means any member state of the European Union, Iceland, Liechtenstein and Norway.

"**Eligible Institution**" means any Lender or other bank, financial institution, trust, fund or other entity selected by the Borrower and which, in each case, is not the Ultimate Parent or a member of the Group.

"**Environment**" means humans, animals, plants and all other living organisms including the ecological systems of which they form part and the following media:

(a) air (including, without limitation, air within natural or man-made structures, whether above or below ground);

(b) water (including, without limitation, territorial, coastal and inland waters, water under or within land and water in drains and sewers); and

(c) land (including, without limitation, land under water).

"**Environmental Approval**" means any present or future permit, ruling, variance or other authorisation required under Environmental Law.

"**Environmental Claim**" means any claim, proceeding, formal notice or investigation by any governmental, judicial or regulatory authority or any other person which arises out of an Environmental Incident or an alleged Environmental Incident or which relates to any Environmental Law and, for this purpose, "claim" includes a claim for damages, compensation, contribution, injury, fines, losses and penalties or any other payment of any kind, including in relation to clean-up and removal, whether or not similar to the foregoing; an order or direction to take, or not to take, certain action or to desist from or suspend certain action; and any form of enforcement or regulatory action, including the arrest or attachment of any asset.

"**Environmental Incident**" means:

(a) any release, emission, spill or discharge into a Vessel or into or upon the air, sea, land or soils (including the seabed) or surface water of Environmentally Sensitive Material within or from a Vessel; or

(b) any incident in which Environmentally Sensitive Material is released, emitted, spilled or discharged into or upon the air, sea, land or soils (including the seabed) or surface water from a vessel other than a Vessel and which involves a collision between a Vessel and such other vessel or some other incident of navigation or operation, in either case, in connection with which a Vessel is actually or potentially liable to be arrested, attached, detained or injuncted and/or a Vessel and/or any Obligor and/or any operator or manager of a Vessel is at fault or allegedly at fault or otherwise liable to any legal or administrative action; or

(c) any other incident in which Environmentally Sensitive Material is released, emitted, spilled or discharged into or upon the air, sea, land or soils (including the seabed) or surface water otherwise than from a Vessel and in connection with which a Vessel is actually or potentially liable to be arrested and/or where any Obligor and/or any operator or manager of a Vessel is at fault or allegedly at fault or otherwise liable to any legal or administrative action, other than in accordance with an Environmental Approval.

"**Environmental Law**" means any applicable or relevant present or future law or regulation relating to pollution or protection of human health or the Environment, to conditions in the workplace, to the carriage, generation, handling, storage, use, release or spillage of Environmentally Sensitive Material or to actual or threatened releases of Environmentally Sensitive Material.

"**Environmentally Sensitive Material**" means and includes all contaminants, oil, oil products, toxic substances and any other substance (including any chemical, gas or other hazardous or noxious substance) which is (or is capable of being or becoming) polluting, toxic or hazardous.

"**EU Bail-In Legislation Schedule**" means the document described as such and published by the Loan Market Association (or any successor person) from time to time.

"**Event of Default**" means any event or circumstance specified as such in Clause 26 (*Events of Default*) or any other event or circumstance described as such in any other provision of a Finance Document.

"**Exchange Act**" means the U.S. Securities Exchange Act of 1934, as amended, or any successor statute or statutes thereto and, in each case, the rules and regulations promulgated by the Commission thereunder.

"**Existing Security**" means the security provided by the Obligors in favour of Citibank N.A., London Branch as security for the obligations owed by the Ultimate Parent under the Senior Secured Notes.

"**Facility**" means the term loan facility made available under this Agreement as described in Clause 2.1 (*The Facility*).

"**Facility Office**" means:

(a) in respect of a Lender, the office or offices notified by a Lender to the Agent in writing on or before the date it becomes a Lender (or, following that date, by not less than five (5) Business Days' written notice) as the office or offices through which it will perform its obligations under this Agreement; and

(b) in respect of any other Finance Party, the office in the jurisdiction in which it is resident for tax purposes.

"**Facility Period**" means the period from and including the date of this Agreement to and including the date on which the Total Commitments have been reduced to zero and all Secured Liabilities have been fully paid and discharged.

"**FATCA**" means:

(a) sections 1471 to 1474 of the Code or any associated regulations or other official guidance;

(b) any treaty, law, regulation or other official guidance enacted in any other jurisdiction, or relating to an intergovernmental agreement between the US and any other jurisdiction, which (in either case) facilitates the implementation of any law or any regulation referred to in paragraph (a) above; or

(c) any agreement pursuant to the implementation of any treaty, law, regulation or other official guidance referred to in paragraphs (a) or (b) above with the US Internal Revenue Service, the US government or any governmental or taxation authority in any other jurisdiction.

"**FATCA Application Date**" means:

(a) in relation to a "withholdable payment" described in section 1473(1)(A)(i) of the Code (which relates to payments of interest and certain other payments from sources within the US), 1 July 2014;

(b) in relation to a "passthru payment" described in section 1471(d)(7) of the Code not falling within paragraph (a) above, the first date from which such payment may become subject to a deduction or withholding required by FATCA.

"**FATCA Deduction**" means a deduction or withholding from a payment under a Finance Document required by FATCA.

"**FATCA Exempt Party**" means a Party that is entitled to receive payments free from any FATCA Deduction.

"**Fee Letter**" means any letter or letters dated on or about the date of this Agreement between (i) the Agent or the Security Agent and (ii) the Borrower setting out any of the fees referred to in Clause 11 (*Fees*).

"**Finance Document**" means:

(a) this Agreement;

(b) any Security Document;

(c) any Fee Letter; or

(d) any other document designated as a Finance Document by the Agent and any Obligor party to it.

"**Finance Party**" means the Agent, the Security Agent or a Lender (together the "**Finance Parties**").

"**Financial Half Year**" means each period of six (6) months ending on a Half Year Date.

"**Financial Indebtedness**" means any indebtedness for or in respect of:

(a) moneys borrowed;

(b) any amount raised by acceptance under any acceptance credit facility or dematerialised equivalent;

(c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;

(d) any redeemable preference share issues which mature prior to the date which is 6 months after the Termination Date (excluding, for this purpose, any preference shares issued by the Ultimate Parent which have a maturity date prior to such date and which covert into ordinary shares at maturity) or are otherwise classified as borrowings under GAAP;

(e) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with GAAP, be treated as a finance or capital lease;

(f) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);

(g) any amount raised under any other transaction (including any forward sale or purchase agreement) of a type not referred to in any other paragraph of this definition having the commercial effect of a borrowing;

(h) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value (or, if any actual amount is due as a result of the termination or close-out of that derivative transaction, that amount) shall be taken into account);

(i) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and

(j) the amount of any liability in respect of any guarantee, indemnity or similar assurance against financial loss in respect of any of the items referred to in paragraphs (a) to (i) above.

"**Financial Quarter**" means each period of three (3) months ending on a Quarter Date.

"**Fresh Equity Injection**" means, at any time after the date of this Agreement:

(a) any Cash actually received by the Borrower from the Parent in consideration for the Borrower's limited liability company interests, which was in turn received in full by the Parent from the Ultimate Parent in consideration for the Parent's limited liability company interests; or

(b) any Cash actually received by the Borrower from the Parent by way of Permitted Intercompany Debt, which was in turn received in full from the Ultimate Parent in consideration for the Parent's limited liability company interests.

"**GAAP**" means generally accepted accounting principles in the United States of America.

"**General Assignment**" means, in relation to a Vessel Owner, any assignment of the Earnings, Insurances and Requisition Compensation in respect of the Vessel owned by that Vessel Owner, entered into by that Vessel Owner in favour of the Security Agent in the agreed form.

"**Group**" means the Parent, the Borrower and each Vessel Owner and their respective Subsidiaries for the time being.

"**GSLS**" means Global Ship Lease Services Limited.

"**Guarantees**" means the guarantees and indemnities in Clause 17 (*Guarantee and indemnity*) (and "**Guarantee**" means any of them).

"**Guarantors**" means, together, the Ultimate Parent, the Parent and each Vessel Owner.

"**Half Year Date**" means 30th June and 31st December of each calendar year.

"**Holding Company**" means, in relation to a person, any other person in respect of which it is a Subsidiary.

"**Hong Kong**" means the Hong Kong Special Administrative Region of the People's Republic of China.

"**IAPPC**" means a valid and current International Air Pollution Prevention Certificate.

"**Impaired Agent**" means the Agent at any time when:

(a) it has failed to make (or has notified a Party that it will not make) a payment required to be made by it under the Finance Documents by the due date for payment;

(b) the Agent otherwise rescinds or repudiates a Finance Document;

(c) (if the Agent is also a Lender) it is a Defaulting Lender under paragraph (a) or (b) of the definition of "Defaulting Lender"; or

(d) an Insolvency Event has occurred and is continuing with respect to the Agent;

unless, in the case of paragraph (a) above:

(i) its failure to pay is caused by:

(A) administrative or technical error; or

(B) a Disruption Event; and

payment is made within two (2) Business Days of its due date; or

(ii) the Agent is disputing in good faith whether it is contractually obliged to make the payment in question.

"**Insolvency Event**" in relation to an entity means that the entity:

(a) is dissolved (other than pursuant to a consolidation, amalgamation or merger);

(b) becomes insolvent or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due;

(c) makes a general assignment, arrangement or composition with or for the benefit of its creditors;

(d) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official;

(e) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition is instituted or presented by a person or entity not described in (d) and:

(i) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation; or

(ii) is not dismissed, discharged, stayed or restrained in each case within thirty (30) days of the institution or presentation thereof;

(f) has exercised in respect of it one or more of the stabilisation powers pursuant to Part 1 of the Banking Act 2009 and/or has instituted against it a bank insolvency proceeding pursuant to Part 2 of the Banking Act 2009 or a bank administration proceeding pursuant to Part 3 of the Banking Act 2009;

(g) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger);

(h) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets (other than, for so long as it is required by law or regulation not to be publicly disclosed, any such appointment which is to be made, or is made, by a person or entity described in (d));

(i) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within thirty (30) days thereafter;

(j) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in (a) to (i); or

(k) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts.

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

(a) any policy and contract of insurance including entries of that Vessel in any protection and indemnity or war risk association, effected in relation to that Vessel and that Vessel's Earnings whether before or after the date of this Agreement; and

(b) all rights and other assets relating to, or derived from, any such policies and contracts of insurance (including any rights to a return for a premium).

"**Interest Period**" means, in relation to the Loan, each period determined in accordance with Clause 9 (*Interest Periods*) and, in relation to an Unpaid Sum, each period determined in accordance with Clause 8.3 (*Default interest*).

"**Interpolated Screen Rate**" means, in relation to the Loan, the rate (rounded to the same number of decimal places as the two relevant Screen Rates) which results from interpolating on a linear basis between:

(a) the applicable Screen Rate for the longest period (for which that Screen Rate is available) which is less than the Interest Period of the Loan; and

(b) the applicable Screen Rate for the shortest period (for which that Screen Rate is available) which exceeds the Interest Period of the Loan,

each as of the Specified Time for the currency of the Loan.

"**Intra-Company Loan Agreement**" means any agreement to be entered into by the Ultimate Parent, the Parent, the Borrower and/or the Vessel Owners, exclusively for the purpose of making Permitted Intercompany Debt available in accordance with the terms of the Finance Documents.

"**ISM Code**" means the International Safety Management Code for the Safe Operation of Ships and for Pollution Prevention (including the guidelines on its implementation), adopted by the International Maritime Organisation, as the same may be amended or supplemented from time to time (and the terms "safety management system", "Safety Management Certificate" and "Document of Compliance" have the same meanings as are given to them in the ISM Code).

"**ISM Company**" means, at any given time, the company responsible for a Vessel's compliance with the ISM Code.

"**ISPS Code**" means the International Ship and Port Facility Security Code adopted by the International Maritime Organisation (as the same may be amended, supplemented or superseded from time to time).

"**ISSC**" means a valid and current International Ship Security Certificate issued under the ISPS Code.

"**Joint Venture**" means any joint venture entity, whether a company, unincorporated firm, undertaking, association, joint venture or partnership or any other entity.

"**Legal Reservations**" means:

(a) the principle that equitable remedies may be granted or refused at the discretion of a court and the limitation of enforcement by laws relating to insolvency, reorganisation and other laws generally affecting the rights of creditors;

(b) the time barring of claims under the Limitation Acts, the possibility that an undertaking to assume liability for or to indemnify a person against non-payment of UK stamp duty may be void and defences of set-off or counterclaim;

(c) the limitation of the enforcement of the terms of leases of real property by laws of general application to those leases;

(d) similar principles, rights and remedies under the laws of any Relevant Jurisdiction; and

(e) any other matters which are set out as qualifications or reservations as to matters of law of general application in any legal opinions supplied to the Agent as a condition precedent under this Agreement on or before the Utilisation Date.

"**Lender**" means:

(a) any Original Lender; and

(b) any bank, financial institution, trust, fund or other entity which has become a Party in accordance with Clause 27 (*Changes to the Lenders*),

which in each case has not ceased to be a Party in accordance with the terms of this Agreement.

"**LIBOR**" means, in relation to the Loan or any part of it:

(a) the applicable Screen Rate; or

(b) (if no Screen Rate is available for the Interest Period of the Loan or any part of it) the Interpolated Screen Rate for the Loan;

(c) if:

(i) no Screen Rate is available for Dollars; or

(ii) no Screen Rate is available for the Interest Period of the Loan or any part of it and it is not possible to calculate the Interpolated Screen Rate for the Loan or part of it,

the Reference Bank Rate,

as of in the case of paragraphs (a) and (c) above the Specified Time on the Quotation Day for Dollars and for a period equal in length to the Interest Period of the Loan, or part of it and, if any such rate is below 0.5% per annum, LIBOR shall be deemed to be 0.5% per annum.

"**Limitation Acts**" means the Limitation Act 1980 and the Foreign Limitation Periods Act 1984.

"**Loan**" means the loan made or to be made under the Facility or, as the context requires, the principal amount outstanding for the time being of the loan (which shall for the avoidance of doubt shall be equal to the aggregate principal amount outstanding for the time being of all Notional Vessel Tranches).

"**Loan to Own Investor**" means any entity whose principal investment strategy is the purchase of loans to, or debt securities issued by, an entity (the "**Target**") at a material discount to the face value of such loans or debt securities and with a view of either (i) owning the equity in, or gaining control of the business of, the Target or (ii) pursuing active enforcement policies with respect to such loans or debt securities.

"**LTV Ratio**" means, at any time, the Loan as a percentage of the aggregate Market Value of all Vessels.

"**Major Casualty**" means, in relation to a Vessel, any casualty to that Vessel in respect of which the claim or the aggregate of the claims against all insurers, inclusive of any franchise or deductible, exceeds or may exceed the Major Casualty Amount.

"**Major Casualty Amount**" means, in relation to a Vessel, US$750,000 or the equivalent in any other currency.

"**Majority Lenders**" means a Lender or Lenders whose Commitments aggregate at least 662/3% of the Total Commitments or, if the Total Commitments have been reduced to zero, aggregated at least 662/3% of the Total Commitments immediately prior to the reduction.

"**Make Whole Amount**" means an amount equal to the greater of:

(a) 3% of the principal amount to be prepaid; and

(b) the excess of:

(i) the present value on the date of prepayment of the aggregate of: (x) 103% of the principal amount to be prepaid as if that amount would otherwise be prepaid on the date which is immediately after the date falling on the twenty four month anniversary of the Utilisation Date; and (y) the amount equal to the amount of all interest which would otherwise have accrued for the period from the date of such prepayment (assuming for these purposes that LIBOR is the greater of (I) the LIBOR rate for a period of six months on the date which is two (2) Business Days prior to the date of prepayment and (II) 0.5%) to the date which is immediately after the date falling on the twenty four month anniversary of the Utilisation Date, computed using a discount rate equal to the US Treasury Rate plus 50 basis points; over

(ii) the principal amount to be prepaid.

"**Management Agreements**" means any Technical Management Agreement and any Commercial Management Agreement.

"**Manager's Undertaking**" means, in relation to a Vessel, the letter(s) of undertaking from each Approved Manager in favour of the Security Agent, in the agreed form.

"**Margin**" means seven per cent. (7%) per annum.

"**Market Value**" means, in relation to a Vessel, the value of that Vessel as determined in accordance with Clause 25.3 (*Valuation of Vessels*).

"**Material Adverse Effect**" means, in the reasonable opinion of the Majority Lenders, a material adverse effect on:

(a) the business, operations, property, financial condition or financial prospects of the Ultimate Parent and the Group taken as a whole; or

(b) the ability of an Obligor to perform its payment obligations under the Finance Documents; or

(c) the validity or enforceability of, or the effectiveness or ranking of any Security granted or purported to be granted pursuant to any of, the Finance Documents; or

(d) the rights or remedies of any Finance Party under any of the Finance Documents.

"**MaximumLoan Amount**" means an amount of up to the lower of:

(a) US$236,200,000; and

(b) an amount equal to seventy five (75%) per cent. of the aggregate Market Value of the Mortgaged Vessels (but excluding, for the avoidance of doubt, any Mortgaged Vessel which has been directly or indirectly sold or become a Total Loss) established by the Valuations provided under Clause 4.2 (*Utilisation Conditions precedent*).

"**Merger**" means the stock-for-stock merger that closed on 15 November 2018 between the Ultimate Parent, Poseidon Containers Holdings LLC and K&T Marine LLC.

"**Merger Conditions Certificate**" means a certificate in the form set out in Schedule 7 (*Form of Merger Conditions Certificate*) or otherwise in form and substance satisfactory to the Agent.

"**Minimum Liquidity Account**" means an account in the name of the Borrower with the Account Bank, or any other account opened or established with that office of the Account Bank or another office of the Account Bank which is designated by the Agent as the "Minimum Liquidity Account" for the purposes of this Agreement.

"**Minimum Liquidity Amount**" has the meaning given in Clause 24.6 (*Minimum Liquidity Account*).

"**Mortgage**" means, in relation to a Vessel, the first priority or first preferred ship mortgage (as the case may be) granted or to be granted (as the context so requires) over that Vessel by the relevant Vessel Owner in favour of the Security Agent in the agreed form.

"**Mortgaged Vessel**" means, at any relevant time, any Vessel which is or purports to be subject to a Mortgage and/or whose Earnings, Insurances and Requisition Compensation are or purport to be subject to Security under the Finance Documents.

"**Net Worth**" means, in respect of the Ultimate Parent, Total Assets less Total Liabilities.

"**New Lender**" has the meaning given to that term in Clause 27 (*Changes to the Lenders*).

"**Notional Vessel Tranche**" means, in respect of any Vessel, the proportion of the Loan allocated to that Vessel based on its allocated contribution to the Maximum Loan Amount (which shall be as set out in Schedule 10 (*Notional Vessel Tranche Amounts*) provided that if the Total Commitments are not utilised in full they shall initially be as set out in the Utilisation Request and approved by the Lenders) (and as reduced by any repayments (whether Repayment Instalments or otherwise) or prepayments from time to time in accordance with the terms of this Agreement).

"**Obligors**" means the parties to the Finance Documents, other than the Finance Parties, the Account Bank and (to the extent it is not a Related Party) any Approved Manager and "**Obligor**" means any one of them.

"**OFAC**" means the Office of Foreign Assets Control of the US Department of the Treasury.

"**Operating Expenses**" means, in relation to a Vessel, the aggregate expenditure necessarily incurred by the Vessel Owner which is the owner of that Vessel in operating, insuring, maintaining, repairing and generally trading that Vessel (including crewing fees paid and management fees due under a Technical Management Agreement) and administrative expenses specific to that Vessel, but excluding any share of central costs incurred in operating and managing the fleet under the control of the Ultimate Parent.

"**Original Financial Statements**" means:

(a) in respect of the Ultimate Parent

(i) its unaudited financial statements for the Financial Quarter ended 30 September 2020; and

(ii) its audited financial statements for the financial year ended 31 December 2019

(b) in respect of each Vessel Owner, its balance sheet and income statement as on 30 September 2020.

"**Original Jurisdiction**" means, in relation to an Obligor, the jurisdiction under whose laws that Obligor is incorporated or formed, as applicable, as at the date of this Agreement or, as the case may be, when they have acceded to this Agreement.

"**Parallel Debt**" has the meaning given in Clause 29.28(a) (*Parallel Debt*).

"**Participating Member State**" means any member state of the European Union that adopts or has adopted the euro as its lawful currency in accordance with legislation of the European Union relating to Economic and Monetary Union.

"**Party**" means a party to this Agreement (together the "**Parties**").

"**Permitted Dividend**" means a dividend or distribution made by a Vessel Owner to the Borrower, by the Borrower to the Parent or by the Parent to the Ultimate Parent, in conformity with the Dividend / Loan Payment Criteria at the date of the declaration of such dividend or distribution, as certified to the Agent in writing by the Borrower or the Parent (as the case may be).

"**Permitted Holders**" means any investment funds managed and/or advised by Kelso & Company, L.P., including KEP VI (Newco Marine), Ltd. and KIA VIII (Newco Marine), Ltd.

"**Permitted Intercompany Debt**" means any downstream loan from:

(a) the Ultimate Parent to the Parent;

(b) the Parent to the Borrower (solely using the proceeds received from the Ultimate Parent); and

(c) the Borrower to a Vessel Owner (solely using the proceeds received from the Parent),

provided that, in each case, such loan is (i) made under and on the terms contained in the Intra-Company Loan Agreement and (ii) subordinated and subject to the Transaction Security under and in accordance with the terms of the Subordination and Assignment Agreement.

"**Permitted Maritime Lien**" means, in relation to a Vessel:

(a) unless a Default is continuing, any ship repairer's or outfitter's possessory lien in respect of that Vessel for an amount not exceeding the Major Casualty Amount or the equivalent in any other currency;

(b) any lien on that Vessel for master's, officer's or crew's wages outstanding in the ordinary course of its trading and in accordance with usual maritime practice;

(c) liens for salvage;

(d) liens for master's disbursements incurred in the ordinary course of trading; or

(e) any other lien arising by operation of law or otherwise in the ordinary course of the operation, repair, maintenance, insurance, dry-docking or chartering of that Vessel or due to the carrying out of any modifications on that Vessel, but not as a result of any default or omission by an Obligor and subject, in the case of liens for repair or maintenance, to paragraph (g) of Clause 22.13 (*Restrictions on chartering etc.*); provided that (i) in each case, no such lien is not more than 30 days outstanding and (ii) such liens are not, in aggregate, for an amount greater than the Major Casualty Amount,

provided that, in the case of a lien arising in connection with the scheduled dry-docking of a Vessel where there is sufficient cash standing to the credit of the relevant Dry Docking Reserve Account to cover the Dry Docking Costs to which such lien relates, any such lien arising in respect of such scheduled dry-docking shall constitute a Permitted Maritime Lien for the purposes of paragraphs (a) and (e) above.

"**Permitted Parent**" means any direct or indirect parent of the Ultimate Parent formed not in connection with, or in contemplation of, a transaction that, assuming such parent was not formed, after giving effect thereto would constitute a Change of Control in respect of the Ultimate Parent.

"**Permitted Security**" means any Security which is:

(a) granted by the Finance Documents;

(b) a Permitted Maritime Lien;

(c) approved in writing by the Agent (on behalf of all Lenders);

(d) any pledge or set-off right created pursuant to the general banking conditions of the Account Bank; or

(e) until it is released on a date falling not later one (1) Business Day after the Preposition Date, the Existing Security.

"**Permitted Transaction**" means:

(a) any disposal required, Financial Indebtedness incurred, guarantee, indemnity or Security or Quasi-Security given, or other transaction arising, under the Finance Documents;

(b) transactions (other than (i) any sale, lease, license, transfer or other disposal and (ii) the granting or creation of any Security or the incurring or permitting to subsist of Financial Indebtedness) conducted in the ordinary course of trading on arm's length terms;

(c) any charter of a Vessel expressly permitted under the terms of the Finance Documents; or

(d) the acquisition of the Vessel Owners by the Borrower on a date falling not later than one (1) Business Day after the Preposition Date pursuant to the terms of the Shares Purchase Agreement.

"**Permitted Vessel Disposal**" means a sale of a Vessel by a Vessel Owner provided always that:

(a) no Event of Default has occurred and is continuing or would occur as a result of the sale;

(b) the sale is on arm's length terms for cash proceeds payable in full on completion and for no less than its Market Value as at the date of contracting for sale;

(c) the sale must be to a third party who is not a Related Party;

(d) (prior to the relevant Vessel Owner entering into a legally binding commitment in relation to such sale) the Agent has received evidence in form and substance satisfactory to it demonstrating that the net sale proceeds from the sale of that Vessel are sufficient to ensure that the prepayment requirements set out in Clause 7.3 (*Mandatory prepayment*) and Clause 7.9 (*Restrictions*) will be satisfied (including but not limited to the requirement to pay all accrued interest, fees, any prepayment fees and other amounts due and payable under the Finance Documents), provided that, if the net sale proceeds are not sufficient to ensure that the prepayment requirements set out in Clause 7.3 (*Mandatory prepayment*) and Clause 7.9 (*Restrictions*) will be satisfied, the Ultimate Parent shall be permitted to provide additional funds in order satisfy any such shortfall on the condition that such additional funds shall be (i) provided by the Ultimate Parent and down-streamed to an account of the Borrower by way of a Permitted Intercompany Loan and/or a Fresh Equity Injection and such account is blocked and pledged in favour of the Security Agent on or before the date that any legal commitment (whether by way of any memorandum of agreement or otherwise) is provided for the sale and purchase of the Vessel, and (ii) released to the Security Agent upon the sale of the Vessel for application towards the Borrower's prepayment obligations under Clause 7.3 (*Mandatory Prepayment*);

(e) upon completion of the sale of that Vessel the net sale proceeds are immediately applied in prepayment in accordance with Clause 7.3 (*Mandatory prepayment*) and Clause 7.9 (*Restrictions*) and in payment of such other amounts due and payable under the Finance Documents; and

(f) upon completion of the sale of that Vessel, the VTL Coverage set out in Clause 25.1(a) (*Additional security*) shall be maintained for any remaining Vessels.

"**Pool A Vessels**" means each of m.vs. "GSL Nicoletta", "GSL Christen", "Tasman", "Dimitris Y" and "Ian H".

"**Pool B Vessels**" means each of m.vs. "GSL Keta", "GSL Julie", "Kumasi", "Marie Delmas", "CMA CGM La Tour", "CMA CGM Manet", "CMA CGM Alcazar", "GSL Château d'If", "CMA CGM Thalassa", "CMA CGM Jamaica", "CMA CGM Sambhar", "CMA CGM America", "CMA CGM Berlioz", "MSC Qingdao, "GSL Ningbo" and "MSC Tianjin".

"**Prepayment Fee**" means, in respect of any amount of principal prepaid under Clause 7 (*Prepayment and Cancellation*):

(a) the Make Whole Amount if the prepayment occurs on or before the date falling 24 months after the Utilisation Date of the amount prepaid;

(b) 3% of the amount prepaid if the prepayment occurs following the date falling 24 months after the Utilisation Date of the amount prepaid but on or before the date falling 36 months after the Utilisation Date of the amount prepaid;

(c) 1.5% of the amount prepaid if the prepayment occurs following the date falling 36 months after the Utilisation Date of the amount prepaid but on or before the date falling 48 months after the Utilisation Date of the amount prepaid; and

(d) nil if the prepayment occurs following the date falling 48 months after the Utilisation Date of the amount prepaid.

"**Preposition Date**" has the meaning given in Clause 5.6 (*Prepositioning of funds*).

"**Quarter Date**" means 31st March, 30th June, 30th September and 31st December of each calendar year.

"**Quasi-Security**" has the meaning given to that term in Clause 21.8 (*Negative pledge*).

"**Quotation Day**" means, in relation to any period for which an interest rate is to be determined, two (2) Business Days before the first day of that period unless market practice differs in the Relevant Interbank Market in which case the Quotation Day will be determined by the Agent in accordance with market practice in the Relevant Interbank Market (and if quotations would normally be given by leading banks in the Relevant Interbank Market on more than one day, the Quotation Day will be the last of those days).

"**Receiver**" means a receiver or receiver and manager or administrative receiver of the whole or any part of the Security Property.

"**Reference Bank Rate**" means the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Agent at its request by the Reference Banks as the rate at which the relevant Reference Bank could borrow funds in the Relevant Interbank Market in Dollars for the relevant period, were it to do so by asking for and then accepting interbank offers for deposits in reasonable market size in that currency and for that period.

"**Reference Banks**" means the principal London offices of Barclays Bank PLC, Lloyds Bank plc and HSBC Bank plc, or such other banks as may be appointed by the Agent in consultation with the Borrower.

"**Related Fund**" in relation to a fund (the "**first fund**"), means a fund which is managed or advised by the same investment manager or investment adviser as the first fund or, if it is managed by a different investment manager or investment adviser, a fund whose investment manager or investment adviser is an Affiliate of the investment manager or investment adviser of the first fund.

"**Related Party**" means any member of the Group or any of their respective Affiliates (or any officer, employee or director of any member of the Group or of any of their respective Affiliates) or any person which directly or indirectly owns more than 5% of the shares of the Ultimate Parent either alone and/or with other persons with whom it is acting in concert.

"**Relevant Affiliate**" of any specified person means any other person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified person. For purposes of this definition, "*control*," as used with respect to any person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such person, whether through the ownership of voting securities, by agreement or otherwise. For purposes of this definition, the terms "*controlling*," "*controlled by*" and "*under common control with*" have correlative meanings.

"**Relevant Document**" means:

(a) any Finance Document;

(b) any Management Agreement;

(c) each Charter;

(d) any Intra-Company Loan Agreement; and

(e) any other document designated as such by the Agent and any Obligor.

"**Relevant Interbank Market**" means the London interbank market.

"**Relevant Jurisdiction**" means, in relation to an Obligor:

(a) its Original Jurisdiction;

(b) any jurisdiction where any Charged Property owned by it is situated;

(c) any jurisdiction where it conducts its business; and

(d) any jurisdiction whose laws govern the perfection of any of the Security Documents entered into by it.

"**Relevant Nominating Body**" means any applicable central bank, regulator or other supervisory authority or a group of them, or any working group or committee sponsored or chaired by, or constituted at the request of, any of them or the Financial Stability Board.

"**Relevant Subsidiary**" means, with respect to any specified person:

(a) any corporation, association or other business entity of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees of the corporation, association or other business entity is at the time owned or controlled, directly or indirectly, by that person or one or more Subsidiaries of such person (or a combination thereof); and

(b) any other person of which at least a majority of the voting interest (without regard to the occurrence of any contingency) is at the time directly or indirectly owned by such person or one or more Subsidiaries of such person (or a combination thereof).

"**Repeating Representations**" means each of the representations set out in Clause 18 (*Representations and warranties*), other than Clauses 18.8 (*Insolvency*),18.9 (*No filing or stamp taxes*), 18.13 (*No proceedings pending or threatened*), 18.14 (*Taxes and VAT*) and

18.31 (*Vessel*) and any representation in any other Finance Document which is expressed to be a "Repeating Representation" or is otherwise expressed to be repeated.

"**Replacement Benchmark**" means a benchmark rate which is:

(a) formally designated. nominated or recommended as the replacement for a Screen Rate by:

(i) the administrator of that Screen Rate (provided that the market or economic reality that such benchmark rate measures is the same as that measured by that Screen Rate); or

(ii) any Relevant Nominating Body,

and if replacements have, at the relevant time, been formally designated, nominated or recommended under both paragraphs, the "Replacement Benchmark" will be the replacement under paragraph (ii) above;

(b) in the opinion of the Majority Lenders and the Borrower, generally accepted in the international or any relevant domestic syndicated loan markets as the appropriate successor to that Screen Rate; or

(c) in the opinion of the Majority Lenders and the Borrower, an appropriate successor to a Screen Rate.

"**Representative**" means any delegate, agent, manager, administrator, nominee, attorney, trustee or custodian.

"**Requisition Compensation**" means, in relation to a Vessel:

(a) any and all compensation or other monies payable by reason of any act or event such as is referred to in paragraph (b) or (c) of the definition of "Total Loss" relating to that Vessel; and

(b) all claims, rights and remedies of the relevant Vessel Owner against the government or official authority or person or persons claiming to be or to represent a government or official authority or other entity in relation to (a) above.

"**Resolution Authority**" means any body which has authority to exercise any Write-down and Conversion Powers.

"**Restricted Person**" means a person that is:

(a) listed on, or owned or controlled by a person listed on any Sanctions List;

(b) located in, incorporated under the laws of, or owned or controlled by, or acting on behalf of, a person located in or organised under the laws of a Sanctioned Country; or

(c) otherwise a target of Sanctions (being a person with whom a US person or other national under the jurisdiction of a Sanctions Authority would be prohibited or restricted by law from engaging in trade, business or other activities or against whom Sanctions are otherwise directed).

"**Sanctioned Country**" means a country or territory that is, or whose government is, the subject of Sanctions broadly prohibiting dealings with such government, country or territory, including, without limitation, as at the date of this Agreement, the Crimea region of Ukraine, Cuba, Iran, North Korea and Syria.

"**Sanctions**" means any economic or trade sanctions, laws, embargoes, regulations, freezing provisions, prohibitions or other restrictions relating to trading, doing business, investment, exporting, financing or making assets available (or other activities similar to or connected with any of the foregoing):

(a) imposed by law or regulation of the United Kingdom, the Council of the European Union or any of its Members States, the United Nations or its Security Council or the government of the United States of America, whether or not any Obligor or any Affiliate is legally bound to comply with the foregoing;

(b) the respective governmental institutions and agencies of any of the foregoing, including without limitation, OFAC, the United States Department of State, and the Office of Financial Sanctions Implementation Her Majesty's Treasury (OFSI) (together, the "**Sanctions Authorities**"); or

(c) otherwise imposed by any law or regulation by which any Obligor or any Affiliate of any of them is bound or, as regards a regulation, compliance with which is reasonable in the ordinary course of business of any Obligor or any Affiliate of any of them.

"**Sanctions List**" means the "Specially Designated Nationals and Blocked Persons" list issued by OFAC, the "Consolidated List of Financial Sanctions Targets and Investment Ban List" issued by OFSI, or any similar list issued or maintained or made public by any of the Sanctions Authorities that has the effect of prohibiting transactions with such persons.

"**Scrap Exposure**" means, in relation to all Mortgaged Vessels, an amount in Dollars equal to (A) divided by (B), where:

(A) is the aggregate amount of the Loan outstanding; and

(B) is the aggregate lightweight tonnage of the Mortgaged Vessels.

"**Screen Rate**" means the London interbank offered rate administered by ICE Benchmark Administration Limited (or any other person which takes over the administration of that rate) for the relevant currency and period displayed on pages LIBOR01 or LIBOR02 of the Thomson Reuters screen (or any replacement Thomson Reuters page which displays that rate) or on the appropriate page of such other information service which publishes that rate from time to time in place of Thomson Reuters. If such page or the service ceases to be available, the Agent may specify another page or service displaying the relevant rate after consultation with the Borrower.

"**Screen Rate Replacement Event**" means, in relation to a Screen Rate:

(a) the methodology, formula or other means of determining that Screen Rate has, in the opinion of the Majority Lenders and the Borrower materially changed;

(b)

(i)

(A) the administrator of that Screen Rate or its supervisor publicly announces that such administrator is insolvent; or

(B) information is published in any order, decree, notice, petition or filing, however described, of or filed with a court, tribunal, exchange, regulatory authority or similar administrative, regulatory or judicial body which reasonably confirms that the administrator of that Screen Rate is insolvent,

provided that, in each case, at that time, there is no successor administrator to continue to provide that Screen Rate;

(ii) the administrator of that Screen Rate publicly announces that it has ceased or will cease, to provide that Screen Rate permanently or indefinitely and, at that time, there is no successor administrator to continue to provide that Screen Rate;

(iii) the supervisor of the administrator of that Screen Rate publicly announces that such Screen Rate has been or will be permanently or indefinitely discontinued;

(iv) the administrator of that Screen Rate or its supervisor announces that that Screen Rate may no longer be used;

(v) in the case of a Screen Rate for LIBOR, the supervisor of the administrator of that Screen Rate makes a public announcement or publishes information:

(A) stating that that Screen Rate is no longer or, as of a specified future date will no longer be, representative of the underlying market or economic reality that it is intended to measure and that representativeness will not be restored (as determined by such supervisor); and

(B) with awareness that any such announcement or publication will engage certain triggers for fallback provisions in contracts which may be activated by any such pre-cessation announcement or publication;

(c) the administrator of that Screen Rate determines that that Screen Rate should be calculated in accordance with its reduced submissions or other contingency or fallback policies or arrangements and either:

(i) the circumstance(s) or event(s) leading to such determination are not (in the opinion of the Majority Lenders and the Borrower) temporary; or

(ii) that Screen Rate is calculated in accordance with any such policy or arrangement for a period no less than the period opposite that Screen Rate in Schedule 13 (*Screen Rate contingency periods*); or

(d) in the opinion of the Majority Lenders and the Borrower, that Screen Rate is otherwise no longer appropriate for the purposes of calculating interest under this Agreement.

"**Secured Liabilities**" means all present and future obligations and liabilities (whether actual or contingent and whether owed jointly or severally or in any other capacity whatsoever) of each Obligor to any Finance Party under or in connection with any Finance Document.

"**Secured Notes Redemption Notice**" has the meaning given in Clause 5.6(a) (*Prepositioning of funds*).

"**Secured Party**" means each Finance Party, from time to time party to this Agreement, any Receiver or any Delegate (together the "**Secured Parties**").

"**Security**" means a mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.

"**Security Documents**" means:

(a) any Mortgage;

(b) any Deed of Covenants;

(c) any General Assignment;

(d) any Accounts Security;

(e) any Charter Assignment;

(f) any Guarantee;

(g) any Manager's Undertaking;

(h) any Share Charge;

(i) any Subordination and Assignment Agreement; and

(j) any other document as may be executed to guarantee and/or secure any amounts owing to the Finance Parties under any Finance Document.

"**Security Property**" means:

(a) the Transaction Security expressed to be granted in favour of the Security Agent as trustee for the Secured Parties and all proceeds of that Transaction Security;

(b) all obligations expressed to be undertaken by an Obligor to pay amounts in respect of the Secured Liabilities to the Security Agent as trustee for the Finance Parties and secured by the Transaction Security together with all representations and warranties expressed to be given by an Obligor or any other person in favour of the Security Agent as trustee for the Finance Parties;

(c) the Security Agent's interest in any turnover trust created under the Finance Documents; and

(d) any other amounts or property, whether rights, entitlements, choses in action or otherwise, actual or contingent, which the Security Agent is required by the terms of the Finance Documents to hold as trustee on trust for the Secured Parties.

"**Senior Secured Notes**" means the 9.875% First Priority Secured Notes due 2022 issued by the Ultimate Parent pursuant to the indenture dated 31 October 2017 (as amended or supplemented from time to time) between, amongst others, the Ultimate Parent and Citibank N.A., London Branch.

"**Share Charges**" means together:

(a) the share security deed granted or to be granted (as the context so requires) by the Parent in favour of the Security Agent over all of the limited liability company interests in the Borrower; and

(b) each share security deed granted or to be granted (as the context so requires) by the Borrower in favour of the Security Agent over the entire share capital in or all of the limited liability company interests of (as applicable) each Vessel Owner,

in each case in the agreed form (and each a "**Share Charge**").

"Shares Purchase Agreement" means any share purchase agreement between the Ultimate Parent and the Borrower in respect of the acquisition by the Borrower of each of the Vessel Owners.

"**Specified Time**" means a time determined in accordance with Schedule 8 (*Timetables*).

"**Subordination and Assignment Agreement**" means a subordination and assignment agreement entered into or to be entered into by the Transaction Obligors and the Security Agent in the agreed form.

"**Subsidiary**" means a subsidiary undertaking within the meaning of section 1162 of the Companies Act 2006.

"**Tax**" means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same).

"**Technical Management Agreement**" means, in relation to a Vessel, any technical management agreement entered into or to be entered into (as applicable) between the Vessel Owner owning that Vessel and an Approved Technical Manager in form and substance acceptable to the Agent (acting reasonably and without delay, and on the instructions of the Majority Lenders).

"**Termination Date**" means:

(a) the date falling on the fifth (5th) anniversary of the Utilisation Date, provided that the Utilisation Date occurs on or before 15 January 2021; and

(b) 15 January 2026, if the Utilisation Date occurs after 15 January 2021.

"**Total Assets**" means, at any financial testing date under this Agreement, the consolidated total assets of Ultimate Parent and its Subsidiaries at that date as determined in accordance with GAAP.

"**Total Commitments**" means the aggregate of the Commitments.

"**Total Liabilities**" means, at any financial testing date under this Agreement, the consolidated total liabilities of Ultimate Parent and its Subsidiaries at that date as determined in accordance with GAAP.

"**Total Loss**" means, in relation to a Vessel:

(a) any actual, constructive, compromised, agreed or arranged total loss of that Vessel;

(b) any expropriation, confiscation, requisition or acquisition of that Vessel (excluding requisition for hire) , whether or not for consideration (full, partial or nominal), which is effected by any government or official authority or by any person or persons claiming to be or to represent a government or official authority; and

(c) any arrest, capture, seizure or detention of that Vessel (including any hijacking or theft) unless it is within sixty (60) days redelivered to the relevant Vessel Owner's full control.

"**Total Loss Date**" means, in relation to a Vessel:

(a) in the case of an actual loss of that Vessel, the date on which it occurred or, if that is unknown, the date when that Vessel was last heard of;

(b) in the case of a constructive, compromised, agreed or arranged total loss of that Vessel, the earliest of:

(i) the date on which a notice of abandonment is given to the insurers; and

(ii) the date of any compromise, arrangement or agreement made by or on behalf of the relevant Vessel Owner with that Vessel's insurers in which the insurers agree to treat that Vessel as a total loss.

"**Transaction Obligors**" means the Borrower, the Vessel Owners, the Parent and the Ultimate Parent.

"**Transaction Security**" means the Security created or evidenced or expressed to be created or evidenced under the Security Documents.

"**Transfer Certificate**" means a certificate substantially in the form set out in Schedule 4 (*Form of Transfer Certificate*) or any other form agreed between the Agent and the Borrower.

"**Transfer Date**" means, in relation to an assignment or a transfer, the later of:

(a) the proposed Transfer Date specified in the relevant Assignment Agreement or Transfer Certificate; and

(b) the date on which the Agent executes the relevant Assignment Agreement or Transfer Certificate.

"**UK Bail-In Legislation**" means Part I of the United Kingdom Banking Act 2009 and any other law or regulation applicable in the United Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial institutions or their affiliates (otherwise than through liquidation, administration or other insolvency proceedings).

"**Ultimate Parent Group**" means the Ultimate Parent and its Subsidiaries for the time being.

"**Ultimate Parent Merger Conditions**" means, in relation to any proposed merger by the Ultimate Parent with any other person:

(a) the Ultimate Parent would, following such merger, remain the surviving entity of any such merger process;

(b) no Default has occurred at the relevant time or would be triggered as a result of such merger process;

(c) such merger process would not have a Material Adverse Effect; and

(d) the Net Worth of the Ultimate Parent (as the surviving entity in such merger) would, following completion of such merger process, not be less than its Net Worth immediately prior to such merger process.

"**Unpaid Sum**" means any sum due and payable but unpaid by an Obligor under any Finance Document.

"**US Tax Obligor**" means:

(a) an Obligor which is resident for tax purposes in the United States of America; or

(b) an Obligor some or all of whose payments under the Finance Documents are from sources within the US for US federal income tax purposes.

"**Utilisation**" means the utilisation of the Facility.

"**Utilisation Date**" means the date of the Utilisation, being the date on which that Utilisation is to be made.

"**Utilisation Request**" means a notice substantially in the form set out in Schedule 3 (*Utilisation Request*).

"**Valuation**" means, in relation to a Vessel, a valuation prepared:

(a) as at a date not more than fifteen (15) days previously or, in the case of a valuation prepared for the purposes of Clause 4 (*Conditions of Utilisation*), not more than thirty (30) days previously;

(b) by an Approved Broker;

(c) with or without physical inspection of the Vessel (as the Agent may require);

(d) on the basis of an "as is, where is" sale for prompt delivery for cash on normal arm's length commercial terms as between a willing seller and a willing buyer, free of any existing charter or other contract of employment.

"**VAT**" means:

(a) any value added tax imposed by the Value Added Tax Act 1994;

(b) any tax imposed in compliance with the Council Directive of 28 November 2006 on the common system of value added tax (EC Directive 2006/112); and

(c) any other tax of a similar nature, whether imposed in the United Kingdom or in a member state of the European Union in substitution for, or levied in addition to, such tax referred to in paragraphs (a) or (b) above, or imposed elsewhere.

"**Vessels**" means each Vessel described in Schedule 9 (*Details of Vessels*) (each a "**Vessel**") except to the extent it has been sold or has become a Total Loss or is no longer a Mortgaged Vessel.

"**Voting Stock**" means, of any person as of any date, the Capital Stock of such person that is at the time entitled to vote in the election of the Board of Directors of such person.

"**VTL Coverage**" has the meaning given to such term in Clause 25.1 (*Additional security*).

"**Write-down and Conversion Powers**" means:

(a) in relation to any Bail-In Legislation described in the EU Bail-In Legislation Schedule from time to time, the powers described as such in relation to that Bail-In Legislation in the EU Bail-In Legislation Schedule; and

(b) in relation to any other applicable Bail-In Legislation other than the UK Bail-In Legislation:

(i) any powers under that Bail-In Legislation to cancel, transfer or dilute shares issued by a person that is a bank or investment firm or other financial institution or affiliate of a bank, investment firm or other financial institution, to cancel, reduce, modify or change the form of a liability of such a person or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or any other person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that Bail-In Legislation that are related to or ancillary to any of those powers; and

(ii) any similar or analogous powers under that Bail-In Legislation; and

(c) in relation to the UK Bail-In Legislation any powers under that UK Bail-In Legislation to cancel, transfer or dilute shares issued by a person that is a bank or investment firm or other financial institution or affiliate of a bank, investment firm or other financial institution, to cancel, reduce, modify or change the form of a liability of such a person or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or any other person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that UK Bail-In Legislation that are related to or ancillary to any of those powers.

1.2 Construction

(a) Unless a contrary indication appears, a reference in this Agreement to:

(i) the "**Account Bank**", the "**Agent**", any "**Finance Party**", any "**Lender**", any "**Obligor**", any "**Party**", any "**Secured Party**", the "**Security Agent**" or any other person shall be construed so as to include its successors in title, permitted assigns and permitted transferees to, or of, its rights and/or obligations under the Finance Documents and, in the case of the Security Agent, any person for the time being appointed as Security Agent or Security Agents in accordance with the Finance Documents;

(ii) an "**agency**" of a state includes any local or other authority, self-regulating or other recognised body or agency, central or federal bank, department, government, legislature, minister, ministry, self-regulating organisation, official or public or statutory person (whether autonomous or not) or, or of the government of, that state or political sub-division in or of that state;

(iii) a document in "**agreed form**" is a document which is previously agreed in writing by or on behalf of any Obligor party to it and the Agent or, if not so agreed, is in the form and substance specified by the Agent (acting with the instructions of all Lenders);

(iv) "**approved**" means approved in writing by the Agent, acting on the instructions of the Majority Lenders;

(v) "**assets**" includes present and future properties, revenues and rights of every description;

(vi) "**authorisation**" means an authorisation, consent, approval, resolution, licence, exemption by a person by whom the same is required by law;

(vii) "**disposal**" includes a sale, transfer, assignment, grant, lease, licence, declaration of trust or other disposal, whether voluntary or involuntary, and "dispose" will be construed accordingly;

(viii) the "**equivalent**" of an amount specified in a particular currency ("specific currency amount") shall be construed as a reference to the amount of the other relevant currency which can be purchased with the specific currency amount in the London foreign exchange market at 11 a.m. on the date the calculation falls to be made for spot delivery, as conclusively determined by the Agent (with the relevant exchange rate of such purchase being the "Agent's spot rate of exchange");

(ix) "**excess risks**" means, in relation to a Vessel, the proportion (if any) of claims for general average, salvage and salvage charges not recoverable under the hull and machinery insurances in respect of that Vessel in consequence of the value at which a Vessel is assessed for the purpose of such claims exceeding its insured value;

(x) a "**Finance Document**" or "**Relevant Document**" or any other agreement or instrument is a reference to that Finance Document or Relevant Document or other agreement or instrument as amended, novated, supplemented, extended or restated from time to time;

(xi) "**guarantee**" means any guarantee, letter of credit, bond, indemnity or similar assurance against loss, or any obligation, direct or indirect, actual or contingent, to purchase or assume any indebtedness of any person or to make an investment in or loan to any person or to purchase assets of any person where, in each case, such obligation is assumed in order to maintain or assist the ability of such person to meet its indebtedness;

(xii) "**indebtedness**" includes any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent;

(xiii) "**month**" means a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month, except that:

(A) if the numerically corresponding day is not a Business Day, that period shall end on the next Business Day in that calendar month in which that period is to end if there is one, or if there is not, on the immediately preceding Business Day;

(B) if there is no numerically corresponding day in the calendar month in which that period is to end, that period shall end on the last Business Day in that calendar month; and

(C) the above rules will only apply to the last month of any period;

(xiv) "**obligatory insurances**" means all insurances effected, or which any Vessel Owner is required to effect, under Clause 23.2 (*Maintenance of Obligatory Insurances*) or any other provision of any Finance Document;

(xv) a "**person**" includes any individual, firm, company, corporation, limited liability company, government, state or agency of a state or any association, trust, joint venture, consortium or partnership or other entity (whether or not having separate legal personality);

(xvi) a "**policy**" in relation to any insurance, includes a slip, cover note, certificate of entry or other document evidencing the contract of insurance or its terms;

(xvii) "**protection and indemnity risks**" means the usual risks covered by a protection and indemnity association that is a member of the International Group of P&I Clubs, including pollution risks and the proportion (if any) of any sums payable to any other person or persons in case of collision which are not recoverable under the hull and machinery policies by reason of the incorporation in them of clause 6 of the International Time Clauses (Hulls)(1/11/02 or 1/11/03) or clause 8 of the Institute Time Clauses (Hulls) (1/10/83) or the Institute Amended Running Down Clause (1/10/71) or any equivalent provision;

(xviii) a "**regulation**" includes any regulation, rule, official directive, request or guideline (whether or not having the force of law and, in the case of any request or guideline, with which it would, in the normal course of its business comply) of any governmental, intergovernmental or supranational body, agency, department or of any regulatory, self-regulatory or other authority or organisation;

(xix) "**war risks**" includes the risk of mines and all risks excluded by clause 29 of the Institute Hull Clauses (1/11/02 or 1/11/03) or clause 24 of the Institute Time clauses (Hulls) (1/11/1995) or clause 23 of the Institute Time Clauses (Hulls) (1/10/83);

(xx) words importing the plural shall include the singular and vice versa and words importing a gender shall include every gender;

(xxi) a provision of law is a reference to that provision as amended or re-enacted; and

(xxii) a time of day is a reference to London time.

(b) Section, Clause and Schedule headings are for ease of reference only.

(c) Unless a contrary indication appears, a term used in any other Finance Document or in any notice given under or in connection with any Finance Document has the same meaning in that Finance Document or notice as in this Agreement.

(d) A Default (other than an Event of Default) is "**continuing**" if it has not been remedied or waived and an Event of Default is "**continuing**" if it has not been waived.

1.3 Third Party Rights

(a) Unless expressly provided to the contrary in a Finance Document a person who is not a Party has no right under the Contracts (Rights of Third Parties) Act 1999 (the "**Third Parties Act**") to enforce or to enjoy the benefit of any term of this Agreement.

(b) Notwithstanding any term of any Finance Document the consent of any person who is not a Party is not required to rescind or vary this Agreement at any time.

(c) Any Receiver, Delegate or any person described in Clause 1.1 (*Definitions*) may, subject to this Clause 1.3(c) and the Third Parties Act, rely on any Clause of this Agreement which expressly confers rights on it.

1.4 Anti-Boycott

(a) No provision of this Agreement shall require any Obligor to take or omit to take any action or to make any representation or agreement, to comply with, further or support, any embargo or boycott where such action or omission would:

(i) be unenforceable by or in respect of that Obligor by reason of breach of any applicable Blocking Law; or

(ii) in the reasonable opinion of that Obligor, result in a reporting obligation or adverse tax consequences for that Obligor or its affiliates by reason of any applicable Blocking Law,

in which event the Obligor invoking this Clause 1.4 shall promptly notify the Agent of the specific action(s) it is not taking or the specific representation or agreement it is not making or entering into pursuant to this Clause (giving sufficient detail as to the legal reasoning), but failure to make such notification shall not affect the applicability of this Clause 1.4.

(b) The Obligors are not required to comply with any provision of this Agreement to the extent that such compliance is prohibited by or conflicts with a Blocking Law.

1.5 Conflict

In the event of conflict between the provisions of this Agreement and any other Finance Documents, unless a contrary intention appears the provision of this Agreement shall prevail.

2. The Facility

2.1 The Facility

Subject to the terms of this Agreement, the Lenders shall make available to the Borrower a term loan facility in a single advance in an amount not exceeding the Maximum Loan Amount (as adjusted in accordance with the terms of this Agreement).

2.2 Finance Parties' rights and obligations

(a) The obligations of each Finance Party under the Finance Documents are several. Failure by a Finance Party to perform its obligations under the Finance Documents does not affect the obligations of any other Party under the Finance Documents. No Finance Party is responsible for the obligations of any other Finance Party under the Finance Documents.

(b) The rights of each Finance Party under or in connection with the Finance Documents are separate and independent rights and any debt arising under the Finance Documents to a Finance Party from an Obligor shall be a separate and independent debt.

(c) A Finance Party may, except as otherwise stated in the Finance Documents, separately enforce its rights under the Finance Documents.

3. Purpose

3.1 Purpose

The Borrower shall apply all amounts borrowed by it under the Facility only for the purpose of refinancing the existing indebtedness incurred in relation to the Senior Secured Notes or payment of any fees, costs or expenses payable under this Agreement.

3.2 Monitoring

No Finance Party is bound to monitor or verify the application of any amount borrowed pursuant to this Agreement.

4. Conditions of Utilisation

4.1 Initial conditions precedent

The Borrower may not deliver the Utilisation Request unless the Agent, or its duly authorised representative, has received all of the documents and other evidence listed in Schedule 2 Part I (*Conditions Precedent to Utilisation Request*) in form and substance satisfactory to the Agent. The Agent shall notify the Obligors and the Lenders promptly upon being so satisfied.

4.2 Utilisation conditions precedent

The Lenders will only be obliged to comply with Clause 5.4 (*Lenders' participation*) in relation to the Utilisation if:

(a) in respect of the Utilisation Date (and prior to the Utilisation), the Agent has received all of the documentation and other evidence listed in Schedule 2Part II (*Conditions Precedent to Utilisation*) in form and substance satisfactory to the Agent;

(b) on the date of the Utilisation Request and on the proposed Utilisation Date:

(i) no Default is continuing or would result from the proposed Utilisation;

(ii) all representations and warranties under any of the Finance Documents made or to be made by an Obligor are true and accurate as at that date with reference to the facts and circumstances then existing;

(iii) the provisions of Clause 10.3 (*Alternative basis of interest or funding*) do not apply; and

(iv) the relevant Vessel has not been the subject of a sale (or binding commitment to sell) by the relevant Vessel Owner or Total Loss; and

(c) the Utilisation requested is not for more than the Maximum Loan Amount.

4.3 Waiver of Conditions Precedent

If the Agent, acting upon the instructions of all Lenders (which authorisation the relevant Lenders shall have full power to withhold), permits the Utilisation of the Facility before certain of the conditions referred to in Clause 4.2(a) and/or Clause 4.2(b) are satisfied, the Borrower shall ensure that such conditions are satisfied with five (5) Business Days after the Utilisation Date (or such longer period as the Agent may, with the authorisation of all Lenders, specify) and any failure of the Borrower to do so within that period shall constitute an immediate Event of Default.

4.4 Conditions subsequent

(a) The Borrower undertakes to deliver or to cause to be delivered to the Agent within thirty (30) days after the Utilisation Date the relevant additional documents and other evidence listed in paragraphs (1) to (7) of Schedule 2Part III (*Conditions Subsequent*).

(b) The Borrower undertakes to deliver or to cause to be delivered to the Agent no later than the earlier to occur of (i) the date of redemption of the Senior Secured Notes and (ii) the date falling one (1) Business Day after the Preposition Date, the relevant additional documents and other evidence listed in paragraphs (8) to (16) of Schedule 2Part III (*Conditions Subsequent*).

5. Utilisation

5.1 Delivery of Utilisation Request

The Borrower may utilise the Facility by delivery to the Agent of a duly completed Utilisation Request not later than the Specified Time (or such shorter period as the Agent may agree in its sole discretion, acting on the instructions of the Lenders).

5.2 Completion of Utilisation Request

The Utilisation Request is irrevocable and will not be regarded as having been duly completed unless:

(a) the proposed Utilisation Date is a Business Day within the Availability Period;

(b) the currency and amount of the Utilisation comply with Clause 5.3 (*Currency and amount*);

(c) it specifies the account and bank to which the proceeds of that Loan are to be credited.

5.3 Currency and amount

(a) The currency specified in the Utilisation Request must be Dollars.

(b) The amount of the proposed Utilisation must be an amount which is not more than the Maximum Loan Amount.

(c) There shall be no more than one (1) Utilisation in total.

5.4 Lenders' participation

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

(b) The amount of each Lender's participation in the Utilisation will be equal to the proportion borne by its Available Commitment to the Available Facility immediately prior to making the Utilisation.

(c) The Agent shall notify each Lender of the amount of the Utilisation and the amount of its participation in the Utilisation by the Specified Time.

5.5 Disbursement

The Agent shall, on the Utilisation Date, pay to, or for the account of, the Borrower or the relevant Vessel Owner (as the case may be) the amount which the Agent receives from the Lenders in respect of the Utilisation, such payment to be made in like funds as the Agent so receives from the Lenders to the account as specified in the Utilisation Request.

5.6 Prepositioning of funds

If, in respect of the Utilisation, the Agent, at the request of the Borrower and on terms acceptable to the Agent (acting on the instructions all Lenders, which approval they shall have full power to withhold), prepositions (either from an account of the Agent or an Affiliate of the Agent) any funds with Citibank, N.A., London Branch ("**Citibank**") as directed by the Borrower in the Utilisation Request (the date that Citibank confirms receipt of such prepositioned funds, the "**Preposition Date**"):

(a) the Borrower shall procure that the redemption notice provided by the Ultimate Parent in respect of the Senior Secured Notes (the "**Secured Notes Redemption Notice"**) is in the agreed form, including a condition that the prepositioned funds shall not be released to Citibank without the Ultimate Parent's confirmation of the satisfaction of the conditions precedent to Utilisation ("**Redemption Condition**");

(b) the Ultimate Parent undertakes and agrees not to:

(i) confirm satisfaction of the Redemption Condition;

(ii) rescind the Secured Notes Redemption Notice;

(iii) agree to a change in the redemption date from that stated in the Secured Notes Redemption Notice (the "**Senior Notes Redemption Date**"),

in each case without the prior written authorisation of the Agent (which authorisation may be issued by email);

(c) the Ultimate Parent undertakes and agrees to confirm satisfaction of the Redemption Condition immediately upon instruction by the Agent to do so (which instruction may be issued by email);

(d) the Agent will give the instruction referred to in paragraph (c) above upon the confirmation of receipt by Citibank of the redemption amount set out in the Secured Notes Redemption Notice (the "**Redemption Amount**"), provided such confirmation is given by Citibank either:

(i) at or any time or date prior to 10am (New York time) on the Secured Notes Redemption Date; or

(ii) after 10am (New York time) on the Secured Notes Redemption Date or on the Business Day following the Secured Notes Redemption Date, provided in either case that Citibank further confirms that it will apply the Redemption Amount to redeem the Senior Secured Notes on that date;

(e) each Lender agrees to fund its participation in the Utilisation on a day not more than two (2) Business Days after the Agent confirms receipt of:

(i) a validly served Utilisation Request; and

(ii) all of the documentation and other evidence listed in Schedule 2Part II (*Conditions Precedent to Utilisation*) in form and substance satisfactory to the Agent, other than the documentation and evidence which the Borrower demonstrates to the satisfaction of the Agent that it will not be able to obtain until the Utilisation Date (such other documentation and evidence that remains outstanding, the "**Closing CPs**");

(f) the Borrower shall, without duplication, indemnify each Finance Party against any costs, loss or liability it may incur in connection with such arrangement;

(g) the date on which the Lenders fund the Utilisation or any part of the Utilisation for the purposes of transfer to Citibank constitutes the Utilisation Date and the Borrower agrees to pay interest on the amount of the funds so prepositioned at the rate described in Clause 8.1 (*Calculation of interest*) on the basis of successive interest periods of one day and so that interest shall be paid together with the first payment of interest on the Loan after the Utilisation Date in respect of it or, if the Utilisation Date does not occur, within three (3) Business Days of demand by the Agent; and

(h) if all the conditions stipulated in Schedule 2Part II have not been satisfied by 5.00 p.m. on the first Business Day following the Utilisation Date requested in the Utilisation Request:

(i) the Borrower shall procure that the proceeds of the Utilisation are returned to the Agent in full (who in turn shall return them to the Lenders);

(ii) the Borrower shall pay all accrued interest and fees in respect of such returned proceeds in accordance with paragraph (g) above;

(iii) the Borrower may submit a further Utilisation Request for re-advance of the proposed Utilisation during the Availability Period if:

(A) the Borrower has not previously submitted a reissued Utilisation Request for re-advance of the Loan pursuant to this Clause 5.6 (*Prepositioning of funds*); and

(B) the Borrower procures that the Agent is provided with such confirmations of the continuing effectiveness of the terms of the Finance Documents as the Agent may require.

6. Repayment

6.1 Repayment Instalments

(a) The Loan shall be repaid by the Borrower in twenty (20) equal consecutive quarterly instalments of US$6,560,000 (to be applied *pro rata* against each Notional Vessel Tranche) commencing on 31 March 2021 and thereafter on each subsequent Quarter Date, provided that the last repayment instalment shall not overrun the Termination Date and such amounts may be adjusted in accordance with Clause 6.4 (*Adjustment of Repayment Instalments*).

(b) The balance of the Loan shall be repaid in full as a balloon repayment on the Termination Date, together with all other amounts then due and outstanding under the Finance Documents (the "**Balloon Instalment**").

6.2 No Reborrowing

Amounts of the Loan which are repaid or prepaid shall not be available for reborrowing other than in accordance with Clause 5.6(h).

6.3 Release of Security

If no Event of Default is continuing, simultaneously with completion of a Permitted Vessel Disposal by a Vessel Owner (in accordance with the terms and conditions of this Agreement) and prepayment in full of the relevant Notional Vessel Tranche and all other amounts pre- payable or payable under the Finance Documents in connection with such Permitted Vessel Disposal, the Security Agent shall, at the request and cost of the Borrower, release, without recourse or warranty, each of the following Security Documents:

(a) the Mortgage in respect of the relevant Vessel;

(b) if applicable, the Deed of Covenants in respect of the relevant Vessel;

(c) the General Assignment in respect of the relevant Vessel;

(d) any Charter Assignment in respect of the relevant Vessel; and

(e) each Manager's Undertaking in respect of the relevant Vessel.

6.4 Adjustment of Repayment Instalments

If the Total Commitments are not utilised in full, the amount of each Repayment Instalment for the Loan shall be reduced pro rata by the unutilised amount.

7. Prepayment and cancellation

7.1 Illegality

If, in any applicable jurisdiction, it becomes unlawful for any Lender to perform any of its obligations as contemplated by this Agreement or to fund or maintain its participation in the Loan or any part of the Loan or it becomes unlawful for any Affiliate of a Lender for that Lender to do so:

(a) that Lender shall promptly notify the Agent upon becoming aware of that event;

(b) upon the Agent notifying the Borrower, the Commitment of that Lender will be immediately cancelled; and

(c) the Borrower shall repay that Lender's participation in the Loan on the last day of the Interest Period for the Loan occurring after the Agent has notified the Borrower or, if earlier, the date specified by the Lender in the notice delivered to the Agent (being no earlier than the last day of any applicable grace period permitted by law).

7.2 Change of Control

(a) If a Change of Control occurs, then:

(i) the Borrower shall promptly notify the Agent upon becoming aware of that event;

(ii) no Lender shall be obliged to fund the Utilisation; and

(iii) the Loan, together with accrued interest, and all other amounts accrued under the Finance Documents shall become immediately due and payable, whereupon the Total Commitments will be cancelled and all such outstanding amounts will become immediately due and payable

(b) For the avoidance of doubt, no merger by the Ultimate Parent which satisfies the Ultimate Parent Merger Conditions shall constitute a Change of Control for the purposes of this Clause 7.2.

7.3 Mandatory prepayment

(a) If a Vessel is sold or becomes a Total Loss, the Borrower shall be obliged to (and without prejudice to the restrictions on sale of a Vessel and/or insurance covenants and requirements as otherwise provided in the Finance Documents) prepay, as a minimum amount, the aggregate of:

(i) the outstanding balance of the Notional Vessel Tranche relating to the subject Vessel; and

(ii) such amount of the balance of the Loan that would be required to be prepaid in order to ensure that:

(A) the LTV Ratio immediately after the sale or Total Loss (and, for the purposes of such calculation, the Vessel which is sold or which becomes a Total Loss shall be excluded but the aggregate value of any additional security provided pursuant to Clause 25 (*Security Shortfall*) shall be included to the extent that such additional security has not been released pursuant to Clause 25.2 (*Release of additional security*)) is no greater than the LTV Ratio immediately prior to such sale or Total Loss (including the Vessel which is sold or which becomes a Total Loss); and

(B) the Scrap Exposure immediately after the sale or Total Loss (and, for the purposes of such calculation, the Vessel which is sold or which becomes a Total Loss shall be excluded) is no greater than the Scrap Exposure immediately prior to such sale or Total Loss (including the Vessel which is sold or which becomes a Total Loss).

(b) If a Vessel is sold or becomes a Total Loss, the required amount in sub-clause (a) shall be prepaid on the date on which the sale is completed by delivery of that Vessel to the buyer or, if that Vessel becomes a Total Loss, on the earlier of the date falling one hundred and thirty (130) days after the Total Loss Date and two (2) Business Days after the date of receipt by the Agent of the proceeds of insurance relating to such Total Loss.

(c) Any prepayments of principal under this Clause 7.3 shall be applied firstly in repayment of the then principal outstandings under the Notional Vessel Tranche relating to that Vessel and any balance to be applied against the other Notional Vessel Tranches pro rata.

(d) Any remaining proceeds of the sale or Total Loss of a Vessel after the mandatory prepayments in paragraph (a) above have been made shall be released to the Borrower for use in a manner which is not prohibited by the Finance Documents, provided that if an Event of Default has occurred and is continuing such remaining proceeds shall be applied in full in prepayment of the Loan in accordance with paragraph (c) above.

(e) If there is any loss in respect of a Vessel or a claim under the Insurances in respect of a Vessel exceeding the Major Casualty Amount which in each case is not a Total Loss, the Borrower irrevocably authorises, and shall procure that all such things are done to enable the Agent to apply any proceeds received from such loss or claim as a prepayment against the relevant Notional Vessel Tranche relating to that Vessel unless such proceeds are applied within ninety (90) days, or such longer period as the Borrower can demonstrate to the satisfaction of the Agent is necessary to effect the repairs to the Vessel, of being received towards repairing the relevant Vessel in accordance with the relevant Security Documents (or otherwise are used to reimburse the Borrower for amounts made for such repair) and during which time the Borrower, the Parent, the Ultimate Parent and the Vessel Owners shall procure that such funds are immediately credited to and remain in the Earnings Account on and from their receipt.

7.4 Automatic cancellation

The unutilised Commitment (if any) of each Lender shall be automatically cancelled at the earlier of (i) close of business on the date on which the Loan is made available and (ii) at the end of the Availability Period.

7.5 Voluntary cancellation

(a) The Borrower may, upon giving to the Agent not less than five (5) Business Days' prior notice, cancel the whole or any part of the Available Facility (but, if in part, being an amount that reduces the Available Facility by a minimum amount of US$500,000 and thereafter in increments of US$500,000 (or the full remaining Available Facility).

(b) Any cancellation under this Clause 7.5 shall reduce the Available Commitments of the Lenders rateably.

7.6 Voluntary prepayment

(a) The Borrower may, upon giving to the Agent not less than five (5) Business Days' prior notice, prepay the whole or any part of the Loan (but, if in part, being an amount that reduces the amount of the Loan by a minimum amount of US$500,000 and thereafter in increments of US$500,000).

(b) The Loan may only be prepaid pursuant to this Clause 7.6 after the last day of the Availability Period (or, if earlier, the day on which the Available Facility is zero).

(c) Any partial prepayments under this Clause 7.6 shall be applied against the Loan pro rata as between each Notional Vessel Tranche.

7.7 Right of replacement or repayment and cancellation in relation to a single Lender

(a) If:

(i) any sum payable to any Lender by an Obligor is required to be increased under paragraph (b) of Clause 12.2 (*Tax gross-up*); or

(ii) any Lender claims indemnification from the Company under Clause 12.3 (*Tax indemnity*) or Clause 13.1 *(Increased costs*),

the Borrower may, whilst the circumstance giving rise to the requirement for that increase or indemnification continues, give the Agent notice of cancellation of the Commitment(s) of that Lender and its intention to procure the repayment of that Lender's participation in the Loan or give the Agent notice of its intention to replace that Lender in accordance with paragraph (d) below.

(b) On receipt of a notice of cancellation referred to in paragraph (a) above, the Commitment(s) of that Lender shall immediately be reduced to zero.

(c) On the last day of each Interest Period which ends after the Borrower has given notice of cancellation under paragraph (a) above (or, if earlier, the date specified by the Borrower in that notice), the Borrower shall repay that Lender's participation in the Loan.

(d) If:

(i) any of the circumstances set out in paragraph (a) above apply to a Lender; or

(ii) an Obligor becomes obliged to pay any amount in accordance with Clause 7.1 (*Illegality*) to any Lender,

the Borrower may, on five (5) Business Days' prior notice to the Agent and that Lender, replace that Lender by requiring that Lender to (and, to the extent permitted by law, that Lender shall) transfer pursuant to Clause 27 (*Changes to the Lenders*) all (and not part only) of its rights and obligations under this Agreement to an Eligible Institution which confirms its willingness to assume and does assume all the obligations of the transferring Lender in accordance with Clause 27 (*Changes to the Lenders*) for a purchase price in cash payable at the time of the transfer in an amount equal to the outstanding principal amount of such Lender's participation in the outstanding Loan and all accrued interest, Break Costs and other amounts payable in relation thereto under the Finance Documents.

(e) The replacement of a Lender pursuant to paragraph (d) above shall be subject to the following conditions:

(i) the Borrower shall have no right to replace the Agent (other than in accordance with Clause 29.12 (*Resignation of the Agent and the Security Agent*);

(ii) neither the Agent nor any Lender shall have any obligation to find a replacement Lender;

(iii) in no event shall the Lender replaced under paragraph (d) above be required to pay or surrender any of the fees received by such Lender pursuant to the Finance Documents; and

(iv) the Lender shall only be obliged to transfer its rights and obligations pursuant to paragraph (d) above once it is satisfied that it has complied with all necessary "know your customer" or other similar checks under all applicable laws and regulations in relation to that transfer.

(f) A Lender shall perform the checks described in paragraph 7.7(e)(iv) above as soon as reasonably practicable following delivery of a notice referred to in paragraph (d) above and shall notify the Agent and the Borrower when it is satisfied that it has complied with those checks.

7.8 Right of cancellation in relation to a Defaulting Lender

(a) If any Lender becomes a Defaulting Lender, the Borrower may, at any time whilst the Lender continues to be a Defaulting Lender, give the Agent five (5) Business Days' notice of cancellation of each Available Commitment of that Lender.

(b) On the notice referred to in paragraph (a) above becoming effective, each Available Commitment of the Defaulting Lender shall immediately be reduced to zero.

(c) The Agent shall as soon as practicable after receipt of a notice referred to in paragraph (a) above, notify all the Lenders.

7.9 Restrictions

(a) Any notice of cancellation or prepayment given by any Party under this Clause 7 (*Prepayment and cancellation*) shall be irrevocable and, unless a contrary indication appears in this Agreement, shall specify the date or dates upon which the relevant cancellation or prepayment is to be made and the amount of that cancellation or prepayment. The Agent must notify the Lenders promptly upon receipt of any such notice.

(b) Any repayment or prepayment under this Agreement shall be made together with accrued interest on the amount repaid or prepaid, the Prepayment Fee and any applicable Break Costs, provided that no Prepayment Fee shall be payable only in respect of the following:

(i) any prepayment pursuant to paragraph 25.1(b)(ii) of Clause 25.1 (*Additional security*);

(ii) any prepayment pursuant to Clause 7.3 (*Mandatory prepayment*) as a result of a Total Loss of a Vessel;

(iii) any prepayment pursuant to Clause 7.7 (*Right of replacement or repayment and cancellation in relation to a single Lender*);

(iv) any prepayment pursuant to Clause 7.3 (*Mandatory prepayment*) as a result of the sale of any Vessel which is a handymax (being named m.vs. "Keta", "Julie", "Kumasi", "Marie Delmas", "La Tour" and "Manet" at the date of this Agreement); or

(v) any prepayment pursuant to Clause 5.6(h) (*Prepositioning of funds*).

(c) The Borrower shall not repay or prepay all or any part of the Loan or cancel all or any part of the Commitments except at the times and in the manner expressly provided for in this Agreement.

(d) No amount of the Total Commitments cancelled under this Agreement may be subsequently reinstated.

(e) If the Agent receives a notice under this Clause 7 it shall promptly forward a copy of that notice to either the Borrower or the Lenders, as appropriate.

(f) If all or part of the Loan is repaid or prepaid, an amount of the Commitments (equal to the amount of the Loan which is repaid or prepaid) will be deemed to be cancelled on the date of repayment or prepayment. Any cancellation under this paragraph shall reduce the Commitments of the Lenders rateably.

(g) Any prepayment of the Loan shall be applied *pro rata* to each Lender's participation in the Loan and each Notional Vessel Tranche.

8. Interest

8.1 Calculation of interest

The rate of interest on the Loan for each Interest Period is the percentage rate per annum which is the aggregate of the applicable:

(a) Margin; and

(b) LIBOR.

8.2 Payment of interest

The Borrower shall pay accrued interest on the Loan on the last day of each Interest Period.

8.3 Default interest

If an Obligor fails to pay any amount payable by it under a Finance Document on its due date (after the expiration of any applicable grace period under Clause 26.1 (*Non-payment*)), interest shall accrue on the overdue amount from the due date up to the date of actual payment (both before and after judgment) at a rate which is 2% per annum higher than the rate which would have been payable if the overdue amount had, during the period of non- payment, constituted the Utilisation in the currency of the overdue amount for successive Interest Periods, each of a duration selected by the Agent (acting reasonably). Any interest accruing under this Clause 8.3 shall be immediately payable by the Obligor on demand by the Agent. Default interest (if unpaid) arising on an overdue amount will be compounded with the overdue amount at the end of each Interest Period applicable to that overdue amount but will remain immediately due and payable.

8.4 Notification of rates of interest

The Agent shall promptly notify the Lenders and the Borrower of the determination of a rate of interest under this Agreement.

9. Interest Periods

9.1 Length of Interest Periods

(a) Each Interest Period for the Loan shall start on the Utilisation Date or (if already made) on the last day of its preceding Interest Period and end on the next Quarter Date.

(b) If an Interest Period would otherwise overrun the Termination Date, it will be shortened so that it ends on the Termination Date.

9.2 Non-Business Days

If an Interest Period would otherwise end on a day which is not a Business Day, that Interest Period will instead end on the next Business Day in that calendar month (if there is one) or the preceding Business Day (if there is not).

10. Changes to the calculation of interest

10.1 Absence of quotations

Subject to Clause 10.2 (*Market disruption*), if LIBOR is to be determined by reference to the Reference Banks but a Reference Bank does not supply a quotation by the Specified Time on the Quotation Day, the applicable LIBOR shall be determined on the basis of the quotations of the remaining Reference Banks.

10.2 Market disruption

(a) If a Market Disruption Event occurs in relation to the Loan for any Interest Period, then the rate of interest on each Lender's share of the Loan for the Interest Period shall be the percentage rate per annum which is the sum of:

(i) the Margin; and

(ii) the rate notified to the Agent by that Lender as soon as practicable and in any event before interest is due to be paid in respect of that Interest Period, to be that which expresses as a percentage rate per annum the cost to that Lender of funding its participation in the Loan from whatever source it may reasonably select.

(b) In this Agreement "**Market Disruption Event**" means:

(i) at or about noon on the Quotation Day for the relevant Interest Period, the Screen Rate is not available and none or only one of the Reference Banks supplies a rate to the Agent to determine LIBOR for Dollars for the relevant Interest Period; or

(ii) before close of business in London on the Quotation Day for the relevant Interest Period, the Agent receives notifications from a Lender or Lenders (whose participations in the Loan exceed fifty per cent. (50%) of the Loan) that the cost to it or them of obtaining matching deposits in the Relevant Interbank Market would be in excess of LIBOR.

10.3 Alternative basis of interest or funding

(a) If a Market Disruption Event occurs and the Agent so requires or the Borrower so requires, the Agent and the Borrower shall enter into negotiations (for a period of not more than thirty (30) days) with a view to agreeing a substitute basis for determining the rate of interest.

(b) Any alternative basis agreed pursuant to paragraph (a) above shall, with the prior consent of all the Lenders and the Borrower, be binding on all Parties.

10.4 Break Costs

(a) The Borrower shall, within three (3) Business Days of demand by a Finance Party (or at the time of prepayment of the relevant amount under Clause 7 (*Prepayment and cancellation*), pay to that Finance Party its Break Costs attributable to all or any part of the Loan or Unpaid Sum being paid by the Borrower on a day other than the last day of an Interest Period for the Loan or Unpaid Sum.

(b) Each Lender shall, as soon as reasonably practicable after a demand by the Agent, provide a certificate confirming the amount of its Break Costs for any Interest Period in which they accrue, provided that neither the Original Lenders nor any other Lenders from time to time managed by Hayfin Capital Management LLP shall be entitled to claim Break Costs.

11. Fees

11.1 Agency Fee

The Borrower shall pay to the Agent (for its own account) an agency fee in the amount and at the times agreed in the Fee Letter.

11.2 Upfront fee

The Borrower shall pay to the Agent (for the account of the Lenders) an upfront fee in the amount and at the times agreed in the Fee Letter.

11.3 Commitment fee

(a) The Borrower shall pay to the Agent (for the account of the Lenders) a commitment fee computed at the rate of forty per cent. (40%) of the Margin per annum on the aggregate amount of each Lender's Available Commitments in respect of the Facility from the date of this Agreement until the earlier of (i) the Utilisation Date if all Commitments are fully drawn on that date or (ii) the final day of the Availability Period ("**Commitment Fee**").

(b) The accrued Commitment Fee is payable on the Utilisation Date or, if any amount of the Facility is unutilised as of the expiry of the Availability Period, the Commitment Fee in respect of the Available Commitment shall be paid on the earlier of:

(i) the last day of the Availability Period; and

(ii) the date on which the cancellation of the Available Commitment is effective.

(c) The Agent shall be entitled to deduct any accrued Commitment Fee which has become due and payable and which remains unpaid from the proceeds of the Utilisations and apply it in payment of such fees.

(d) No Commitment Fee shall accrue for the account of a Lender on any Available Commitment of that Lender in respect of any day on which that Lender is a Defaulting Lender.

12. Tax gross up and indemnities

12.1 Definitions

In this Agreement:

(a) "**Protected Party**" means a Finance Party which is or will be subject to any liability or required to make any payment for or on account of Tax in relation to a sum received or receivable (or any sum deemed for the purposes of Tax to be received or receivable) under a Finance Document.

(b) "**Tax Credit**" means a credit against, relief or remission for, or repayment of any Tax.

(c) "**Tax Deduction**" means a deduction or withholding for or on account of Tax from a payment under a Finance Document, other than a FATCA Deduction.

(d) "**Tax Payment**" means either the increase in a payment made by an Obligor to a Finance Party under Clause 12.2 (*Tax gross-up*) or a payment under Clause 12.3 (*Tax indemnity*).

(e) Unless a contrary indication appears, in this Clause 12 a reference to "determines" or "determined" means a determination made in the absolute discretion of the person making the determination.

12.2 Tax gross-up

Each Obligor shall (and shall procure that each other Obligor which is a Subsidiary of that Obligor shall) make all payments to be made by it under any Finance Documents without any Tax Deduction, unless a Tax Deduction is required by law, subject as follows:

(a) an Obligor shall promptly upon becoming aware that it or any other Obligor must make a Tax Deduction (or that there is any change in the rate or the basis of a Tax Deduction) notify the Agent accordingly. Similarly, a Lender shall notify the Agent on becoming so aware in respect of a payment payable to that Lender. If the Agent receives such notification from a Lender it shall notify the Borrower and any such other Obligor;

(b) if a Tax Deduction is required by law to be made by the Borrower or any other Obligor, the amount of the payment due from the Borrower or that other Obligor shall be increased to an amount which (after making any Tax Deduction) leaves an amount equal to the payment which would have been due if no Tax Deduction had been required;

(c) if any Obligor is required to make a Tax Deduction, that Obligor shall (and shall procure that such other Obligor which is a Subsidiary of that Obligor shall) make that Tax Deduction and any payment required in connection with that Tax Deduction within the time allowed and in the minimum amount required by law;

(d) within thirty (30) days of making either a Tax Deduction or any payment required in connection with that Tax Deduction, the Obligor making that Tax Deduction shall (and shall procure that such other Obligor which is a Subsidiary of that Obligor shall) deliver to the Agent for the Finance Party entitled to the payment evidence reasonably satisfactory to that Finance Party that the Tax Deduction has been made or (as applicable) any appropriate payment paid to the relevant taxing authority.

12.3 Tax indemnity

(a) The Borrower shall (within three (3) Business Days of demand by the Agent) pay to a Protected Party an amount equal to the loss, liability or cost which that Protected Party determines will be or has been (directly or indirectly) suffered for or on account of Tax by that Protected Party in respect of a Finance Document.

(b) Clause 12.3(a) above shall not apply:

(i) with respect to any Tax assessed on a Finance Party:

(A) under the law of the jurisdiction in which that Finance Party is incorporated or, if different, the jurisdiction (or jurisdictions) in which that Finance Party is treated as resident for tax purposes; or

(B) under the law of the jurisdiction in which that Finance Party's Facility Office is located in respect of amounts received or receivable in that jurisdiction, if that Tax is imposed on or calculated by reference to the net income received or receivable (but not any sum deemed to be received or receivable) by that Finance Party; or

(ii) to the extent a loss, liability or cost:

(A) is compensated for by an increased payment under Clause 12.2 (*Tax gross-up*); or

(B) relates to a FATCA Deduction required to be made by a Party.

(c) A Protected Party making, or intending to make a claim under Clause 12.3(a) above shall promptly notify the Agent of the event which will give, or has given, rise to the claim, following which the Agent shall notify the Borrower.

(d) A Protected Party shall, on receiving a payment from the Borrower under this Clause 12.3, notify the Agent.

12.4 Tax Credit

If the Borrower or any other Obligor makes a Tax Payment and the relevant Finance Party determines that:

(a) a Tax Credit is attributable to an increased payment of which that Tax Payment forms part, to that Tax Payment or to a Tax Deduction in consequence of which that Tax Payment was required; and

(b) that Finance Party has obtained and utilised that Tax Credit, that Finance Party shall pay an amount to the Borrower or to that other Obligor which that Finance Party determines will leave it (after that payment) in the same after-Tax position as it would have been in had the Tax Payment not been made by the Borrower or that other Obligor.

12.5 Stamp taxes

The Borrower shall pay and, within three (3) Business Days of demand, indemnify each Finance Party against any cost, loss or liability which that Finance Party incurs in relation to all stamp duty, registration and other similar Taxes payable in respect of any Finance Document.

12.6 VAT

(a) All amounts expressed to be payable under a Finance Document by any Party or any Obligor to a Finance Party which (in whole or in part) constitute the consideration for any supply for VAT purposes are deemed to be exclusive of any VAT which is chargeable on that supply, and accordingly, subject to Clause 12.6(b) below, if VAT is or becomes chargeable on any supply made by any Finance Party to any Party or any Obligor under a Finance Document and such Finance Party is required to account to the relevant tax authority for the VAT, that Party or Obligor must pay to such Finance Party (in addition to and at the same time as paying any other consideration for such supply) an amount equal to the amount of the VAT (and such Finance Party must promptly provide an appropriate VAT invoice to the Borrower).

(b) If VAT is or becomes chargeable on any supply made by any Finance Party (the "**Supplier**") to any other Finance Party (the "**Recipient**") under a Finance Document, and any Party other than the Recipient (the "**Relevant Party**") is required by the terms of any Finance Document to pay an amount equal to the consideration for that supply to the Supplier (rather than being required to reimburse or indemnify the Recipient in respect of that consideration):

(i) (where the Supplier is the person required to account to the relevant tax authority for the VAT) the Relevant Party must also pay to the Supplier (at the same time as paying that amount) an additional amount equal to the amount of the VAT. The Recipient must (where this Clause 12.6(b)(i) applies) promptly pay to the Relevant Party an amount equal to any credit or repayment the Recipient receives from the relevant tax authority which the Recipient reasonably determines relates to the VAT chargeable on that supply; and

(ii) (where the Recipient is the person required to account to the relevant tax authority for the VAT) the Relevant Party must promptly, following demand from the Recipient, pay to the Recipient an amount equal to the VAT chargeable on that supply but only to the extent that the Recipient reasonably determines that it is not entitled to credit or repayment from the relevant tax authority in respect of that VAT.

(c) Where a Finance Document requires any Party to reimburse or indemnify a Finance Party for any cost or expense, that Party shall reimburse or indemnify (as the case may be) such Finance Party for the full amount of such cost or expense, including such part thereof as represents VAT, save to the extent that such Finance Party reasonably determines that it is entitled to credit or repayment in respect of such VAT from the relevant tax authority.

(d) Any reference in this Clause 12.6 to any Party shall, at any time when such Party is treated as a member of a group for VAT purposes, include (where appropriate and unless the context otherwise requires) a reference to the representative member of such group at such time (the term "representative member" to have the same meaning as in the Value Added Tax Act 1994).

(e) In relation to any supply made by a Finance Party to any Party under a Finance Document, if reasonably requested by such Finance Party, that Party must promptly provide such Finance Party with details of that Party's VAT registration and such other information as is reasonably requested in connection with such Finance Party's VAT reporting requirements in relation to such supply.

12.7 FATCA information

(a) Subject to Clause 12.7(c) below, each Party shall, within ten (10) Business Days of a reasonable request by another Party:

(i) confirm to that other Party whether it is:

(A) a FATCA Exempt Party; or

(B) not a FATCA Exempt Party;

(ii) supply to that other Party such forms, documentation and other information relating to its status under FATCA as that other Party reasonably requests for the purposes of that other Party's compliance with FATCA; and

(iii) supply to that other Party such forms, documentation and other information relating to its status as that other Party reasonably requests for the purposes of that other Party's compliance with any other law, regulation, or exchange of information regime.

(b) If a Party confirms to another Party pursuant to Clause 12.7(a)(i)(A) above that it is a FATCA Exempt Party and it subsequently becomes aware that it is not or has ceased to be a FATCA Exempt Party, that Party shall notify that other Party reasonably promptly.

(c) Clause 12.7(a) above shall not oblige any Finance Party to do anything, and Clause 12.7(a)(iii) shall not oblige any other Party to do anything, which would or might in its reasonable opinion constitute a breach of:

(i) any law or regulation;

(ii) any fiduciary duty; or

(iii) any duty of confidentiality.

(d) If a Party fails to confirm whether or not it is a FATCA Exempt Party or to supply forms, documentation or other information requested in accordance with Clause 12.7(a)(i) or 12.7(a)(ii) above (including, for the avoidance of doubt, where Clause 12.7(c) applies), then such Party shall be treated for the purposes of the Finance Documents (and payments under them) as if it is not a FATCA Exempt Party until such time as the Party in question provides the requested confirmation, forms, documentation or other information.

(e) If an Obligor is a US Tax Obligor or the Agent reasonably believes that its obligations under FATCA or any other applicable law or regulation require it, each Lender shall, within ten (10) Business Days of:

(i) where an Obligor is a US Tax Obligor and the relevant Lender is an Original Lender, the date of this Agreement;

(ii) where an Obligor is a US Tax Obligor on a Transfer Date and the relevant Lender is a New Lender or an Increase Lender, the relevant Transfer Date; or

(iii) where an Obligor is not a US Tax Obligor, the date of a request from the Agent,

supply to the Agent:

(A) a withholding certificate on Form W-8 or Form W-9 or any other relevant form; or

(B) any withholding statement or other document, authorisation or waiver as the Agent may require to certify or establish the status of such Lender under FATCA or that other law or regulation.

(f) The Agent shall provide any withholding certificate, withholding statement, document, authorisation or waiver it receives from a Lender pursuant to Clause 12.7(e) above to the Borrower.

(g) If any withholding certificate, withholding statement, document, authorisation or waiver provided to the Agent by a Lender pursuant to Clause 12.7(e) is or becomes materially inaccurate or incomplete, that Lender shall promptly update it and provide such updated withholding certificate, withholding statement, document, authorisation or waiver to the Agent unless it is unlawful for the Lender to do so (in which case the Lender shall promptly notify the Agent). The Agent shall provide any such updated withholding certificate, withholding statement, document, authorisation or waiver to the Borrower.

The Agent may rely on any withholding certificate, withholding statement, document, authorisation or waiver it receives from a Lender pursuant to Clause 12.7(e) or 12.7(g) without further verification. The Agent shall not be liable for any action taken by it under or in connection with Clause 12.7(e), 12.7(f) or 12.7(g).

12.8 FATCA Deduction

(a) Each Party may make any FATCA Deduction it is required to make by FATCA, and any payment required in connection with that FATCA Deduction, and no Party shall be required to increase any payment in respect of which it makes such a FATCA Deduction or otherwise compensate the recipient of the payment for that FATCA Deduction.

(b) Each Party shall promptly, upon becoming aware that it must make a FATCA Deduction (or that there is any change in the rate or the basis of such FATCA Deduction), notify the Party to whom it is making the payment and, in addition, shall notify the Borrower and the Agent and the Agent shall notify the other Finance Parties.

13. Increased costs

13.1 Increased costs

(a) Subject to Clause 13.3 (*Exceptions*) the Borrower shall, within three (3) Business Days of a demand by the Agent, pay to the Agent for the account of a Finance Party the amount of any Increased Costs incurred by that Finance Party or any of its Affiliates as a result of:

(i) the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation; or

(ii) compliance with any law or regulation made after the date of this Agreement.

(b) In this Agreement "**Increased Costs**" means:

(i) a reduction in the rate of return from the Loan or on a Finance Party's (or its Affiliate's) overall capital;

(ii) an additional or increased cost; or

(iii) a reduction of any amount due and payable under any Finance Document,

which is incurred or suffered by a Finance Party or any of its Affiliates to the extent that it is attributable to that Finance Party having entered into its Commitment or funding or performing its obligations under any Finance Document.

(c) In this Agreement "**Basel III**" means:

(i) the agreements on capital requirements, a leverage ratio and liquidity standards contained in "Basel III: A global regulatory framework for more resilient banks and banking systems", "Basel III: International framework for liquidity risk measurement, standards and monitoring" and "Guidance for national authorities operating the countercyclical capital buffer" published by the Basel Committee on Banking Supervision in December 2010, each as amended, supplemented or restated;

(ii) the rules for global systemically important banks contained in "Global systemically important banks: assessment methodology and the additional loss absorbency requirement — Rules text" published by the Basel Committee on Banking Supervision in November 2011, as amended, supplemented or restated; and

(iii) any further guidance or standards published by the Basel Committee on Banking Supervision relating to "Basel III".

(d) In this Agreement, "**CRD IV**" means EU CRD IV and UK CRD IV.

(e) In this Agreement, "**EU CRD IV**" means:

(i) Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending regulation (EU) No. 648/2012; and

(ii) Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC.

(f) In this Agreement "**UK CRD IV**" means:

(i) Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 as it forms part of domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018 (the "**Withdrawal Act**");

(ii) the law of the United Kingdom or any part of it, which immediately before IP completion day (as defined in the European Union (Withdrawal Agreement) Act 2020) implemented Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC and its implementing measures; and

(iii) direct EU legislation (as defined in the Withdrawal Act), which immediately before IP completion day (as defined in the European Union (Withdrawal Agreement) Act 2020) implemented EU CRD IV as it forms part of domestic law of the United Kingdom by virtue of the Withdrawal Act.

13.2 Increased cost claims

(a) A Finance Party intending to make a claim pursuant to Clause 13.1 (*Increased costs*) shall notify the Agent of the event giving rise to the claim, following which the Agent shall promptly notify the Borrower.

(b) Each Finance Party shall, as soon as practicable after a demand by the Agent, provide a certificate confirming the amount of its Increased Costs.

13.3 Exceptions

(a) Clause 13.1 (*Increased costs*) does not apply to the extent any Increased Cost is:

(i) attributable to a Tax Deduction required by law to be made by an Obligor;

(ii) attributable to a FATCA Deduction required to be made by a Party;

(iii) compensated for by Clause 12.3 (*Tax indemnity*) (or would have been compensated for under Clause 12.3 (*Tax indemnity*) but was not so compensated solely because any of the exclusions in Clause 12.3 (*Tax indemnity*) applied);

(iv) attributable to the wilful breach by the relevant Finance Party or its Affiliates of any law or regulation;

(v) attributable to the implementation or application of or compliance with the "International Convergence of Capital Measurement and Capital Standards, a Revised Framework" published by the Basel Committee on Banking Supervision in June 2004 in the form existing on the date of this Agreement (but excluding any amendment arising out of Basel III) ("**Basel II**") or any other law or regulation which implements Basel II (whether such implementation, application or compliance is by a government, regulator, Finance Party or any of its Affiliates); or

(vi) attributable to a bank levy or similar charge.

(b) In this Clause 13.3, a reference to a "**Tax Deduction**" has the same meaning given to the term in Clause 12.1 (*Definitions*).

14. Other indemnities

14.1 Currency indemnity

(a) If any sum due from an Obligor under the Finance Documents (a "**Sum**"), or any order, judgment or award given or made in relation to a Sum, has to be converted from the currency (the "**First Currency**") in which that Sum is payable into another currency (the "**Second Currency**") for the purpose of:

(i) making or filing a claim or proof against that Obligor; or

(ii) obtaining or enforcing an order, judgment or award in relation to any litigation or arbitration proceedings,

that Obligor shall as an independent obligation, within three (3) Business Days of demand, indemnify each Finance Party to whom that Sum is due against any cost, loss or liability arising out of or as a result of the conversion including any discrepancy between (A) the rate of exchange used to convert that Sum from the First Currency into the Second Currency and (B) the rate or rates of exchange available to that person at the time of its receipt of that Sum.

(b) Each Obligor waives any right it may have in any jurisdiction to pay any amount under the Finance Documents in a currency or currency unit other than that in which it is expressed to be payable.

14.2 Other indemnities

(a) Each of the Borrower, the Parent, the Ultimate Parent and each Vessel Owner shall jointly and severally, within three (3) Business Days of demand, indemnify each Finance Party against any cost, loss or liability incurred by that Finance Party as a result of:

(i) the occurrence of any Event of Default;

(ii) a failure by an Obligor to pay any amount due under a Finance Document on its due date, including without limitation, any cost, loss or liability arising as a result of Clause 32 (*Sharing among the Finance Parties*);

(iii) funding, or making arrangements to fund, its participation in the Loan requested by the Borrower in the Utilisation Request but not made by reason of the operation of any one or more of the provisions of this Agreement (other than by reason of default or negligence by that Finance Party alone); or

(iv) the Loan (or part of the Loan) not being prepaid in accordance with a notice of prepayment given by a Borrower.

(b) Each of the Borrower, the Parent, the Ultimate Parent and each Vessel Owner shall jointly and severally, on demand, indemnify each Finance Party, each Affiliate of a Finance Party and each officer or employee of a Finance Party or its Affiliate (each such person for the purposes of this Clause 14.2 (an "**Indemnified Person**"), against any cost, loss or liability incurred by that Indemnified Person pursuant to or in connection with any litigation, arbitration or administrative proceedings or regulatory enquiry, in connection with or arising out of the entry into and the transactions contemplated by the Finance Documents, having the benefit of any Security constituted by the Finance Documents or which relates to the condition or operation of, or any incident occurring in relation to, any Vessel unless such cost, loss or liability is caused by the gross negligence or wilful misconduct of that Indemnified Person.

(c) Without limiting, but subject to any limitations set out in paragraph (b) above, the indemnity in paragraph (b) above shall cover any cost, loss or liability incurred by each Indemnified Person in any jurisdiction:

(i) arising or asserted under or in connection with any law relating to safety at sea, the ISM Code, any Environmental Law or any Sanctions; or

(ii) in connection with any Environmental Claim.

(d) Any Affiliate or any officer or employee of a Finance Party or of any of its Affiliates may rely on this Clause subject to Clause 1.3 (*Third Party Rights*) and the provisions of the Third Parties Act.

14.3 Indemnity to the Agent

The Borrower, the Parent, the Ultimate Parent and each Vessel Owner jointly and severally shall promptly indemnify the Agent against:

(a) any cost, loss or liability incurred by the Agent (acting reasonably) as a result of:

(i) investigating any event which it reasonably believes is a Default; or

(ii) acting or relying on any notice, request or instruction which it reasonably believes to be genuine, correct and appropriately authorised; or

(iii) instructing lawyers, accountants, tax advisers, surveyors or other professional advisers or experts as permitted under this Agreement; and

(b) any cost, loss or liability (including, without limitation, for negligence or any other category of liability whatsoever) incurred by the Agent in acting as Agent under the Finance Documents.

14.4 Indemnity to the Security Agent

(a) The Borrower, the Parent, the Ultimate Parent and each Vessel Owner jointly and severally shall promptly indemnify the Security Agent and every Receiver and Delegate against any cost, loss or liability incurred by any of them as a result of:

(i) any failure by an Obligor to comply with its obligations under Clause 16 (*Costs and expenses*);

(ii) acting or relying on any notice, request or instruction which it reasonably believes to be genuine, correct and appropriately authorised;

(iii) the taking, holding, protection or enforcement of the Transaction Security;

(iv) the exercise of any of the rights, powers, discretions, authorities and remedies vested in the Security Agent and each Receiver and Delegate by the Finance Documents or by law;

(v) any default by any Obligor in the performance of any of the obligations expressed to be assumed by it in the Finance Documents;

(vi) instructing lawyers, accountants, tax advisers, surveyors or other professional advisers or experts as permitted under this Agreement; or

(vii) acting as Security Agent, Receiver or Delegate under the Finance Documents or which otherwise relates to any of the Security Property (otherwise, in each case, than by reason of the relevant Security Agent's, Receiver's or Delegate's gross negligence or wilful misconduct).

(b) The Security Agent and every Receiver and Delegate may, in priority to any payment to the Finance Parties, indemnify itself out of the Security Property in respect of, and pay and retain, all sums necessary to give effect to the indemnity in this Clause 14.4(b) and shall have a lien on the Transaction Security and the proceeds of the enforcement of the Transaction Security for all moneys payable to it.

14.5 Indemnity Survival

The indemnities in this Agreement shall survive repayment of the Loan.

14.6 Priority of Indemnity

The Security Agent and every Receiver and Delegate may, in priority to any payment to the Secured Parties, indemnify itself out of the Security Property in respect of, and pay and retain, all sums necessary to give effect to the indemnity in Clause 14.4 (*Indemnity to the Security Agent*) and shall have a lien on the Transaction Security and the proceeds of enforcement of the Transaction Security for all moneys payable to it.

15. Mitigation by the Lenders

15.1 Mitigation

(a) Each Finance Party shall, in consultation with the Borrower, take all reasonable steps to mitigate any circumstances which arise and which would result in any amount becoming payable under or pursuant to, or cancelled pursuant to, any of Clause 7.1 (*Illegality*), Clause 12 (*Tax gross up and indemnities*) or Clause 13 (*Increased costs*) including (but not limited to) transferring its rights and obligations under the Finance Documents to another Affiliate or Facility Office.

(b) Paragraph (a) above does not in any way limit the obligations of any Obligor under the Finance Documents.

15.2 Limitation of liability

(a) The Transaction Obligors shall, within three (3) Business Days of demand, indemnify each Finance Party for all costs and expenses reasonably incurred by that Finance Party as a result of steps taken by it under Clause 15.1 (*Mitigation*).

(b) A Finance Party is not obliged to take any steps under Clause 15.1 (*Mitigation*) if, in the opinion of that Finance Party (acting reasonably), to do so might be prejudicial to it.

16. Costs and expenses

16.1 Transaction expenses

The Borrower, the Parent, the Ultimate Parent and each Vessel Owner shall jointly and severally, within five (5) Business Days of demand, pay to each Finance Party the amount of all costs and expenses (including but not limited to legal fees) reasonably incurred by any of them (and, in the case of the Security Agent, any Receiver or Delegate) in connection with the negotiation, preparation, printing, execution, syndication and perfection of:

(a) this Agreement and any other documents referred to in this Agreement or in a Security Document;

(b) the Transaction Security;

(c) any other Finance Documents executed after the date of this Agreement;

(d) any other document which may at any time be required by a Finance Party to give effect to any Finance Document or which a Finance Party is entitled to call for or obtain under any Finance Document (including, for the avoidance of doubt, any Valuation or survey and inspection costs except where a Finance Party is expressly required under the terms of the Finance Documents to pay any such amount without reimbursement from any Obligor); and

(e) any discharge, release or reassignment of any of the Finance Documents.

16.2 Amendment costs

If (a) an Obligor requests an amendment, waiver or consent or (b) an amendment is required pursuant to Clause 33.10 (*Change of currency*), the Borrower shall, within five (5) Business Days of demand, reimburse each Finance Party for the amount of all costs and expenses (including legal fees) reasonably incurred by that Finance Party (and, in the case of the Security Agent, any Receiver or Delegate) in responding to, evaluating, negotiating or complying with that request or requirement.

16.3 Enforcement and preservation costs

The Borrower shall, within five (5) Business Days of demand, pay to each Finance Party the amount of all costs and expenses (including legal fees) incurred by that Finance Party in connection with the enforcement of, or the preservation of any rights under, any Finance Document or the Transaction Security and with any proceedings instituted by or against that Finance Party as a consequence of it entering into a Finance Document, taking or holding the Transaction Security, or enforcing those rights.

16.4 Other costs

The Borrower shall, within five (5) Business Days of demand, pay to each Finance Party and each other Secured Party the amount of all sums which that Finance Party or other Secured Party may pay or become actually liable for on account of the Borrower or a Vessel Owner in connection with a Vessel (whether alone or jointly or jointly and severally with any other person) including (without limitation) all sums which that Finance Party or other Secured Party may pay or guarantees which it may give in respect of the Insurances, any expenses incurred by that Finance Party or other Secured Party in connection with the maintenance or repair of a Vessel or in discharging any lien, bond or other claim relating in any way to a Vessel, and any sums which that Finance Party or other Secured Party may pay or guarantees which it may give to procure the release of a Vessel from arrest or detention.

17. Guarantee and indemnity

17.1 Guarantee and indemnity

Each of the Guarantors irrevocably and unconditionally:

(a) guarantees to each Finance Party punctual performance by each other Obligor of all that Obligor's obligations under the Finance Documents;

(b) undertakes with each Finance Party that whenever another Obligor does not pay any amount when due under or in connection with any Finance Document, the Guarantors shall immediately on demand pay that amount as if they were the principal obligor; and

(c) agrees with each Finance Party that if any obligation guaranteed by it is or becomes unenforceable, invalid or illegal, it will, as an independent and primary obligation, indemnify that Finance Party immediately on demand against any cost, loss or liability it incurs as a result of an Obligor (other than the Guarantors) not paying any amount which would, but for such unenforceability, invalidity or illegality, have been payable by it under any Finance Document on the date when it would have been due. The amount payable by the Guarantors under this indemnity will not exceed the amount it would have had to pay under this Clause 17 if the amount claimed had been recoverable on the basis of a guarantee.

17.2 Continuing guarantee

This guarantee is a continuing guarantee and will extend to the ultimate balance of sums payable by any Obligor under the Finance Documents, regardless of any intermediate payment or discharge in whole or in part.

17.3 Reinstatement

If any discharge, release or arrangement (whether in respect of the obligations of any Obligor or any security for those obligations or otherwise) is made by a Finance Party in whole or in part on the basis of any payment, security or other disposition which is avoided or must be restored in insolvency, liquidation, administration or otherwise, without limitation, then the liability of the Guarantors under this Clause 17 will continue or be reinstated as if the discharge, release or arrangement had not occurred.

17.4 Waiver of defences

The obligations of the Guarantors under this Clause 17 will not be affected by an act, omission, matter or thing which, but for this Clause, would reduce, release or prejudice any of its obligations under this Clause 17 (without limitation and whether or not known to it or any Finance Party) including:

(a) any time, waiver or consent granted to, or composition with, any Obligor or other person;

(b) the release of any other Obligor or any other person under the terms of any composition or arrangement with any creditor of the Ultimate Parent or any member of the Group;

(c) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or security over assets of, any Obligor or other person or any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any security;

(d) any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of an Obligor or any other person;

(e) any amendment, novation, supplement, extension, restatement (however fundamental and whether or not more onerous) or replacement of any Finance Document or any other document or security including without limitation any change in the purpose of, any extension of or any increase in any facility or the addition of any new facility under any Finance Document or other document or security;

(f) any unenforceability, illegality or invalidity of any obligation of any person under any Finance Document or any other document or security; or

(g) any insolvency or similar proceedings.

17.5 Guarantors' Intent

Without prejudice to the generality of Clause 17.4 (*Waiver of defences*), each of the Guarantors expressly confirms that it intends that this guarantee shall extend from time to time to any (however fundamental) variation, increase, extension or addition of or to any of the Finance Documents and/or any facility or amount made available under any of the Finance Documents for the purposes of or in connection with any of the following: business acquisitions of any nature; increasing working capital, enabling investor distributions to be made; carrying out restructurings; refinancing existing facilities, refinancing any other indebtedness; making facilities available to new borrowers, any other variation or extension of the purposes for which any such facility or amount might be made available from time to time, and any fees, costs and/or expenses associated with any of the foregoing.

17.6 Immediate recourse

Each of the Guarantors waives any right it may have of first requiring any Finance Party (or any trustee or agent on its behalf) to proceed against or enforce any other rights or security or claim payment from any person before claiming from it or commencing proceedings under this Clause 17. This waiver applies irrespective of any law or any provision of a Finance Document to the contrary.

17.7 Appropriations

Until all amounts which may be or become payable by the Obligors under or in connection with the Finance Documents have been irrevocably paid in full, each Finance Party (or any trustee or agent on its behalf) may:

(a) refrain from applying or enforcing any other moneys, security or rights held or received by that Finance Party (or any trustee or agent on its behalf) in respect of those amounts, or apply and enforce the same in such manner and order as it sees fit (whether against those amounts or otherwise) and the Guarantors shall be entitled to the benefit of the same; and

(b) hold in an interest-bearing suspense account any moneys received from the Guarantors or on account of the Guarantors' liability under this Clause 17.

17.8 Deferral of Guarantors' rights

Until all amounts which may be or become payable by the Obligors under or in connection with the Finance Documents have been irrevocably paid in full and unless the Agent otherwise directs, the Guarantors will not exercise any rights which either of them may have by reason of performance by it of its obligations under the Finance Documents or by reason of any amount being payable, or liability arising, under this Clause 17:

(a) to be indemnified by an Obligor;

(b) to claim any contribution from any other guarantor of any Obligor's obligations under the Finance Documents;

(c) to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Finance Parties under the Finance Documents or of any other guarantee or security taken pursuant to, or in connection with, the Finance Documents by any Finance Party;

(d) to bring legal or other proceedings for an order requiring any Obligor to make any payment, or perform any obligation, in respect of which any Obligor has given a guarantee, undertaking or indemnity under Clause 17.1 (*Guarantee and indemnity*);

(e) to exercise any right of set-off against any Obligor; and/or

(f) to claim or prove as a creditor of any Obligor in competition with any Finance Party.

If any Guarantor receives any benefit, payment or distribution in relation to such rights it shall hold that benefit, payment or distribution to the extent necessary to enable all amounts which may be or become payable to the Finance Parties by the Obligors under or in connection with the Finance Documents to be repaid in full on trust for the Finance Parties and shall promptly pay or transfer the same to the Agent or as the Agent may direct for application in accordance with Clause 33 (*Payment mechanics*).

17.9 Additional security

This guarantee and any other Security given by the Guarantors is in addition to and is not in any way prejudiced by, and shall not prejudice, any other guarantee or Security or any other right of recourse now or subsequently held by any Finance Party, or any right of set-off or netting or right to combine accounts in connection with the Finance Documents.

18. Representations and warranties

18.1 Representations

Each Obligor makes the representations and warranties set out in this Clause 18 to each Finance Party and the times specified in Clause 18.32 (*Times when representations are made*).

18.2 Status

Each of the Obligors:

(a) is a corporation or a limited liability company, duly incorporated or formed and validly existing under the law of its jurisdiction of incorporation or formation; and

(b) has the power to own its assets and carry on its business as it is being conducted.

18.3 Binding obligations

Subject to the Legal Reservations:

(a) the obligations expressed to be assumed by each of the Obligors in each of the Relevant Documents to which it is a party are legal, valid, binding and enforceable obligations; and

(b) (without limiting the generality of paragraph (a)), each Security Document to which it is a party creates or will create upon execution and delivery and, where applicable, registration, the security interests that that Security Document purports to create and those security interests are, or will be when created or intended to be created, valid and effective.

18.4 Non-conflict with other obligations

The entry into and performance by each of the Obligors of, and the transactions contemplated by, the Relevant Documents do not conflict with:

(a) any law or regulation applicable to such Obligor;

(b) the constitutional documents of such Obligor; or

(c) any agreement or instrument binding upon such Obligor or any of such Obligor's assets or constitute a default or termination event (however described) under any such agreement or instrument.

18.5 Power and authority

(a) Each of the Obligors has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of, the Relevant Documents to which it is or will be a party and the transactions contemplated by those Relevant Documents.

(b) No limit on the powers of any Obligor will be exceeded as a result of the borrowing, granting of security or giving of guarantees or indemnities contemplated by the Relevant Documents to which it is a party.

18.6 Validity and admissibility in evidence

All authorisations required or desirable:

(a) to enable each of the Obligors lawfully to enter into, exercise its rights and comply with its obligations in the Relevant Documents to which it is a party; and

(b) to make the Relevant Documents to which any Obligor is a party admissible in evidence in its Relevant Jurisdictions,

have been obtained or effected and are in full force and effect, with the exception only of the registrations referred to in Schedule 2Part III (*Conditions Subsequent*).

18.7 Governing law and enforcement

(a) Subject to the Legal Reservations, the choice of governing law of any Finance Document will be recognised and enforced in the Relevant Jurisdictions of each relevant Transaction Obligor.

(b) Any judgment obtained in relation to any Finance Document in the jurisdiction of the governing law of that Finance Document will, subject to the Legal Reservations, be recognised and enforced in the Relevant Jurisdictions of each relevant Transaction Obligor.

18.8 Insolvency

No corporate action, legal proceeding or other procedure or step described in Clause 26.7 (*Insolvency proceedings*) or creditors' process described in Clause 26.8 (*Creditors' process*) has been taken or, to the knowledge of any Transaction Obligor, threatened in relation to that Transaction Obligor; and none of the circumstances described in Clause 26.6 (*Insolvency*) applies to a Transaction Obligor.

18.9 No filing or stamp taxes

Under the laws of the Relevant Jurisdictions of each relevant Transaction Obligor it is not necessary that the Finance Documents be filed, recorded or enrolled with any court or other authority in any of those jurisdictions or that any stamp, registration, notarial or similar tax or fees be paid on or in relation to the Finance Documents or the transactions contemplated by the Finance Documents except:

(a) any filing, recording or any tax or fee payable in relation to any Finance Document which is referred to in any legal opinion referred to in Clause 4 (*Conditions of Utilisation*); and

(b) registration of each Mortgage at the registry of the Approved Flag where title to the relevant Vessel is registered in the ownership of the relevant Vessel Owner.

18.10 No default

(a) No Event of Default is continuing or is reasonably likely to result from the advance of the Utilisation or the entry into, the performance of, or any transaction contemplated by, any of the Relevant Documents.

(b) No other event or circumstance is outstanding which constitutes (or, with the expiry of a grace period, the giving of notice, the making of any determination or any combination of any of the foregoing, would constitute) a default or termination event (howsoever described) under any other agreement or instrument which is binding on any of the Transaction Obligors or to which its assets are subject and which has or is reasonably likely to have a Material Adverse Effect.

18.11 No misleading information

(a) All information supplied by it or at the request or direction of an Obligor on its behalf to any Finance Party in connection with the Relevant Documents was true and accurate in all material respects as at the date it was provided or as at any date at which it was stated to be given.

(b) Any financial projections contained in the information referred to in paragraph (a) above have been prepared as at their date on the basis of recent historical information and on the basis of reasonable assumptions as of that same date.

(c) It has not omitted to supply any information which, if disclosed, would make the information referred to in paragraph (a) above untrue or misleading in any material respect.

(d) Nothing has occurred since the date of the information referred to in paragraph (a) above which, if disclosed, would make that information untrue or misleading in any material respect as at the same date.

18.12 Financial statements

(a) The Original Financial Statements were prepared in accordance with GAAP consistently applied.

(b) The unaudited Original Financial Statements fairly present the Ultimate Parent's and the Group's financial condition as at the end of the relevant financial quarter and results of operations during the relevant financial quarter.

(c) The audited Original Financial Statements give a true and fair view of the Ultimate Parent's and the Group's financial condition as at the end of the relevant financial year and results of operations during the relevant financial year.

(d) From the date of this Agreement until the date of delivery of the audited financial statements for the financial year ending 31 December 2020 pursuant to Clauses 19.1(a) and 19.1(c) (*Financial statements*), there has been no material adverse change in any Transaction Obligor's assets, business or financial condition since the date of the Original Financial Statements.

(e) Each Transaction Obligor's most recent financial statements delivered pursuant to Clause 19.1 (*Financial statements*):

(i) have been prepared in accordance with GAAP as applied to the Original Financial Statements; and

(ii) give a true and fair view of (if audited) or fairly present (if unaudited) its consolidated financial condition as at the end of, and consolidated results of operations for, the period to which they relate.

(f) Since the date of the most recent financial statements delivered pursuant to Clauses 19.1(a) and 19.1(c) (*Financial statements*) there has been no material adverse change in the business, assets or financial condition of any of the Transaction Obligors or the Group.

18.13 No proceedings pending or threatened

No litigation, arbitration or administrative or investigative proceedings of or before any court, arbitral body, authority or agency which, if adversely determined, might reasonably be expected to have a Material Adverse Effect have (to its knowledge and belief, following due and careful enquiry) been started or threatened against any of the Obligors.

18.14 Taxes and VAT

(a) It is not required to make any Tax Deduction from any payment made by it under any of the Finance Documents.

(b) It is not a member of a value added tax group.

18.15 No breach of laws

None of the Obligors has breached any law or regulation which breach has or is reasonably likely to have a Material Adverse Effect.

18.16 Environmental laws

(a) Each of the Obligors is in compliance with Clause 21.3 (*Environmental compliance*) and to the best of its knowledge and belief (having made due and careful enquiry) no circumstances have occurred which would prevent such compliance in a manner or to an extent which has or is reasonably likely to have a Material Adverse Effect.

(b) No Environmental Claim has been commenced or (to the best of its knowledge and belief (having made due and careful enquiry)) is threatened against any of the Obligors where that claim has or is reasonably likely to have a Material Adverse Effect.

18.17 Taxation

(a) None of the Obligors is materially overdue in the filing of any Tax returns or is overdue in the payment of any amount in respect of Tax to an extent which has or is reasonably likely to have a Material Adverse Effect.

(b) No claims or investigations are being, or are reasonably likely to be, made or conducted against any of the Obligors with respect to Taxes.

(c) Unless otherwise disclosed to the Agent, each of the Vessel Owners is resident for Tax purposes only in its Original Jurisdiction, save that GSL Alcazar Inc. shall be permitted to leave the Cyprus tonnage tax system and cease to be tax resident in Cyprus.

18.18 Anti-corruption law

Each of the Obligors and each Affiliate of any of them has conducted its businesses in compliance with applicable anti-corruption laws and has instituted and maintained policies and procedures designed to promote and achieve compliance with such laws.

18.19 No Security or Financial Indebtedness

(a) No Security (other than Permitted Security) exists over all or any of the present or future assets of any Transaction Obligor in breach of this Agreement.

(b) No Transaction Obligor (other than the Ultimate Parent) has any Financial Indebtedness outstanding other than the Permitted Intercompany Debt or as otherwise permitted by this Agreement.

18.20 Pari passu ranking

The payment obligations of each of the Transaction Obligors under the Finance Documents to which it is a party rank at least *pari passu* with the claims of all its other unsecured and unsubordinated creditors, except for obligations mandatorily preferred by law applying to companies generally.

18.21 Ranking of Security

The security conferred by each Security Document constitutes a first priority security interest of the type described, over the assets referred to, in that Security Document and those assets are not subject to any prior or *pari passu* Security except Permitted Security.

18.22 Centre of main interests and establishments

For the purposes of Regulation (EU) No. 2015/848 of 20 May 2015 on insolvency proceedings (recast) (the "**Regulation**"), the centre of main interest of each of the Obligors (as that term is used in Article 3(1) of the Regulation) is situated in that Obligor's Original Jurisdiction and it has no "establishment" (as that term is used in Article 2(10) of the Regulation) in any other jurisdiction.

18.23 No adverse consequences

(a) It is not necessary under the laws of the Relevant Jurisdictions of any of the Transaction Obligors:

(i) in order to enable any Finance Party to enforce its rights under any Finance Document; or

(ii) by reason of the execution of any Finance Document or the performance by it of its obligations under any Finance Document,

that any Finance Party should be licensed, qualified or otherwise entitled to carry on business in any of the Relevant Jurisdictions of any of the Transaction Obligors.

(b) No Finance Party is or will be deemed to be resident, domiciled or carrying on business in any of the Relevant Jurisdictions of any of the Transaction Obligors by reason only of the execution, performance and/or enforcement of any Finance Document.

18.24 Completeness of Relevant Documents

The copies of any documents or evidence listed in Schedule 2 (*Conditions Precedent*) provided or to be provided by the Borrower to the Agent in accordance with Clause Schedule 2 (*Conditions of Utilisation*) are, or will be, true, accurate and complete copies of the originals.

18.25 No Immunity

No Transaction Obligor or any of its assets is immune to any legal action or proceeding.

18.26 Money laundering

Any borrowing by the Borrower under this Agreement, and the performance of its obligations under this Agreement and under the other Finance Documents, will be for its own account and will not involve any breach by it of any law or regulatory measure relating to "money laundering" as defined in Article 1 of the Directive (2005/EC/60) of the European Parliament and of the Council of the European Communities.

18.27 Sanctions

As regards Sanctions:

(a) None of the Obligors or any of their respective direct or indirect shareholders or members (as applicable) (excluding any direct or indirect shareholder of the Ultimate Parent which individually and/or with any persons with whom it is acting in concert is not a controlling direct or indirect shareholder of the Ultimate Parent) or any director, officer, agent, employee or person acting on behalf of any of them is a Restricted Person or is owned or controlled by, or acting directly or indirectly on behalf of or for the benefit of, a Restricted Person and none of such persons owns or controls a Restricted Person.

(b) No proceeds of the Loan shall be made available, directly or indirectly, to or for the benefit of a Restricted Person in violation of Sanctions, or otherwise shall be, directly or indirectly, applied in a manner or for a purpose that will expose any of the Finance Parties to Sanctions.

(c) The Obligors shall not use any revenue or benefit derived from any activity or dealing with a Restricted Person in violation of Sanctions in discharging any obligation due or owing to the Finance Parties.

(d) Each of the Obligors and each Affiliate of any of them is in compliance with Sanctions.

(e) Each Obligor shall, to the extent permitted by law, promptly upon becoming aware of them supply to the Agent details of any claim, action, suit, proceedings or formal investigation against it brought by any Sanctions Authority, with respect to the activities of an Obligor or any of their principals or Affiliates (excluding any direct or indirect shareholder of the Ultimate Parent which individually and/or with any persons with whom it is acting in concert does not own 50% or more of the Ultimate Parent and is otherwise not a controlling direct or indirect shareholder of the Ultimate Parent).

18.28 Valuation

(a) All information supplied by it or on its behalf to the Agent for the purposes of each Valuation was true and accurate as at its date or (if appropriate) as at the date (if any) at which it is stated to be given.

(b) It has not omitted to supply any information to the Agent in accordance with sub- paragraph (a) above which, if disclosed, would materially and adversely affect a Valuation or the Market Value of a Vessel.

18.29 No other business

(a) None of the Parent, the Borrower or any Vessel Owner has traded or carried on any business since the date of its incorporation or formation, as applicable, except for:

(i) in the case of the Parent, the ownership of the Borrower;

(ii) in the case of the Borrower, the ownership of each Vessel Owner; and

(iii) in the case of each Vessel Owner, the acquisition, ownership and operation of the Vessel owned by it.

(b) As at the date of this Agreement, none of the Parent, the Borrower nor any Vessel Owner is party to any material agreement other than the Relevant Documents, the Senior Secured Notes and the Existing Security.

(c) As at the date of this Agreement no Vessel Owner has any Subsidiaries.

(d) As at the date falling one (1) Business Day after the Preposition Date:

(i) the Parent does not have any Subsidiaries other than the Borrower and the Vessel Owners; and

(ii) the Borrower does not have any Subsidiaries other than the Vessel Owners.

(e) None of the Parent, the Borrower or any Vessel Owner:

(i) has, or has had, any employees; and

(ii) has any obligation in respect of any retirement benefit or occupational pension scheme.

18.30 Ownership

(a) All of the Parent's issued limited liability company interests are directly legally and beneficially owned and controlled by the Ultimate Parent.

(b) All of the Borrower's issued limited liability company interests are directly legally and beneficially owned and controlled by the Parent.

(c) As from the date falling one (1) Business Day after the Preposition Date, each Vessel Owner's entire issued share capital or all of the issued limited liability company interests (as applicable) are directly legally and beneficially owned and controlled by the Borrower.

(d) The shares in the capital or all of the issued limited liability company interests (as applicable) of each Transaction Obligor (other than the Ultimate Parent) are fully paid and are not subject to any option to purchase or similar rights.

(e) Each Vessel Owner is the sole legal and beneficial owner of the relevant Vessel, its Earnings and its Insurances.

(f) Each Transaction Obligor is the sole legal and beneficial owner of any other asset that is the subject of any Transaction Security created or intended to be created by it.

18.31 Vessel

(a) Each Pool A Vessel is and, from the date falling one (1) Business Day after the Preposition Date, each Pool B Vessel is:

(i) either permanently registered in the name of the relevant Vessel Owner under the relevant Approved Flag or will be permanently registered within 90 days of such date;

(ii) free from Security (other than Permitted Security);

(iii) operationally seaworthy and in every way fit for service;

(iv) classed in accordance with the relevant Classification free of all overdue conditions and recommendations of the relevant Classification Society (except as disclosed to and approved by the Agent prior to the Effective Date); and

(v) insured in the manner required by the Finance Documents.

(b) To the best of its knowledge:

(i) no material breach of any law or regulation is outstanding which might have a Material Adverse Effect; and

(ii) no adverse claim has been made by any person in respect of the ownership of that Vessel or any interest in it.

18.32 Times when representations are made

(a) All of the representations and warranties set out in this Clause 18 (other than the representations and warranties set out in Clause 18.29(d) (*No other business*), Clause 18.30(c) (*Ownership*) and Clause 18.31 (*Vessel*)) are deemed to be made on the date of this Agreement, the date of the Utilisation Request and the Utilisation Date.

(b) The Repeating Representations are deemed to be made on the first day of each Interest Period.

(c) The representations and warranties set out in Clause 18.29(d) (*No other business*), Clause 18.30(c) (*Ownership*) and Clause 18.31 (*Vessel*) are deemed to be made on the Utilisation Date.

19. Information undertakings

The undertakings in this Clause 19 remain in force from the date of this Agreement for so long as any amount is outstanding under the Finance Documents or any Commitment is in force.

19.1 Financial statements

The Ultimate Parent and the Parent shall supply to the Agent:

(a) Ultimate Parent's audited consolidated (so as to include the Parent, the Borrower and each Vessel Owner) financial statements for each of its financial years, as soon as the same become available, but in any event within 120 days after the end of each of its financial years;

(b) Ultimate Parent's unaudited consolidated (so as to include the Parent, the Borrower and each Vessel Owner) financial statements for each Financial Half Year, as soon as the same become available, but in any event within 90 days after the end of each such Financial Half Year;

(c) to the extent they are produced, Ultimate Parent's unaudited consolidated (so as to include the Parent, the Borrower and each Vessel Owner) financial statements for each Financial Quarter which does not end on a Half Year Date, as soon as the same become available, but in any event within 90 days after the end of each such Financial Quarter;

(d) Parent's unaudited consolidated (so as to include the Borrower and each Vessel Owner) financial statements as extracts from the Ultimate Parent's filed 20-F in accordance with NYSE rules and certified as to their correctness by an officer of the Ultimate Parent for each of its financial years, as soon as the same become available, but in any event within 120 days after the end of each of its financial years; and

(e) Parent's unaudited consolidated (so as to include the Borrower and each Vessel Owner) financial statements for each Financial Half Year, as soon as the same become available, but in any event within 90 days after the end of each such Financial Half Year; and

(f) as soon as possible after the end of each Financial Quarter, but in any event within 90 days after the end of each such Financial Quarter, results of the operations of each Vessel during the relevant Financial Quarter and the daily Operating Costs of each Vessel.

19.2 Compliance Certificates

(a) The Ultimate Parent shall supply to the Agent, within ten (10) Business Days of the end of each Financial Quarter, a Compliance Certificate together with evidence of the amounts standing to the credit of each Account as of the last day of each such Financial Quarter:

(i) confirming compliance with the Minimum Liquidity Amount, together with a statement of the balance of the Minimum Liquidity Account;

(ii) setting out the balances of the Dry Docking Reserve Accounts.

(b) In addition to paragraph (a) above, the Ultimate Parent shall supply to the Agent, with each set of financial statements delivered pursuant to Clause 19.1 (*Financial statements*), a Compliance Certificate setting out (in reasonable detail) computations as to compliance with Clause 20 (*Financial covenants*).

(c) The Ultimate Parent shall ensure that each Compliance Certificate delivered pursuant to this Clause 19.2 shall be signed by an authorised officer of the Ultimate Parent.

(d) Each Obligor shall, if, prior to the delivery of any Compliance Certificate by the relevant Obligor, the relevant Obligor becomes aware that the financial covenants detailed in Clause 20 (*Financial Covenants*) (or any of them) will not be complied with, promptly notify the Agent accordingly.

19.3 Requirements as to financial statements

(a) Each set of financial statements delivered by an Obligor pursuant to Clause 19.1 (*Financial statements*):

(i) shall be certified by an authorised officer of that Obligor as giving a true and fair view (in case of annual financial statements), or fairly presenting (in other cases), its financial condition as at the date as at which those financial statements were drawn up; and

(ii) shall be prepared using GAAP, accounting practices and financial reference periods consistent with those applied in the preparation of the Original Financial Statements unless, in relation to any set of financial statements, it notifies the Agent that there has been a change in GAAP, the accounting practices or reference periods and its auditors deliver to the Agent:

(A) a description of any change necessary for those financial statements to reflect the GAAP, accounting practices and reference periods upon which that Obligor's Original Financial Statements were prepared;

(B) sufficient information, in form and substance as may be reasonably required by the Agent, to enable the Agent to determine whether Clause 20.1 (*Financial Covenants*) has been complied with and to make an accurate comparison between the financial position indicated in those financial statements and that Obligor's Original Financial Statements; and

(C) in the case of annual audited financial statements, not be the subject of any Auditor's opinion that is qualified in any material way.

(b) Any reference in this Agreement to those financial statements shall be construed as a reference to those financial statements as adjusted to reflect the basis upon which the Original Financial Statements were prepared.

(c) If the Ultimate Parent notifies the Agent of a change in accordance with paragraph 19.3(a)(ii) above, the Ultimate Parent and the Agent shall enter into negotiations in good faith for a period of at least 30 days with a view to agreeing any amendments to this Agreement which are necessary as a result of the change. To the extent practicable, these amendments will be such as to ensure that the change does not result in any material alteration in the commercial effect of the obligations in this Agreement. If any amendments are agreed and executed and all conditions precedent to such amendments taking effect are satisfied, they shall take effect and be binding on each of the parties in accordance with their terms.

19.4 Budgets and Report on Operating Expenses

(a) The Transaction Obligors shall:

(i) supply to the Agent, no later than thirty (30) days prior to the commencement of each calendar year, copies of an annual operating budget of each Vessel Owner (and the Vessel owned by it) for that calendar year; and

(ii) procure that an Approved Manager shall supply to the Agent, no later than thirty (30) days prior to the commencement of each calendar year, a copy of an annual Operating Expenses budget in respect of each Vessel for that calendar year,

for approval by the Agent (acting on the instructions of the Majority Lenders) and in the form and with such details as the Agent (acting on the instructions of the Majority Lenders) may reasonably require.

(b) Without prejudice to the foregoing, each annual Operating Expenses budget under paragraph 19.4(a)(ii) above to be in the form appended to Schedule 14 (*Example Budget*).

(c) The Borrower, the Parent, the Ultimate Parent and the Vessel Owners shall procure that an Approved Manager shall, on 10 Business Days' request, supply to the Agent a quarterly performance report for each Vessel for the following Financial Quarter showing the estimated daily Operating Expenses for that Vessel, a comparison of the budget for the previous Financial Quarter and actual expenditure in relation to Operating Expenses and, upon the request of the Agent, provide details of trade payables and other liabilities position of each Vessel.

19.5 Permitted Operating Expenses

(a) The permitted amount of Operating Expenses for the Mortgaged Vessels in any given calendar year shall not, in aggregate, exceed 110% of the aggregate agreed budgeted amounts for those Mortgaged Vessels (based on an agreed per day amount for each Vessel).

(b) The permitted amount of Operating Expenses for each Vessel for the period ending 31 December 2021 is set out in Schedule 11 (*Initial Budgeted OPEX*).

(c) The permitted amount of Operating Expenses for each Vessel for each subsequent calendar year shall be submitted by the Borrower to and approved by the Agent in advance of that calendar year (based on an agreed per day amount for that Vessel, which shall not exceed what was permitted in the previous calendar year by more than 3.0% without the prior written consent of the Agent (such consent not to be unreasonably withheld or delayed)).

(d) Without prejudice to the Transaction Obligors' obligations under paragraphs (a) to (c) above, the Transaction Obligors shall notify or procure that the Approved Technical Manager notifies the Agent on a timely basis of any actual or anticipated material increases in the Operating Expenses budget with respect to a Vessel.

19.6 Information on Parent Group

(a) In the event that the Ultimate Parent by reason of actual or anticipated financial difficulties enters into discussions or negotiations with more than 35% (by value) of the Ultimate Parent Group's creditors (taken as a whole) with a view to obtaining any form of moratorium, suspension or deferral of payments or reorganisation of debt (or certain debt) ("**Parent Group Restructuring**"), then:

(i) the Obligors shall give notice to the Agent (which notice shall include information as to the identity of the creditors that the Ultimate Parent intends to enter into discussions with, together with the general terms of the proposal to be discussed with the respective creditors and any presentation materials and/or other written materials related thereto), such notice to be provided promptly, if possible before commencement of the discussions or negotiations and, in any case, within two (2) Business Days of commencement of such discussions or negotiations; and

(ii) the Obligors shall inform and update the Agent upon request regarding any developments in relation to such discussions or negotiations and provide the Agent with any information which it may reasonably request regarding the Parent Group Restructuring.

(b) The Obligors shall, within two (2) Business Days of the occurrence of such event, notify the Agent if any Financial Indebtedness in respect of any member of the Ultimate Parent Group:

(i) is not paid when due nor within any originally applicable grace period;

(ii) is declared to be, or otherwise becomes, due and payable prior to its specified maturity as a result of an event of default (however described); or

(iii) is capable of being declared by a creditor to be due and payable prior to its specified maturity as a result of such an event.

19.7 Information: miscellaneous

The Borrower, the Parent, the Ultimate Parent and the Vessel Owners shall supply to the Agent (in sufficient copies for all the Lenders, if the Agent so requests):

(a) at the same time as they are dispatched, copies of all documents dispatched by the Borrower, the Parent, the Ultimate Parent or that Vessel Owner to its shareholders or members (as applicable) generally (or any class of them) or dispatched by the Borrower, the Parent, the Ultimate Parent or that Vessel Owner to its creditors generally (or any class of them);

(b) promptly upon becoming aware of them, the details of any litigation, arbitration or administrative proceedings (including proceedings related to any alleged or actual breach of the ISM Code or the ISPS Code) which are current, threatened or pending against any Obligor, and which are likely to have a Material Adverse Effect;

(c) promptly, such further information regarding the financial condition, business and operations of any Transaction Obligor as any Finance Party (through the Agent) may reasonably request, including without limitation cash flow analyses and details of the Operating Expenses of any Vessel, any dividends and/or loans made by the Borrower, the Parent, the Ultimate Parent and/or Vessel Owner, and annual inspection certificates (including any annual inspection report (if required by the Agent)); and

(d) promptly on request, such further information regarding the financial condition, assets and operations of any Transaction Obligor (including any requested amplification or explanation of any item in the financial statements, budgets or other material provided by any Transaction Obligor under this Agreement and an up to date copy of its shareholders' register (or equivalent in its Original Jurisdiction)) as any Finance Party through the Agent may reasonably request, except information which is confidential in relation to third parties or the disclosure of which is contrary to law or regulation.

19.8 Notification of default

Each Transaction Obligor shall notify the Agent of any Event of Default (and the steps, if any, being taken to remedy it) promptly upon becoming aware of its occurrence (unless that Transaction Obligor is aware that a notification has already been provided by another Obligor).

19.9 "Know your customer" checks

(a) If:

(i) the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation made after the date of this Agreement;

(ii) any change in the status of a Transaction Obligor after the date of this Agreement; or

(iii) a proposed assignment or transfer by a Lender of any of its rights and obligations under this Agreement to a party that is not a Lender prior to such assignment or transfer,

obliges the Agent or any Lender (or, in the case of paragraph (iii) above, any prospective new Lender) to comply with "know your customer" or similar identification procedures in circumstances where the necessary information is not already available to it, each Transaction Obligor shall promptly upon the request of the Agent or any Lender supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Agent (for itself or on behalf of any Lender) or any Lender (for itself or, in the case of the event described in paragraph (iii) above, on behalf of any prospective new Lender) in order for the Agent, such Lender or, in the

case of the event described in paragraph (iii) above (and which is obtainable and may lawfully be disclosed by the relevant Transaction Obligor), any prospective new Lender to carry out and be satisfied it has complied with all necessary "know your customer" or other similar checks under all applicable laws and regulations pursuant to the transactions contemplated in the Finance Documents.

(b) Each Lender shall promptly upon the request of the Agent supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Agent (for itself) in order for the Agent to carry out and be satisfied it has complied with all necessary "know your customer" or other similar checks under all applicable laws and regulations pursuant to the transactions contemplated in the Finance Documents.

19.10 USA Patriot Act Notice

Each Lender hereby notifies each Transaction Obligor that, pursuant to the requirements of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (Title III of Pub.: 107-56 (signed into law October 26, 2001) (the "**Patriot Act**") it is required to obtain, verify, and record information that identifies the Borrower, which information includes the name of the Borrower and other information that will allow such Lender to identify the Borrower in accordance with the Patriot Act, and the Borrower agrees to provide such information from time to time to any Lender.

20. Financial covenants

20.1 Financial covenants

(a) At each and all times during the Facility Period, the Borrower shall procure that Cash is maintained in the Minimum Liquidity Account in an amount of not less than the applicable Minimum Liquidity Amount.

(b)

(i) The Ultimate Parent shall ensure that, as of each Quarter Date, the Ultimate Parent and its Subsidiaries (excluding the Parent, the Borrower and any Vessel Owner) maintain an amount of unrestricted Cash and Cash Equivalents equal to at least US$20 million on a consolidated basis ("**Minimum Liquidity Test**"); provided that for the purpose of determining compliance with this Clause 20.1(b)(i), Cash and Cash Equivalents as of each Quarter Date shall be deemed to include the Minimum Liquidity Amount and contracted charter-hire receivables as of such date, so long as any such unpaid charter-hire receivables are collected within 20 Business Days following such Quarter Date.

(ii) If the Ultimate Parent fails to comply with the Minimum Liquidity Test on any Quarter Date, such failure may be cured (and, for the avoidance of doubt, no Default or Event of Default shall occur as a result of such failure) if, within 30 Business Days following such Quarter Date, (1) the Ultimate Parent receives net cash proceeds in exchange for the issuance of the common shares, preference shares or other equity securities of the Ultimate Parent or other cash contribution to the equity of the Ultimate Parent, (2) after adjusting the calculation of the Ultimate Parent's Cash and Cash Equivalents as of such Quarter Date to give effect to the amount of net cash proceeds received, the Ultimate Parent would have complied with the Minimum Liquidity Test as of such Quarter Date and (3) the Ultimate Parent provides an officer's certificate in form and substance satisfactory to the Agent notifying the Agent of the occurrence of (1) and (2).

The above covenants shall be tested on each Quarter Date and reported to the Agent in each Compliance Certificate to be delivered to the Agent pursuant to Clause 19.2(b) (*Compliance certificates*).

20.2 Most favoured Lenders

If at any time any other Financial Indebtedness of the Ultimate Parent and/or any of its Subsidiaries shall include any financial covenant in respect of the Ultimate Parent (whether set forth as a covenant, undertaking, event of default, restriction or other such provision) (a "**Financial Covenant**") that would be more beneficial to the Lenders than any analogous provision contained in this Agreement (an "**Additional Financial Covenant**"), then such Additional Financial Covenant shall be deemed automatically incorporated into the terms of this Agreement (an "**MFN Amendment**"). Such MFN Amendment shall be reversed and the financial covenants restored to those that were in effect immediately prior to an MFN Amendment when (i) such other financial indebtedness containing the Additional Financial Covenant is repaid in full other than as a result of or in connection with an actual event of default (howsoever defined); or (ii) the original terms of an Additional Financial Covenant provide that it has ceased to apply.

21. General undertakings

The undertakings in this Clause 21 remain in force from the date of this Agreement for so long as any amount is outstanding under the Finance Documents or any Commitment is in force.

21.1 Authorisations

Each Obligor shall promptly:

(a) obtain, comply with, renew and do all that is necessary to maintain in full force and effect each Relevant Document; and

(b) upon request, supply certified copies to the Agent of any authorisation required under any law or regulation of its jurisdiction of incorporation or formation, as applicable, to:

(i) enable it to perform its obligations under the Relevant Documents to which it is a party;

(ii) ensure the legality, validity, enforceability or admissibility in evidence in its jurisdiction of incorporation or formation, as applicable, of any Relevant Document; or

(iii) enable any Obligor to carry on its business where failure to do so has or is reasonably likely to have a Material Adverse Effect.

21.2 Compliance with laws

(a) Each Obligor shall comply (and shall procure that each Affiliate of any of them shall comply) in all respects with all laws, regulations and directives to which it may be subject if (except as regards Sanctions, to which Clause 21.2(b) applies, and anti- corruption laws, to which Clause 21.5 (*Anti-corruption laws*) applies) failure to do so has or is reasonably likely to have a Material Adverse Effect.

(b) Each Obligor shall (and shall procure that each Affiliate of any of them shall comply) in all respect with all Sanctions.

21.3 Environmental compliance

Each Obligor shall:

(a) comply with all Environmental Laws applicable to it and the Vessel owned by it, as the case may be;

(b) obtain, maintain and ensure compliance with all Environmental Approvals applicable to it and the Vessel owned by it, as the case may be; and

(c) implement procedures to monitor compliance with and to prevent liability under any Environmental Law applicable to it and the Vessel owned by it, as the case may be,

where failure to do so has or is reasonably likely to have a Material Adverse Effect.

21.4 Environmental Claims

The Borrower shall, promptly upon becoming aware of the same, inform the Agent in writing of:

(a) any Environmental Claim against any of the Obligors which is current, pending or threatened; and

(b) any facts or circumstances which are reasonably likely to result in any Environmental Claim being commenced or threatened against any of the Obligors, where the claim, if determined against that Obligor, has or is reasonably likely to have a Material Adverse Effect.

21.5 Anti-corruption laws

(a) No Obligor shall (and each Obligor shall procure that no other Obligor which is a Subsidiary of that Obligor shall) directly or indirectly use the proceeds of the Loan for any purpose that would breach the Bribery Act 2010, the United States Foreign Corrupt Practices Act of 1977 or other similar legislation in other jurisdictions.

(b) Each Obligor shall (and shall procure that each other Obligor which is a Subsidiary of that Obligor shall):

(i) conduct its businesses in material compliance with applicable anti-corruption laws; and

(ii) maintain policies and procedures designed to promote and achieve compliance with such laws.

21.6 Taxation

(a) Each Transaction Obligor shall (and shall procure that each other Transaction Obligor which is a Subsidiary of that Transaction Obligor shall) pay and discharge all Taxes imposed upon it or its assets within the time period allowed without incurring penalties unless and only to the extent that:

(i) such payment is being contested in good faith;

(ii) adequate reserves are being maintained for those Taxes and the costs required to contest them, which have been disclosed in its latest financial statements delivered to the Agent under Clause 19.1 (*Financial statements*);

(iii) such payment can be lawfully withheld; and

(iv) failure to pay those Taxes does not have or is not reasonably likely to have a Material Adverse Effect.

(b) No Vessel Owner may change its residence for Tax purposes, save that GSL Alcazar Inc. shall be permitted to leave the Cyprus tonnage tax system and cease to be tax resident in Cyprus.

21.7 Pari passu ranking

Each Transaction Obligor shall (and shall procure that each other Transaction Obligor which is a Subsidiary of that Transaction Obligor shall) ensure that at all times any unsecured and unsubordinated claims of a Finance Party against it under the Finance Documents rank at least *pari passu* with the claims of all its other unsecured and unsubordinated creditors except those creditors whose claims are mandatorily preferred by laws of general application to companies.

21.8 Negative pledge

(a) In this Clause 21.8, "**Quasi-Security**" means an arrangement or transaction described in Clause 21.8(b).

(b) Except as permitted under Clause 21.8(c):

(i) None of the Borrower, the Parent nor any Vessel Owner shall create nor permit to subsist any Security over any of its assets.

(ii) None of the Borrower, the Parent nor any Vessel Owner shall:

(A) sell, transfer or otherwise dispose of any of its assets on terms whereby they are or may be leased to or re-acquired by a Transaction Obligor or any other member of the Group or any Related Party;

(B) sell, transfer or otherwise dispose of any of its receivables on recourse terms;

(C) enter into any arrangement under which money or the benefit of a bank or other account may be applied, set-off or made subject to a combination of accounts; or

(D) enter into any other preferential arrangement having a similar effect, in circumstances where the arrangement or transaction is entered into primarily as a method of raising Financial Indebtedness or of financing the acquisition of an asset.

(c) Paragraph (b) above does not apply to any Security or (as the case may be) Quasi- Security, which is a Permitted Security, a Permitted Transaction or a Permitted Vessel Disposal.

21.9 Disposals

(a) Except as permitted under Clause 21.9(b), no Transaction Obligor (other than the Ultimate Parent) shall enter into a single transaction or a series of transactions (whether related or not) and whether voluntary or involuntary to sell, lease, transfer or otherwise dispose of any asset.

(b) Clause 21.9(a) does not apply to any sale, lease, transfer or other disposal which is a Permitted Transaction, a Permitted Vessel Disposal or otherwise agreed by the Borrower and the Agent (acting on the instructions of the Lenders).

21.10 Arm's length basis

(a) Except as permitted under Clause 21.10(b), no Obligor shall (and each Obligor shall procure that no other Subsidiary of that Obligor shall) enter into any transaction with any person except on arm's length terms.

(b) Other than the entry by a Vessel Owner into a Management Agreement with an Approved Manager, no Obligor shall enter into a transaction with a Related Party without the prior written consent of the Agent (such consent not be unreasonably withheld or delayed).

(c) The following transactions shall not be a breach of Clause 21.10(a):

(i) fees, costs and expenses payable under the Relevant Documents in the amounts set out in the Relevant Documents delivered to the Agent under Clause 4.1 (*Initial conditions precedent)* or fees, costs and expenses agreed by the Agent;

(ii) any Permitted Dividends; and

(iii) any Permitted Transaction.

21.11 Merger

No Transaction Obligor shall, without the prior written consent of the Lenders, enter into any amalgamation, demerger, merger, consolidation or corporate reconstruction other than:

(a) a Permitted Transaction; or

(b) a merger by Ultimate Parent, which satisfies the Ultimate Parent Merger Conditions and, prior to such merger, the Ultimate Parent shall provide to the Agent a Merger Conditions Certificate, signed by the Chief Financial Officer of the Ultimate Parent, setting out (in reasonable detail) computations as to compliance with the Ultimate Parent Merger Conditions.

21.12 Change of business

No Obligor shall make any substantial change to the general nature of its business from that carried on at the date of this Agreement.

21.13 No other business

(a) None of the Vessel Owners shall engage in any business other than the ownership, operation, chartering and management of the relevant Vessel owned by it.

(b) The Borrower shall not engage in any business other than the ownership of the shares or limited liability company interests, as applicable, in each Vessel Owner.

(c) The Parent shall not engage in any business other than the ownership of the limited liability company interests in the Borrower.

21.14 No acquisitions

No Transaction Obligor (other than the Ultimate Parent) shall acquire a company or any shares or securities or a business or undertaking (or, in each case, any interest in any of them) or incorporate a company (except for a Permitted Transaction).

21.15 No Joint Ventures

No Transaction Obligor (other than the Ultimate Parent) shall:

(a) enter into, invest in or acquire (or agree to acquire) any shares, stocks, securities or other interest in any Joint Venture; or

(b) transfer any assets or lend to or guarantee or give an indemnity for or give security for the obligations of a Joint Venture or maintain the solvency of or provide working capital to any Joint Venture (or agree to do any of the foregoing).

21.16 No borrowings

None of the Borrower, the Parent nor any Vessel Owner shall incur or allow to remain outstanding any Financial Indebtedness (except for the Loan, the Permitted Intercompany Debt and any indebtedness owing under the Senior Secured Notes (provided such indebtedness is repaid in full not later than the date falling one (1) Business Day after the Preposition Date)).

21.17 No substantial liabilities

Except in the ordinary course of trading, none of the Obligors (other than the Ultimate Parent) shall incur any liability to any third party which is in the Agent's opinion of a substantial nature (except for the Loan and Permitted Intercompany Debt).

21.18 No loans or credit

Neither the Borrower, the Parent nor any Vessel Owner shall be a creditor in respect of any Financial Indebtedness (other than pursuant to the Finance Documents and the Permitted Intercompany Debt) unless it is a loan made in the ordinary course of business on arm's length terms in connection with the chartering, operation or repair of a Vessel or a Permitted Transaction.

21.19 No guarantees or indemnities

No Transaction Obligor (other than the Ultimate Parent) shall incur or allow to remain outstanding any guarantee in respect of any obligation of any person unless it is a Permitted Transaction or guarantees given in respect of the Senior Secured Notes (provided such guarantees are discharged not later than the date falling one (1) Business Day after the Preposition Date).

21.20 No dividends

Except for any Permitted Dividend, no Transaction Obligor (other than the Ultimate Parent) shall:

(a) declare, make or pay any dividend, charge, fee or other distribution (or interest on any unpaid dividend, charge, fee or other distribution) (whether in cash or in kind) on or in respect of its share capital or limited liability company interests, as applicable, (or any class of its share capital or limited liability company interests, as applicable);

(b) repay or distribute any dividend or share premium reserve; or

(c) redeem, repurchase, defease, retire or repay any of its share capital or limited liability company interests, as applicable, or resolve to do so.

21.21 Inspection of records

Each Transaction Obligor (other than the Ultimate Parent) shall permit the inspection of its respective financial, operating and insurance records and accounts as may be reasonably required from time to time by the Agent or its nominee.

21.22 No change in Relevant Documents

(a) No Obligor shall:

(i) exercise any discretion under any of the Relevant Documents which are not Finance Documents in a manner which is materially adverse to the interests of the Lenders; or

(ii) amend, vary, novate, supplement, supersede, waive or terminate any term of, any of the Relevant Documents which are not Finance Documents, or any other document delivered to the Agent pursuant to Clause 4.1 (*Initial conditions precedent*) or Clause 4.2 (*Utilisation conditions precedent*) or Clause 4.4 (*Conditions subsequent*) in a manner which is or could be expected to be adverse to the interests of the Lenders or which would or could otherwise adversely affect the ability of the Obligors to perform their obligations under the Finance Documents.

(b) Each Obligor shall take all reasonable and practical steps to preserve and enforce its rights and pursue any claims and remedies arising under any Relevant Documents which are not Finance Documents.

(c) Each Obligor shall (and shall procure that each other Obligor which is a Subsidiary of that Obligor shall) comply with its obligations under the Relevant Documents which are not Finance Documents.

21.23 Further assurance

(a) Each Obligor shall promptly do all such acts or execute all such documents (including assignments, transfers, mortgages, charges, notices and instructions) as the Security Agent may reasonably specify (and in such form as the Security Agent may reasonably require in favour of the Security Agent or its nominee(s)):

(i) to perfect any Security created or intended to be created under or evidenced by the Security Documents (which may include the execution of a mortgage, charge, assignment or other Security over all or any of the assets which are, or are intended to be, the subject of the Security Documents) or for the exercise of any rights, powers and remedies of the Security Agent or the Finance Parties provided by or pursuant to the Finance Documents or by law;

(ii) to confer on the Security Agent or confer on the Finance Parties Security over any property and assets of that Borrower (or that other Obligor as the case may be) located in any jurisdiction equivalent or similar to the Security intended to be conferred by or pursuant to the Security Documents; and/or

(iii) to facilitate the realisation of the assets which are, or are intended to be, the subject of the Security Documents.

(b) Each Obligor shall take all such action as is available to it (including making all filings and registrations) as may be necessary for the purpose of the creation, perfection, protection or maintenance of any Security conferred or intended to be conferred on the Security Agent or the Finance Parties by or pursuant to the Finance Documents.

21.24 Sanctions

(a) The Obligors shall not, directly or indirectly use, lend, make payments of, contribute or otherwise make available, all or any part of the proceeds of the Loan or other transaction(s) contemplated by this Agreement:

(i) to fund either directly or indirectly any trade, business or other activities:

(A) involving or for the benefit of any Restricted Person in violation of Sanctions; or

(B) in any country or territory that, at the time of such funding, is a Sanctioned Country in violation of Sanctions; or

(C) in any other manner that would reasonably be expected to result in any person or any Finance Party being in violation of any Sanctions or becoming a Restricted Person.

(b) No Obligor shall permit or authorise, and each Obligor shall prevent, any Vessel being used directly or indirectly:

(i) by or for the benefit of any Restricted Person or in any country, or territory, that is a Sanctioned Country where such use would constitute a violation of Sanctions; and/or

(ii) in any trade which will expose a Vessel, any person, an Approved Manager, crew or insurers to Sanctions or any enforcement proceedings or any other negative consequences whatsoever arising therefrom.

(c) Each Obligor shall ensure that neither its assets nor the assets subject to the Security Documents shall be used directly or indirectly by or for the benefit of any Restricted Person or otherwise used in any manner which would not be in compliance with Sanctions.

(d) Each Obligor shall comply with Sanctions and nothing in this Clause 21.24 shall allow any Obligor to use any Vessel in trade with, to or from the Government of Venezuela, including but not limited to Petróleos de Venezuela S.A.

21.25 Use of proceeds

The Borrower shall not, and will procure that each other Obligor shall not, and shall not permit or authorise any other person to, directly or indirectly, make available any proceeds of the Loan to fund or facilitate trade, business or other activities (i) involving or for the benefit of any Restricted Person or (ii) in any other manner that could result in any Obligor or a Finance Party not being in compliance with Sanctions or becoming a Restricted Person.

22. Vessel Undertakings

22.1 General

The undertakings in this Clause 22 shall remain in force from the date of this Agreement for so long as any amount is outstanding under any Finance Document.

22.2 Vessel Name and Registration

Each Vessel Owner shall, in respect of the Vessel owned by it:

(a) keep that Vessel registered in its name with the Approved Flag from time to time;

(b) not do or allow to be done anything as a result of which such registration might be cancelled or imperilled; and

(c) not change the name or port of registry of that Vessel without the prior written consent of the Agent (acting with the instruction of the Majority Lenders), such consent not to be unreasonably withheld or delayed.

22.3 Repair and Classification

Each Vessel Owner shall keep the Vessel owned by it:

(a) in a good and safe condition and state of repair;

(b) consistent with first class ship ownership and management practice;

(c) in a manner such that they maintain the Classification of that Vessel free of overdue recommendations and conditions; and

(d) so as to comply with all laws and regulations applicable to similar vessels registered under the Approved Flag or to similar vessels trading to any jurisdiction to which that Vessel may trade from time to time including but not limited to ISM Code and the ISPS Code.

22.4 Modification

Each Vessel Owner shall, in respect of the Vessel owned by it, not make or permit to be made, any modification or repairs to, or replacement of, the Vessel owned by it or equipment installed on that Vessel that would or might materially and adversely alter the structure, type or performance characteristics of that Vessel or materially reduce its value except as required by change of law or regulation.

22.5 Removal of Parts

Each Vessel Owner shall, in respect of the Vessel owned by it, not remove, nor permit the removal, of any material part of the Vessel owned by it, or any item of equipment installed on that Vessel, unless the part or item so removed is replaced as soon as practicable by a suitable part or item which is in the same condition as or better condition than the part or item removed, is free from any Security or any right in favour of any person other than the Security Agent and becomes on installation on that Vessel, the property of the relevant Vessel Owner, and subject to the security constituted by the Mortgage relating to that Vessel PROVIDED THAT the relevant Vessel Owner may install equipment owned by a third party if the equipment can be removed without any risk of damage to that Vessel.

22.6 Surveys

Each Vessel Owner shall, in respect of the Vessel owned by it, submit that Vessel regularly to all periodical or other surveys which may be required for classification purposes and, if so required by the Agent, provide the Agent with copies of all survey reports.

22.7 Inspection

Each Vessel Owner shall permit the Agent and/or the Security Agent (by surveyors or other persons appointed by it for that purpose) to board the Vessel owned by it at all reasonable times provided that the Agent/Security Agent has given two (2) Business Days' prior written notice and such inspection shall not unduly interfere with the normal operation of the Vessel, in order for the Agent and/or the Security Agent to inspect the Vessel's condition or to satisfy themselves about proposed or executed repairs and shall afford all proper facilities for such inspections, provided that, so long as no Event of Default has occurred and is continuing, the number of inspections of each Vessel shall not exceed one per calendar year. Any costs, fees or expenses relating to such inspections shall be for the account of the Transaction Obligors, provided that, so long as no Event of Default has occurred and is continuing, the Transaction Obligors shall not be required to pay for more than one inspection per Vessel in any calendar year.

22.8 Prevention and Release from Arrest

Each Vessel Owner shall, in respect of the Vessel owned by it, promptly discharge:

(a) all liabilities which give or may give rise to maritime or possessory liens on or claims enforceable against that Vessel, its Earnings or its Insurances;

(b) all Taxes, dues and other amounts charged in respect of that Vessel, its Earnings or its Insurances; and

(c) all other outgoings whatsoever in respect of that Vessel, its Earnings or its Insurances,

and, forthwith upon receiving notice of the arrest of that Vessel, or of its detention in exercise or purported exercised of any lien or claim, the relevant Vessel Owner shall procure its release by providing bail or otherwise as the circumstances may require.

22.9 Compliance with Laws

Each Vessel Owner shall:

(a) comply, or procure compliance with all Environmental Laws, the ISM Code, the ISPS Code, Sanctions and all other laws and regulations relating to the Vessel owned by it, its ownership, operation and management or to its business;

(b) not employ the Vessel owned by it nor allow its employment in any manner contrary to any law or regulation in any relevant jurisdiction including but not limited to the ISM Code and the ISPS Code, any Environmental Laws and any Sanctions;

(c) maintain an ISSC for the Vessel owned by it;

(d) in the event of hostilities in any part of the world (whether war is declared or not), not cause or permit the Vessel owned by it to enter or trade to any zone which is declared a war zone by any government or by the war risks insurers of the Vessel owned by it unless the prior written consent of the Agent has been given and the relevant Vessel Owner has (at their expense) effected any special, additional or modified insurance cover which the Agent may require; and

(e) in respect of any Vessel whose age exceeds 10 years and if required by law or regulation, obtain a green passport for the Vessel owned by it, promptly after completion of the first dry-dock to occur after the tenth anniversary of the date on which the relevant Vessel was delivered by the relevant builder to its first owner, and shall maintain such green passport throughout the Facility Period.

22.10 Classification Society

Following a written request by the Agent, the relevant Vessel Owner, the Borrower or the relevant Classification Society shall provide the following information to the Security Agent:

(i) notification that a Vessel's classification society is to be changed;

(ii) details of any facts or matters which may result in or have resulted in a change, discontinuance, withdrawal suspension, or expiry of a Vessel's class under the rules or terms and conditions of such Vessel Owner's or a Vessel's membership of the Classification Society;

(iii) certified true copies of all original class records held by the Classification Society; and

(iv) confirmation that the relevant Vessel Owner is or is not in default of any of its obligations or liabilities to the Classification Society, including confirmation on whether it has paid in full all fees or other charges due and payable to the Classification Society and, if that Vessel Owner is in default, to specify in reasonable detail the facts and circumstances of such default, the consequences of such default, and any remedy period agreed or allowed by the Classification Society.

22.11 Provision of Information

Each Vessel Owner shall, in respect of the Vessel owned by it, promptly provide the Lenders with any information which they reasonably request regarding:

(a) that Vessel, its employment, position and engagements;

(b) its Earnings;

(c) payments and amounts due to the master and crew of that Vessel;

(d) any towages and salvages (other than in the case of towages in the normal course of the Vessel's operations); and

(e) the Vessel Owner's, the Approved Managers' or that Vessel's compliance with the ISM Code and the ISPS Code.

22.12 Notification of Certain Events

Each Vessel Owner shall, in relation to the Vessel owned by it, immediately notify the Agent by email, confirmed forthwith by letter, of:

(a) any casualty relating to that Vessel which is or is likely to be or to become a Major Casualty;

(b) any occurrence as a result of which that Vessel has become or is, by the passing of time or otherwise, likely to become a Total Loss;

(c) any requirement or recommendation made by any insurer or the Classification Society or by any competent authority which is not complied with within the period required for compliance or, if no such period for compliance has been specified, as soon as reasonably practical and in any event within twenty (20) Business Days;

(d) any arrest or detention of that Vessel, any exercise or purported exercise of any lien on that Vessel or its Earnings or any requisition of that Vessel for hire;

(e) any intended dry docking of that Vessel;

(f) any Environmental Claim made against any Vessel Owner or in connection with any Vessel, or any Environmental Incident, where such Environmental Claim is for an amount of or in excess of US$100,000;

(g) any claim for breach of the ISM Code or the ISPS Code being made against any Vessel Owner, any Approved Manager or otherwise in connection with that Vessel;

(h) any actual or threatened withdrawal, suspension, cancellation or modification of the ISSC; and

(i) any other matter, event or incident, actual or threatened, the effect of which will or could lead to the ISM Code or the ISPS Code not being complied with,

and the Vessel Owners shall keep the Agent advised in writing on a regular basis and in such detail as the Agent shall require of the Vessel Owners', the Approved Managers' or any other person's response to any of those events or matters.

22.13 Restrictions on Chartering etc.

No Vessel Owner shall, in relation to the Vessel owned by it:

(a) let that Vessel on demise charter for any period;

(b) enter into or vary any time charter, consecutive voyage charter or other contract of employment in respect of that Vessel without the prior written consent of the Agent (acting on the instructions of the Majority Lenders), such consent not to be unreasonably withheld or delayed:

(i) for a term which exceeds twenty four (24) months; or

(ii) for a term which, by virtue of any option of extensions, may exceed twenty four (24) months;

(c) enter into or vary any charter in relation to that Vessel under which more than two (2) months' hire (or the equivalent) is payable in advance;

(d) charter that Vessel otherwise than on bona fide arm's length terms at the time when that Vessel is fixed (and for the avoidance of doubt any charter to the Ultimate Parent, a member of the Group or any of their respective Affiliates shall not be permitted without the Agent's prior written consent (such consent not to be unreasonably withheld or delayed));

(e) pay or agree to pay any fees, commission, or any other compensation, contribution, remuneration, or payment of any kind whatsoever to an Approved Manager other than in accordance with the terms of a Management Agreement;

(f) deactivate or lay-up that Vessel; or

(g) put that Vessel into the possession of any person for the purpose of work being done upon her in an amount exceeding or likely to exceed US$750,000 (or the equivalent in any other currency) unless that person has first given to the Agent in terms satisfactory to it a written undertaking not to exercise any lien on that Vessel or its Earnings for the cost of such work (excluding any Dry Docking Costs that will be paid for exclusively from amounts standing to the credit of the relevant Dry Docking Reserve Account and, subject to evidence satisfactory to the Agent that the relevant insurers have approved the relevant claim, any work which will be paid for from the proceeds of the Insurances).

22.14 Approval of charters

For charters where the prior written consent of the Agent is required in accordance with Clause 22.13 (*Restrictions on Chartering etc.*) above, the Borrower will provide a summary of the key terms of the time charter (or, in the case of a renewal, its renewal terms) agreed between the relevant Vessel Owner and the relevant charterer to the Agent for its approval (such approval not to be unreasonably withheld) and the Agent (acting promptly) shall either give its approval to the charter or decline to do so (and inform the Borrower of any amendments to the charter which are required by it in order to give its approval).

22.15 Notice of Mortgage

Each Vessel Owner shall keep the Mortgage registered against the Vessel owned by it as a valid first priority or first preferred mortgage (as the case may be), carry on board that Vessel a certified copy of the relevant Mortgage and place and maintain in a conspicuous place in the navigation room and the Master's cabin of that Vessel a framed printed notice stating that the Vessel is mortgaged by the relevant Vessel Owner to the Security Agent.

22.16 Sharing of Earnings

No Vessel Owner shall enter into any agreement or arrangement for the sharing of any Earnings relating to any Vessel, other than with the prior written consent of the Agent (acting on the instructions of all Lenders), which consent the Agent shall have full power to withhold.

22.17 Manager

A manager of a Vessel shall not be appointed unless that manager is, in the case of the technical management of a Vessel, an Approved Technical Manager or, in the case of the commercial management of a Vessel, an Approved Commercial Manager, the appointment is on arms' length terms and, in advance of any appointment:

(a) the terms of its appointment are approved in writing by the Agent (such approval not be unreasonably withheld or delayed); and

(b) the relevant Approved Manager has delivered a duly executed Manager's Undertaking to the Security Agent (together with evidence reasonably satisfactory to the Agent of the due authority of the signatory thereto).

22.18 Management Agreement

No Vessel Owner will agree to any alteration to the terms of an Approved Manager's appointment, nor permit or authorise an Approved Manager to transfer or delegate any of its obligations under the relevant management agreement (unless permitted to do so under the terms of the relevant Management Agreement), without the prior consent of the Agent (which consent the Agent shall have full power to withhold) and subject to any Approved Sub- Manager providing a duly executed Manager's Undertaking to the Security Agent.

22.19 Quiet Enjoyment

(a) If required by the relevant charterer in respect of a Charter, the Security Agent shall promptly consider in good faith, and not unreasonably withhold its consent to, any request to agree (on behalf of the other Finance Parties) quiet enjoyment arrangements with such charterer.

(b) In respect of a time charter or other contract of employment where the charter period is less than twenty four (24) months (including by virtue of optional extensions), if required by the relevant charterer the Security Agent shall promptly consider in good faith, but be under no obligation to accept, any request to agree (on behalf of the other Finance Parties) quiet enjoyment arrangements with such charterer.

23. Insurance Undertakings

23.1 General

Each Vessel Owner undertakes to comply with the following provisions of this Clause 23 for so long as any amount is outstanding under the Finance Documents or except as the Security Agent may otherwise permit (acting on the instructions of all Lenders).

23.2 Maintenance of Obligatory Insurances

Each Vessel Owner will keep the Vessel owned by it at all times insured at its own cost and expense against:

(a) fire and usual marine risks (including hull and machinery, excess risks and increased value) and war risks (including the London blocking and trapping addendum or equivalent coverage, including terrorism and piracy risks where excluded under the fire and usual marine risks insurance and including, without limitation, protection and indemnity war risks with a separate limit not less than hull value) for an amount on an agreed value basis at least the greater of:

(i) an amount equal to 120% of the Notional Vessel Tranche in respect of that Vessel (and, when aggregated with such insurances in respect of each Vessel other than that Vessel, 120% of the Loan); and

(ii) the Market Value of that Vessel;

(b) protection and indemnity risks (including without limitation protection and indemnity war risks in excess of the amount for war risks (hull) and oil pollution liability risks and in respect of the full value and tonnage of that Vessel), on "full entry terms" for the highest available amount in the insurance market for vessels of a similar age and type as that Vessel (but, in relation to liability for oil pollution, for an amount not less than US$1,000,000,000); and

(c) any other risks against which the Agent considers, having regard to practices and other circumstances prevailing at the relevant time which are relevant in the context of the age and type of the relevant Vessel and her trading pattern and the generally acknowledged practice of shipping companies of similar size and standing as the Ultimate Parent, it would in the opinion of the Agent be reasonable for that Vessel Owner to insure and which are specified by the Agent by notice to the Borrower and/or that Vessel Owner.

23.3 Terms of Obligatory Insurances

The obligatory insurances shall:

(a) be in Dollars;

(b) be on terms approved by the Agent (acting reasonably) in writing;

(c) be through approved brokers and with approved insurance companies and/or underwriters or, in the case of war risks and protection and indemnity risks, in approved war risks and protection and indemnity risks associations, which are members of the International Group of Protection and Indemnity Associations, and have Standard & Poor's rating of at least A or such other comparable rating by any other rating agency acceptable to the Agent (acting on the instructions of all Lenders) or such other rating as the Agent (acting on the instructions of all Lenders) may approve, such approval not to be unreasonably withheld or delayed;

(d) whenever required by the Agent, name (or be amended to name) the Security Agent as additional named assured for its rights and interests, warranted no operational interest and with full waiver of rights of subrogation against the Security Agent (as the case may be), but without the Security Agent thereby being liable to pay (but having the right to pay) premiums, calls or other assessments in respect of such insurance;

(e) name the Security Agent as loss payee with such directions for payment as the Security Agent may specify (such loss payable clauses to be in the form determined pursuant to the provisions of the General Assignments);

(f) provide that all payments by or on behalf of the insurers under the obligatory insurances to the Security Agent shall be made without set off, counterclaim or deductions or condition whatsoever;

(g) provide that such obligatory insurances shall be primary without right of contribution from other insurances which may be carried by the Security Agent and/or the Agent; and

(h) provide that the Security Agent may make proof of loss if the relevant Vessel Owner fails to do so.

23.4 Renewal

Each Vessel Owner shall:

(a) at least fourteen (14) days before the expiry of any obligatory insurance relating to a Vessel;

(i) notify the Agent of the approved brokers (or other insurers) and any protection and indemnity or war risks association through or with whom a Borrower proposes to renew that obligatory insurance and of the proposed terms of renewal; and

(ii) obtain the Agent's approval to the matters referred to in paragraph 23.4(a)(i), such approval not to be unreasonably withheld or delayed;

(b) at least seven (7) days before the expiry of any obligatory insurance relating to a Vessel, renew that obligatory insurance in accordance with the Agent's approval pursuant to paragraph (a); and

(c) not add any (other) assured to any obligatory insurance without the prior written consent of the Agent.

23.5 Copies of Policies

Each Vessel Owner shall provide to the Agent pro forma copies of all insurance policies and other documentation issued by brokers, insurance and protection and indemnity associations as soon as they are available after they have been placed or renewed.

23.6 Copies of Certificates of Entry

Each Vessel Owner shall ensure that any protection and indemnity and/or war risks association in which a Vessel is entered provides the Agent with:

(a) a certified copy of the certificate of entry for the Vessel owned by it;

(b) a letter or letters of undertaking in such form as may be required by the Security Agent (but having regard to the market practice of such association and law at the time of issue of such letter of undertaking); and

(c) where required to be issued under the terms of insurance or indemnity provided by the relevant Vessel Owner's protection and indemnity association, a certified copy of each certificate of financial responsibility for pollution by oil or other Environmentally Sensitive Material issued by the relevant certifying authority in relation to the Vessel owned by it.

23.7 Letters of Undertaking

Each Vessel Owner shall ensure that all approved brokers provide the Security Agent a letter or letters or undertaking in a form required by the Security Agent and including undertakings by the approved brokers that:

(a) they will have endorsed on each policy, immediately upon issue, a loss payable clause and a notice of assignment in the agreed form or in such other forms as the Security Agent may require;

(b) they will hold such policies, and the benefit of such insurances, to the order of the Security Agent in accordance with the said loss payable clause;

(c) they will advise the Security Agent immediately of any material change to the terms of the obligatory insurances;

(d) they will notify the Security Agent, not less than seven (7) days before the expiry of the relevant obligatory insurances, in the event of their not having received notice of renewal instructions from the relevant Vessel Owner or its agents and, in the event of their receiving instructions to renew, they will promptly notify the Security Agent of the terms of the instructions; and

(e) they will not set off against any sum recoverable in respect of a claim relating to the Vessel owned by that Vessel Owner under such obligatory insurances any premiums or other amounts due to them or any other person whether in respect of that Vessel or otherwise, they waive any lien on the policies, or any sums received under them, which they might have in respect of such premiums or other amounts, and they will not cancel such obligatory insurances by reason of non-payment of such premiums or other amounts, and will arrange for a separate policy to be issued in respect of that Vessel forthwith upon being so requested by the Security Agent, but in all cases having regard to general insurance market practice and law at the time of issue of such letter of undertaking.

23.8 Deposit Original Policies

Unless the policies are only in electronic format, each Vessel Owner shall ensure that the originals of all policies relating to obligatory insurances are deposited with the approved brokers through which the insurances are effected or renewed.

23.9 Payment of Premiums

Each Vessel Owner shall punctually pay all premiums or other sums payable in respect of the obligatory insurances and produce all relevant receipts when so required by the Agent.

23.10 P&I Guarantees

Each Vessel Owner shall ensure that any guarantees required by a protection and indemnity or war risks association are promptly issued and remain in full force and effect.

23.11 Compliance with Terms of Obligatory Insurances

No Vessel Owner shall do or omit to do (or permit to be done or not to be done) any act or thing which would or might render any obligatory insurance invalid, void, voidable or unenforceable or render any sum payable under an obligatory insurance repayable in whole or in part; and, in particular:

(a) each Vessel Owner shall take all necessary action and comply with all requirements which may from time to time be applicable to the obligatory insurances, and (without limiting the obligation contained in Clause 23.6 (*Copies of Certificates of Entry*) ensure that the obligatory insurances are not made subject to any exclusions or qualifications to which the Agent has not given its prior written approval;

(b) no Vessel Owner shall make any changes relating to the Classification or Classification Society or manager or operator of the Vessel owned by it unless approved by the underwriters of the obligatory insurances; and

(c) no Vessel Owner shall employ the Vessel owned by it, or allow it to be employed, otherwise than in conformity with the terms and conditions of the obligatory insurances, without first obtaining the consent of the Agent and the insurers and complying with any requirements (as to extra premium or otherwise) which the Agent and the insurers specify.

23.12 Alteration to Terms of Obligatory Insurances

No Vessel Owner shall make nor agree to any alteration to the terms of any obligatory insurance (other than a change relating to the insurance premiums to be paid) or waive any right relating to any obligatory insurance without the prior written consent of the Security Agent (acting on the instructions of all the Lenders), such consent not to be unreasonably withheld or delayed.

23.13 Settlement of Claims

No Vessel Owner shall settle, compromise or abandon any claim under any obligatory insurance for a Total Loss or for a Major Casualty without the prior written consent of the Security Agent (such consent not to be unreasonably withheld or delayed), and shall do all things necessary and provide all documents, evidence and information reasonably required to enable the Security Agent to collect or recover any moneys which at any time become payable in respect of the obligatory insurances.

23.14 Application of recoveries

Any sums paid under the obligatory insurances other than to the Security Agent shall be applied in repairing the damage and/or discharging the liability in respect of which they have been paid, save to the extent that the repairs have already been completed and paid for and/or the liability has already been fully discharged.

23.15 Provision of Copies of Communications

Each Vessel Owner shall provide the Agent, at the time of each such communication, copies of all material written communications between such Vessel Owner and each of the following:

(a) the approved brokers; and

(b) the approved protection and indemnity and/or war risks associations; and

(c) the approved insurance companies and/or underwriters,

which relate directly or indirectly to:

(i) that Vessel Owner's obligations relating to the obligatory insurances including, without limitation, all requisite declarations and payments of additional premiums or calls; and

(ii) any credit arrangements made between that Vessel Owner and any of the persons referred to in paragraphs (a) or (b) relating wholly or partly to the effecting or maintenance of the obligatory insurances.

23.16 Provision of Information

In addition, each Vessel Owner shall promptly provide the Agent (or any persons which the Agent may designate) with any information which the Agent (or any such designated person) reasonably requests for the purpose of:

(a) obtaining or preparing any report from an independent marine insurance broker as to the adequacy of the obligatory insurances effected or proposed to be effected, provided that, unless an Event of Default has occurred and is continuing or there is a change to the terms of the insurance cover, that Vessel Owner shall not bear the costs of more than one such report per calendar year; and/or

(b) effecting, maintaining or renewing any such insurances as are referred to in Clause 23.17 (*Mortgagee's Interest and Additional Perils*) or dealing with or considering any matters relating to any such insurances,

and each Vessel Owner shall, within three (3) Business Days of demand, indemnify the Agent in respect of all fees and other expenses incurred by or for the account of the Agent in connection with any such report as is referred to in paragraph (a).

23.17 Mortgagee's Interest and Additional Perils

The Security Agent shall be entitled, at the cost and expense of the Transaction Obligors, from time to time to effect, maintain and renew:

(a) a Mortgagee's Interest Additional Perils (Pollution) Insurance and a Mortgagee's Interest Marine Insurance in each case in an amount equal to 120% of the Loan and otherwise on such terms, through such insurers and generally in such manner, as the Security Agent may from time to time consider appropriate; and

(b) any other insurance cover which the Security Agent reasonably requires in respect of a Finance Party's interests and potential liabilities (whether as mortgagee of a Vessel or beneficiary of the Security Documents) in line with prevailing market practice for financing transactions of this nature (following confirmation of the recommendation for such insurance cover from the Security Agent's independent marine insurance advisers) and the Obligors shall upon demand fully indemnify the Security Agent in respect of all premiums and other expenses which are incurred in connection with or with a view to effecting, maintaining or renewing any insurance referred to in this Clause 23.17 or dealing with, or considering, any matter arising out of such insurance,

and the Transaction Obligors shall supply, or procure that there is supplied, to the Security Agent such information as the Security Agent may require in connection with the matters referred to in this Clause 23.17.

23.18 Change in insurance requirements

The Agent shall have the right, by giving notice to the Borrower and/or the Vessel Owners, to change the terms and requirements of this Clause 23.18 in such manner as it considers appropriate as a result of a change of circumstances or practice after the date of this Agreement (provided that such a change has been recommended by the Security Agent's independent marine insurance advisers), in which case, from the date being fourteen (14) days after such notice is provided, this Clause 23.18 shall be automatically be deemed modified in accordance with the terms of that notice.

24. Accounts

24.1 Maintenance

(a) Other than with the consent of the Agent (acting on the instructions of all Lenders), no Transaction Obligor (except for the Ultimate Parent) shall open or maintain any bank accounts other than the Accounts required in connection with this Agreement or the other Finance Documents.

(b) Each Account Holder shall maintain the relevant Accounts with the Account Bank, free of Security and rights of set-off (other than as created under the Accounts Security), until no amount remains outstanding from them under this Agreement or any other Finance Documents.

24.2 Location of Accounts

Each Account Holder shall promptly execute any documents which the Agent specifies to create or maintain in favour of the Security Agent Security over (and/or rights of set-off, consolidation or other rights in relation to) each Account.

24.3 Application of Account

(a) Each Account Holder shall procure that transfers are made from each Account in order to facilitate the payment of amounts required and/or contemplated by this Agreement and the other Finance Documents.

(b) Each Account Holder shall only be permitted to withdraw sums from the Accounts in accordance with the provisions of the Finance Documents or as otherwise permitted by the Agent (acting on the instructions of the Majority Lenders).

(c) Without prejudice to its other rights under the Transaction Security and without obligation to do so, each Account Holder irrevocably authorises the Agent after the occurrence of an Event of Default (and whilst it is continuing) to instruct an Account Bank to make any transfer from any Account in order to facilitate the payment of amounts required and/or contemplated by this Agreement and the other Finance Documents.

24.4 Earnings and Requisition Compensation

(a) Each Transaction Obligor shall procure that all Earnings and Requisition Compensation in relation to a Vessel are credited to the relevant Earnings Account, unless and until the Agent shall otherwise direct

(b) Provided there is no continuing Event of Default, the Account Holders may withdraw from the Earnings Accounts at any time:

(i) any amounts payable under the Finance Documents and any unpaid fees, costs and expenses of, and any other amounts owing to the Agent, the Security Agent, any Receiver and any Delegate;

(ii) payments in respect of Operating Expenses then due and payable relating to the Mortgaged Vessels, provided that the aggregate amount of Operating Expenses withdrawn from the Earnings Accounts in any calendar year shall not exceed 110% of the aggregate amount of permitted Operating Expenses for the Mortgaged Vessels for that calendar year as determined in accordance with Clause 19.5 (*Permitted Operating Expenses*); and

(iii) any other amounts or payments permitted by the Finance Documents.

24.5 Retention and repayment

(a) On each Quarter Date, the Account Holders in respect of the Earnings Accounts shall procure that amounts standing to the credit of the Earnings Accounts are as applied as follows:

(i) FIRST, in payment pro rata of any unpaid fees, costs and expenses of, and any other amounts owing to, the Agent, the Security Agent, any Receiver and any Delegate under the Finance Documents;

(ii) SECOND, in payment of any interest due under the Finance Documents on that date; and

(iii) THIRD, in payment of any other amount due under the Finance Documents on that date.

(b) Any surplus amounts standing to the credit of the Earnings Accounts following application in accordance with paragraph (a) above shall be available to the Vessel Owners for the payment of Permitted Dividends.

24.6 Minimum Liquidity Account

(a) The Borrower shall procure that at all times the minimum amount standing to the credit of the Minimum Liquidity Account shall be an amount equal to US$350,000 per Mortgaged Vessel (the "**Minimum Liquidity Amount**").

(b) For the avoidance of doubt, following sale or total loss of a Vessel, any amount standing to the credit of the Minimum Liquidity Account in respect of that Vessel may be withdrawn, provided that all payments required pursuant to Clause 7 (*Prepayment and cancellation*) have been made in full.

24.7 Dry Docking Reserve Account

(a) Each Dry Docking Reserve Account shall be a blocked account holding the Dry Docking Reserve in respect of the relevant Vessel.

(b) Funds that have accumulated in a Dry Docking Reserve Account may only be applied in respect of the Dry Docking Costs of the relevant Vessel in accordance with Clause 24.8 (*Dry Docking Reserve*).

(a) For the avoidance of doubt, following sale or total loss of a Vessel, any amounts standing to the credit of the Dry Docking Reserve Account for that Vessel may be withdrawn, provided that all payments required pursuant to Clause 7 (*Prepayment and cancellation*) have been made in full.

24.8 Dry Docking Reserve

The Borrower shall procure that on 31 January 2021 and thereafter on 1 April, 1 July, 1 October and 1 January of each year (or if any such day is not a Business Day, the immediately following Business Day), and in respect of each Mortgaged Vessel for which there are scheduled Dry Docking Costs, an amount is deposited in the relevant Dry Docking Reserve Account for that Vessel in accordance with the amounts set out in Schedule 12 (*Quarterly DD Contributions*).

25. Security Shortfall

25.1 Additional security

(a) Clause 25.1(b) applies if, at any time during the Facility Period, the Agent notifies the Borrower that the ratio (expressed as a percentage) of: (x) the aggregate of the Market Value of the Vessels subject to a Mortgage plus the aggregate value of any additional security provided pursuant to this Clause 25; to (y) the aggregate amount of the Loan then outstanding (the "**VTL Coverage**"), is less than 120% (which notification the Agent may provide at any time).

(b) If the Agent gives the notification described in Clause 25.1(a) that the VTL Coverage is less than 120%, the Borrower shall, within thirty (30) days of such notification, at the Borrower's option:

(i) give to the Security Agent other additional security in form and substance satisfactory to the Security Agent in favour of the Finance Parties for the payment of the Secured Liabilities which is either Cash held in a blocked account subject to a pledge or charge in form and substance required by the Security Agent or, if such additional security is not Cash, then (in the opinion of the Security Agent acting in its sole discretion):

(A) has a net realisable value (on an aggregate basis) equal to or greater than the applicable shortfall; and

(B) is of a type which is in form and substance satisfactory to it; or

(ii) prepay the Loan but only to the extent required to eliminate the shortfall,

and provided always that any breach of this Clause 25.1 may not be remedied by the Borrower other than in accordance with sub-clauses (b)(i) and (ii).

(c) For the avoidance of doubt, any prepayment made or Cash collateral provided under paragraph (b) above may be (but is not required be) funded with a Fresh Equity Injection or Permitted Intercompany Debt provided by the Ultimate Parent to the Parent and then down-streamed by the Parent to the Borrower pursuant to a Fresh Equity Injection and/or Permitted Intercompany Debt.

(d) Clause 7 (*Prepayment and cancellation*) shall apply to prepayments under paragraph (b) above, but provided that no Prepayment Fee is payable in respect of such prepayment.

(e) The value of any additional security provided shall in the case of Cash be the face amount of the deposit, in the case of a vessel be determined in the same manner as the Market Value of the Vessels and in the case of other security shall be determined by the Agent in its absolute discretion.

25.2 Release of additional security

(a) If at any time the Security Agent holds additional security provided under this Clause 25 and the VTL Coverage, disregarding the value of that additional security, is equal to or exceeds 140%, the Borrower may, by notice to the Agent, request the release and discharge of that additional security, provided that such request shall be accompanied by Valuations (obtained at the Borrower's cost) evidencing that the VTL Coverage is equal to or has exceeded 140% for at least 6 months.

(b) Upon receipt by the Agent of a Borrower's request and satisfactory Valuations in accordance with paragraph (a) above, the Agent shall promptly direct the Security Agent to release and discharge the relevant additional security if no Event of Default is continuing or will result from the release and discharge of that additional security. Upon such release and discharge and, if so required by the Agent, the Borrower shall reimburse to the Agent and the Security Agent any costs and expenses payable under Clause 16.1 (*Transaction expenses*) in relation to that release and discharge.

25.3 Valuation of Vessels

The Market Value of a Vessel at any time is that shown by the average of two Valuations in respect of that Vessel.

25.4 Delivery of Valuations

(a) The Borrower will, at its own cost, within 5 Business Days of 31 March and 30 September each year procure (and otherwise to demonstrate compliance with the Dividend / Loan Payment Criteria) and promptly deliver to the Agent for distribution to each Lender at least two Valuations relating to each Vessel, such Valuations to be provided by Approved Brokers, one such Approved Broker nominated by the Agent and the other nominated by the Borrower.

(b) The Agent is at liberty (at the cost of the Lenders) to assess the Market Value of the Vessels at any time and at such frequency as the Agent considers necessary or desirable in its absolute discretion.

(c) If an Event of Default is continuing or the Agent reasonably suspects that an Event of Default has occurred and is continuing, the Agent is at liberty to assess the Market Value of the Vessels at any time, and any such Valuations requested by the Agent following an Event of Default that is continuing will be at the Borrower's cost.

25.5 Valuations Binding

Any Valuation under Clause 25.3 (*Valuation of Vessels*) shall be binding and conclusive as regards the Borrower, as shall any valuation which the Agent makes of any additional security pursuant to Clause 25.1(e).

25.6 Provision of Information

Each Vessel Owner shall promptly provide (or procure the provision to, as the case may be) the Agent and any shipbroker acting under Clause 25.3 (*Valuation of Vessels)*or in relation to a Valuation with any information which the Agent or the shipbroker may reasonably require for the purposes of such Valuation; and, if that Vessel Owner fails to provide the information by the dates specified in the request, such Valuation will be made on any basis and assumptions which the Agent (or the shipbroker or expert appointed by it) considers prudent.

25.7 Payment of Valuation Expenses

Except as otherwise provided in Clause 25.4, the Transaction Obligors shall, on demand, as a joint and several obligation, pay the Agent the amount of the fees and expenses of any shipbroker or expert instructed by the Agent under this Clause 25 (*Security Shortfall*) and all legal and other expenses incurred by the Agent in connection with any matter arising out of this Clause 25 (*Security Shortfall*).

26. Events of Default

Each of the events or circumstances set out in this Clause 26 is an Event of Default (save for Clause 26.28 (*Acceleration*) and Clause 26.29 (*Approved Managers)*.

26.1 Non-payment

An Obligor does not pay on the due date any amount payable pursuant to a Finance Document at the place and in the currency in which it is expressed to be payable unless its failure to pay is caused by either (i) an administrative or technical error or (ii) a Disruption Event, and, in either event, is paid within four (4) Business Days of its due date.

26.2 Other Specific Obligations

(a) Any requirement of Clause 20 (*Financial covenants*) is not satisfied.

(b) An Obligor does not comply with Clause 25.1 (*Additional security*).

(c) The obligatory insurances of a Vessel are not placed and kept in full force and effect in accordance with Clause 23 (*Insurance Undertakings*), provided that no Event of Default under this paragraph (c) will occur if the failure to comply is capable of remedy and is remedied within ten (10) Business Days of the earlier of (i) the Agent giving notice to the Borrower and (ii) any Obligor becoming aware of the failure to comply.

(d) Any budget is not approved by the Agent in accordance with the provisions of Clause 19.4(a) (*Budgets and Report on Operating Expenses*).

(e) An Obligor does not comply with Clause 19.6 (*Information on Parent Group*).

(f) The Ultimate Parent does not comply with the undertaking contained in Clause 5.6(b) (*Prepositioning of funds*).

26.3 Other Obligations

(a) An Obligor does not comply with any provision of the Finance Documents (other than those referred to in Clause 26.1 (*Non-payment*), Clause 26.2, (*Other Specific Obligations*), Clause 26.24 (*Sanctions*) and Clause 19.6 (*Information on Parent Group*)).

(b) No Event of Default under paragraph (a) above will occur if the failure to comply is capable of remedy and is remedied within ten (10) Business Days (or, in the case of any failure to comply with Clauses 19.1 (*Financial statements*), 19.2 (*Compliance Certificatess*) or 19.3 (*Requirements as to financial statements*), five (5) Business Days) of the earlier of (i) the Agent giving notice to the Borrower and (ii) any Obligor becoming aware of the failure to comply.

26.4 Misrepresentation

(a) Any representation or statement made or deemed to be made by an Obligor in the Finance Documents or any other document delivered by or on behalf of any Obligor under or in connection with any Finance Document is or proves to have been incorrect or misleading in any material respect when made or deemed to be made.

(b) Only with respect to any Repeating Representations repeated on the first day of each Interest Period pursuant to Clause 18.32(b) (*Times when representations are made*), no Event of Default under paragraph (a) above will occur if the failure to comply is capable of remedy and the circumstance giving rise to such Event of Default are remedied within ten (10) Business Days of the earlier of (i) the Agent giving notice to the Borrower and (ii) any Obligor becoming aware of the failure to comply.

26.5 Cross default

(a) Any Financial Indebtedness of any member of the Group (excluding GSLS) or the Ultimate Parent:

(i) is not paid when due nor within any originally applicable grace period; or

(ii) is declared to be, or otherwise becomes, due and payable prior to its specified maturity as a result of an event of default (however described);

(iii) is capable of being declared by a creditor to be due and payable prior to its specified maturity as a result of such an event.

(b) In respect of the Ultimate Parent, no Event of Default shall occur under paragraph (a) above unless the aggregate amount of Financial Indebtedness is more than US$25,000,000 or its equivalent in any other currency.

26.6 Insolvency

(a) Any Obligor is unable or admits inability to pay its debts as they fall due, is deemed to, or is declared to, be unable to pay its debts under applicable law, ceases or suspends or threatens to cease or suspend making payments on any of its debts, or any Obligor (other than the Ultimate Parent), by reason of actual or anticipated financial difficulties, commences negotiations with one or more of its creditors (other than the Finance Parties) with a view to rescheduling any of its indebtedness.

(b) The value of the assets of any Obligor is less than its liabilities (taking into account contingent and prospective liabilities).

(c) A moratorium is declared in respect of any indebtedness of any Obligor. If a moratorium occurs, the ending of the moratorium will not remedy any Event of Default covered by that moratorium.

(d) Paragraphs (a) to (c) above shall not apply to in relation to any Approved Manager which is a Subsidiary of the Ultimate Parent, provided that a replacement third party Approved Manager is appointed in accordance with this Agreement within ten (10) Business Days of the relevant insolvency event.

26.7 Insolvency proceedings

(a) Any corporate action, legal proceedings or other procedure or step is taken in relation to:

(i) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of any Obligor;

(ii) a composition, compromise, assignment or arrangement with any creditor of any Obligor;

(iii) the appointment of a liquidator, receiver, administrative receiver, administrator, compulsory manager, provisional supervisor or other similar officer in respect of any Obligor or any of its assets; or

(iv) enforcement of any Security over any assets of any Obligor, or any analogous procedure or step is taken in any jurisdiction.

(b) Paragraph (a) above shall not apply to any winding-up petition which is frivolous or vexatious and is discharged, stayed or dismissed within ten (10) Business Days of commencement.

(c) Paragraphs (a) and (b) above shall not apply in relation to any Approved Manager which is a Subsidiary of the Ultimate Parent, provided that a replacement third party Approved Manager is appointed in accordance with this Agreement within ten (10) Business Days of the relevant insolvency event.

26.8 Creditors' process

(a) Any expropriation, attachment, sequestration, distress or execution affects any asset or assets of any Obligor and is not discharged within fifteen (15) Business Days.

(b) Paragraph (a) above shall not apply in relation to any Approved Manager which is a Subsidiary of the Ultimate Parent, provided that a replacement third party Approved Manager is appointed in accordance with this Agreement within ten (10) Business Days of the relevant insolvency event.

26.9 Unlawfulness and invalidity

(a) It is or becomes unlawful for any Obligor to perform any of its obligations under the Finance Documents or any Transaction Security created or expressed to be created or evidenced by the Security Documents ceases to be effective or any subordination created under a Finance Document is or becomes unlawful.

(b) Any obligation or obligations of any Obligor under any Finance Documents are not (subject to the Legal Reservations) or cease to be legal, valid, binding, or enforceable and the cessation individually or cumulatively materially and adversely affects the interests of the Finance Parties under the Finance Documents.

(c) Any Finance Document ceases to be in full force and effect or any Transaction Security created or expressed to be created by the Security Documents or any subordination created expressed to be created under the Finance Documents ceases to be legal, valid, binding, enforceable, or effective or is alleged by a party to it (other than a Finance Party) to be ineffective.

(d) Any Transaction Security proves to have ranked after or lost its priority to any other Security (other than Permitted Security).

26.10 Cessation of business

(a) Any Obligor ceases, or threatens to cease, to carry on business except as a result of any disposal allowed under this Agreement.

(b) Paragraph (a) above shall not apply to the cessation of business of an Approved Manager which is a Subsidiary of the Ultimate Parent provided that a replacement Approved Manager is appointed in accordance with this Agreement within ten (10) Business Days.

26.11 Expropriation

The authority or ability of any Obligor to conduct its business is limited or is wholly or substantially curtailed by seizure, expropriation, nationalisation, intervention, restriction or other action by or on behalf of any government or agency in relation to an Obligor or any of its assets.

26.12 Repudiation and rescission of agreements

Any Obligor rescinds or purports to rescind or repudiates or purports to repudiate a Finance Document, a Relevant Document, or any of the Transaction Security or evidences an intention to rescind or repudiate a Finance Document, a Relevant Document, or any Transaction Security.

26.13 Conditions subsequent

Any of the conditions referred to in Clause 4.4 (*Conditions subsequent*) is not satisfied within the time reasonably required by the Agent.

26.14 Revocation or modification of Authorisation

Any authorisation of any governmental, judicial or other public body or authority which is now, or which at any time during the Facility Period becomes, necessary to enable any of the Obligors to comply with any of their obligations under any Relevant Document is not obtained, is revoked, suspended, withdrawn, or withheld, or is modified in a manner which the Agent considers is, or may be, prejudicial to the interests of any Finance Party, or ceases to remain in full force and effect.

26.15 Reduction of capital

A Transaction Obligor other than the Ultimate Parent reduces its authorised or issued or subscribed capital.

26.16 Loss of Vessel

A Vessel suffers a Total Loss or is otherwise destroyed or abandoned, or a similar event occurs in relation to any other vessel which may from time to time be mortgaged to the Security Agent as security for the payment of all or any part of the Indebtedness, except that a Total Loss shall not be an Event of Default if:

(a) that Vessel is insured in accordance with the Security Documents and a claim for Total Loss is available under the terms of the relevant insurances; and

(b) no insurer has refused to meet or has disputed the claim for Total Loss and it is not apparent to the Agent acting reasonably that any such refusal or dispute is likely to occur; and

(c) payment of all insurance proceeds in respect of the Total Loss is made in full to the Security Agent within one hundred and thirty (130) days of the occurrence of the casualty giving rise to the Total Loss in question or such longer period as the Agent may in its discretion agree.

26.17 Challenge to registration

The registration of a Vessel or a Mortgage is contested or becomes void or voidable or liable to cancellation or termination, or the validity or priority of a Mortgage is contested.

26.18 Classification and regulatory approvals

The classification certificate of a Vessel is withdrawn by a Classification Society or a Vessel ceases to be classified with a Classification Society for any reason.

26.19 War

The country of registration of a Vessel becomes involved in war (whether or not declared) or civil war or is occupied by any other power and the Agent in its discretion (but acting reasonably) considers that, as a result, the security conferred by any of the Security Documents is materially prejudiced.

26.20 Notice of determination

A Guarantor gives notice to the Security Agent to determine any obligations under a Guarantee.

26.21 Vessel Defaults

(a) A Vessel is arrested, detained, seized, impounded in exercise or purported exercise of any possessory lien or other claim or interest and a Vessel is not released within thirty (30) Business Days of the occurrence of the same.

(b) There is a payment or performance default by any charterer under any Charter (which is not cured within 60 days of the occurrence of such default), where such default shall, in the reasonable opinion of the Agent, have a Material Adverse Effect; or, subject to Clause 21.22(a)(ii) and Clause 22.13(b), there is any material amendment to a Charter without the Agent's (acting on the instructions of the Lenders) prior written consent.

(c) Any term of a Management Agreement is breached or any Management Agreement is terminated (whether or not in accordance with its terms) which breach or termination shall, in the reasonable opinion of the Agent, have a Material Adverse Effect.

26.22 Litigation

(a) Any litigation, arbitration or administrative or investigative proceedings of or before any court, arbitral body, agency or authority have been commenced against any Obligor which are (in the opinion of the Majority Lenders):

(i) reasonably likely to be adversely determined; and

(ii) if adversely determined, would have or is reasonably likely to have a Material Adverse Effect.

(b) In respect of the Ultimate Parent, no Event of Default shall occur under paragraph (a) above unless the aggregate amount of the claim is more than US$12,500,000 or its equivalent in any other currency.

26.23 Material adverse change

Any event or circumstance occurs which, in the reasonable opinion of the Majority Lenders, has or is reasonably likely to have a Material Adverse Effect.

26.24 Sanctions

(a) Any of the Obligors, any member of the Group or any of their Subsidiaries (excluding any Subsidiaries of the Ultimate Parent that are not members of the Group) becomes a Restricted Party or becomes owned or controlled by, or acts directly or indirectly on behalf of, a Restricted Party or any of such persons becomes the owner or controller of a Restricted Party.

(b) Any proceeds of the Loan are made available, directly or indirectly, to fund any trade, business or other activities involving or for the benefit of a Restricted Person or in any country, or territory, that, at the time of such funding, is a Sanctioned Country, where such funding would constitute a violation of Sanctions.

(c) Any proceeds of the Loan are, directly or indirectly, applied in a manner that would result in a violation of Sanctions by any Finance Party or any Obligor or for any purpose prohibited by Sanctions.

(d) Any of the Obligors or any of their Subsidiaries (excluding any Subsidiaries of the Ultimate Parent that are not members of the Group) takes any action resulting in a violation by such persons of Sanctions or which constitutes or would constitute any such violation by a Finance Party or any Obligor.

26.25 Subordination and Assignment Agreement

(a) Any party to a Subordination and Assignment Agreement (other than a Finance Party) fails to comply with the provisions of, or does not perform its obligations under, such Subordination and Assignment Agreement.

(b) A representation or warranty given by any party to a Subordination and Assignment Agreement (other than a Finance Party) is or proves to have been incorrect or misleading when made or deemed to be made.

26.26 Parent Group Restructuring

The Ultimate Parent or any of its Subsidiaries or any of their respective directors or authorised representatives by reason of actual or anticipated financial difficulties take any steps (whether by submitting or presenting a document setting out a proposal or proposed terms or otherwise) with more than 35% (by value) of creditors of the Ultimate Parent Group (taken as a whole) with a view to obtaining any form of moratorium, suspension or deferral of payments or reorganisation of debt (or certain debt); provided that this Clause 26.26 shall not apply where the relevant steps are being taken solely with the Finance Parties.

26.27 Existing Security

The Borrower fails or fails to procure the release of all Existing Security not later than the earlier the occur of: (i) the date of redemption of the Senior Secured Notes and (ii) one (1) Business Day after the Preposition Date.

26.28 Acceleration

On and at any time after the occurrence of an Event of Default which is continuing the Agent may, and shall if so directed by the Majority Lenders:

(a) by notice to the Borrower, cancel the Total Commitments, at which time they shall immediately be cancelled, provided that in the case of an Event of Default under either of Clauses 26.6 (*Insolvency*) and 26.7 (*Insolvency Proceedings*) the Total Commitments shall be deemed immediately cancelled without notice or demand therefor; and/or

(b) by notice to the Borrower, declare that all or part of the Loan, together with accrued interest, and all other amounts accrued or outstanding under the Finance Documents are immediately due and payable, provided that in the case of an Event of Default under either of Clauses 26.6 (*Insolvency*) and 26.6(d) (*Insolvency Proceedings*) the Loan, together with accrued interest and all other amounts accrued or outstanding under the Finance Documents shall be deemed immediately due and payable without notice or demand therefor; and/or

(c) by notice to the Borrower, declare that all or part of the Loan is payable on demand, at which time all or part of the Loan (as the case may be) shall immediately become payable on demand by the Agent on the instructions of the Majority Lenders; and/or

(d) declare that no withdrawal may be made from any Account; and/or

(e) exercise or direct the Security Agent to exercise any or all of its rights, remedies, powers, or discretions under the Finance Documents.

26.29 Approved Managers

Without prejudice to Clause 26.28 (*Acceleration*), the Borrower will, at the request of the Agent, at any time when an Insolvency Event has occurred in respect of an Approved Manager, promptly (and in any event within ten (10) Business Days) replace (or procure the replacement of) such Approved Manager appointed by the Borrower in relation to any Vessel with another Approved Manager on terms approved by the Agent (acting on the instructions of the Majority Lenders) as appropriate.

27. Changes to the Lenders

27.1 Assignments and transfers by the Lenders

Subject to this Clause 27, a Lender (the "**Existing Lender**") may:

(a) assign any of its rights; or

(b) transfer by novation any of its rights and obligations,

under the Finance Documents, to another bank or financial institution or to a trust, fund or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities or other financial assets (the "**New Lender**").

27.2 Conditions of assignment or transfer

(a) The consent of the Borrower is required for an assignment, a transfer or a sub- participation which grants voting rights by an Existing Lender to any Loan to Own Investor, unless the assignment, transfer or sub-participation is made at a time when an Event of Default is continuing.

(b) The consent of the Borrower referred to in paragraph (a) above must not be unreasonably withheld or delayed. The Borrower will be deemed to have given its consent five (5) Business Days after the Existing Lender has requested it unless consent is expressly refused by the Borrower within that time.

(c) An assignment will only be effective on:

(i) receipt by the Agent (whether in the Assignment Agreement or otherwise) of written confirmation from the New Lender (in form and substance satisfactory to the Agent) that the New Lender will assume the same obligations to the other Finance Parties as it would have been under if it was an Original Lender; and

(ii) performance by the Agent of all necessary "know your customer" or other similar checks under all applicable laws and regulations in relation to such assignment to a New Lender, the completion of which the Agent shall promptly notify to the Existing Lender and the New Lender.

(d) A transfer will only be effective if the procedure set out in Clause 27.5 (*Procedure for transfer*) is complied with.

(e) If:

(i) a Lender assigns or transfers any of its rights or obligations under the Finance Documents or changes its Facility Office; and

(ii) as a result of circumstances existing at the date the assignment, transfer or change occurs, an Obligor would be obliged to make a payment to the New Lender or Lender acting through its new Facility Office under Clause 12 (*Tax gross up and indemnities*) or Clause 13 (*Increased costs*),

then the New Lender or Lender acting through its new Facility Office is only entitled to receive payment under those Clauses to the same extent as the Existing Lender or Lender acting through its previous Facility Office would have been if the assignment, transfer or change had not occurred.

(f) Each New Lender, by executing the relevant Transfer Certificate or Assignment Agreement, confirms, for the avoidance of doubt, that the Agent has authority to execute on its behalf any amendment or waiver that has been approved by or on behalf of the requisite Lender or Lenders in accordance with this Agreement on or prior to the date on which the transfer or assignment becomes effective in accordance with this Agreement and that it is bound by that decision to the same extent as the Existing Lender would have been had it remained a Lender.

27.3 Assignment or transfer fee

The New Lender shall, on the date upon which an assignment or transfer takes effect, pay to the Agent (for its own account) a fee of US$5,000.

27.4 Limitation of responsibility of Existing Lenders

(a) Unless expressly agreed to the contrary, an Existing Lender makes no representation or warranty and assumes no responsibility to a New Lender for:

(i) the legality, validity, effectiveness, adequacy or enforceability of the Finance Documents or any other documents;

(ii) the financial condition of any Obligor;

(iii) the performance and observance by any Obligor of its obligations under the Finance Documents or any other documents; or

(iv) the accuracy of any statements (whether written or oral) made in or in connection with any Finance Document or any other document,

and any representations or warranties implied by law are excluded.

(b) Each New Lender confirms to the Existing Lender and the other Finance Parties that it:

(i) has made (and shall continue to make) its own independent investigation and assessment of the financial condition and affairs of each Obligor and its Affiliates in connection with its participation in this Agreement and has not relied exclusively on any information provided to it by the Existing Lender in connection with any Finance Document; and

(ii) will continue to make its own independent appraisal of the creditworthiness of each Obligor and its Affiliates whilst any amount is or may be outstanding under the Finance Documents or any Commitment is in force.

(c) Nothing in any Finance Document obliges an Existing Lender to:

(i) accept a re-transfer or re-assignment from a New Lender of any of the rights and obligations assigned or transferred under this Clause 27; or

(ii) support any losses directly or indirectly incurred by the New Lender by reason of the non-performance by any Obligor of its obligations under the Finance Documents or otherwise.

27.5 Procedure for transfer

(a) Subject to the conditions set out in Clause 27.2 (*Conditions of assignment or transfer*) a transfer is effected in accordance with paragraph (c) below when the Agent executes an otherwise duly completed Transfer Certificate delivered to it by the Existing Lender and the New Lender. The Agent shall, subject to paragraph (b) below, as soon as reasonably practicable after receipt by it of a duly completed Transfer Certificate appearing on its face to comply with the terms of this Agreement and delivered in accordance with the terms of this Agreement, execute that Transfer Certificate.

(b) The Agent shall only be obliged to execute a Transfer Certificate delivered to it by the Existing Lender and the New Lender once it is satisfied it has complied with all necessary "know your customer" or other similar checks under all applicable laws and regulations in relation to the transfer to such New Lender.

(c) Subject to Clause 27.9 (*Pro rata interest settlement*), on the Transfer Date:

(i) to the extent that in the Transfer Certificate the Existing Lender seeks to transfer by novation its rights and obligations under the Finance Documents, each of the Obligors who are parties and the Existing Lender shall be released from further obligations towards one another under the Finance Documents and their respective rights against one another under the Finance Documents shall be cancelled (being the "**Discharged Rights and Obligations**");

(ii) each of the Obligors who are parties and the New Lender shall assume obligations towards one another and/or acquire rights against one another which differ from the Discharged Rights and Obligations only insofar as that Obligor and the New Lender have assumed and/or acquired the same in place of that Obligor and the Existing Lender;

(iii) the Agent, the New Lender and other Lenders shall acquire the same rights and assume the same obligations between themselves as they would have acquired and assumed had the New Lender been an Original Lender with the rights and/or obligations acquired or assumed by it as a result of the transfer and to that extent the Agent and the Existing Lender shall each be released from further obligations to each other under the Finance Documents; and

(iv) the New Lender shall become a Party as a "Lender".

27.6 Procedure for assignment

(a) Subject to the conditions set out in Clause 27.2 (*Conditions of assignment or transfer*) an assignment may be effected in accordance with paragraph (c) below when the Agent executes an otherwise duly completed Assignment Agreement delivered to it by the Existing Lender and the New Lender. The Agent shall, subject to paragraph (b) below, as soon as reasonably practicable after receipt by it of a duly completed Assignment Agreement appearing on its face to comply with the terms of this Agreement and delivered in accordance with the terms of this Agreement, execute that Assignment Agreement.

(b) The Agent shall only be obliged to execute an Assignment Agreement delivered to it by the Existing Lender and the New Lender once it is satisfied it has complied with all necessary "know your customer" or other similar checks under all applicable laws and regulations in relation to the assignment to such New Lender.

(c) Subject to Clause 27.9 (*Pro rata interest settlement*), on the Transfer Date:

(i) the Existing Lender will assign absolutely to the New Lender the rights under the Finance Documents expressed to be the subject of the assignment in the Assignment Agreement;

(ii) the Existing Lender will be released by each Obligor who is a party and the other Finance Parties from the obligations owed by it (the "**Relevant Obligations**") and expressed to be the subject of the release in the Assignment Agreement; and

(iii) the New Lender shall become a Party as a "Lender" and will be bound by obligations equivalent to the Relevant Obligations.

(d) The Lenders may utilise procedures other than those set out in this Clause (d) to assign their rights under the Finance Documents (but not, without the consent of the relevant Obligor or unless in accordance with Clause 27.5 (*Procedure for transfer*), to obtain a release by that Obligor from the obligations owed to that Obligor by the Lenders nor the assumption of equivalent obligations by a New Lender) provided that they comply with the conditions set out in Clause 27.2 (*Conditions of assignment or transfer*).

27.7 Copy of Transfer Certificate or Assignment Agreement to Borrower

The Agent shall, as soon as reasonably practicable after it has executed a Transfer Certificate or an Assignment Agreement, send to the Borrower a copy of that Transfer Certificate or Assignment Agreement.

27.8 Security over Lenders' rights

In addition to the other rights provided to Lenders under this Clause 27, each Lender may without consulting with or obtaining consent from any Obligor, at any time charge, assign or otherwise create Security in or over (whether by way of collateral or otherwise) all or any of its rights under any Finance Document to secure obligations of that Lender including, without limitation:

(a) any charge, assignment or other Security to secure obligations to a federal reserve or central bank; and

(b) in the case of any Lender which is a fund, any charge, assignment or other Security granted to any holders (or trustee or representatives of holders) of obligations owed, or securities issued, by that Lender as security for those obligations or securities, except that no such charge, assignment or Security shall:

(i) release a Lender from any of its obligations under the Finance Documents or substitute the beneficiary of the relevant charge, assignment or Security for the Lender as a party to any of the Finance Documents; or

(ii) require any payments to be made by an Obligor other than or in excess of, or grant to any person any more extensive rights than, those required to be made or granted to the relevant Lender under the Finance Documents.

27.9 Pro rata interest settlement

If the Agent has notified the Lenders that it is able to distribute interest payments on a "pro rata basis" to Existing Lenders and New Lenders then (in respect of any transfer pursuant to Clause 27.5 (*Procedure for transfer*) or any assignment pursuant to Clause 27.6 (*Procedure for assignment*) the Transfer Date of which, in each case, is after the date of such notification and is not on the last day of an Interest Period):

(a) any interest or fees in respect of the relevant participation which are expressed to accrue by reference to the lapse of time shall continue to accrue in favour of the Existing Lender up to but excluding the Transfer Date ("**Accrued Amounts**") and shall become due and payable to the Existing Lender (without further interest accruing on them) on the last day of the current Interest Period (or, if the Interest Period is longer than 6 months, on the next of the dates which falls at 6 monthly intervals after the first day of that Interest Period); and

(b) the rights assigned or transferred by the Existing Lender will not include the right to the Accrued Amounts, so that, for the avoidance of doubt:

(i) when the Accrued Amounts become payable, those Accrued Amounts will be payable to the Existing Lender; and

(ii) the amount payable to the New Lender on that date will be the amount which would, but for the application of this Clause 27.9, have been payable to it on that date, but after deduction of the Accrued Amounts.

28. Changes to the Obligors

28.1 Assignment and transfers by Obligors

No Obligor may assign any of its rights or transfer any of its rights or obligations under the Finance Documents.

29. Role of the Agent and the Security Agent

29.1 The Agent and the Security Agent

(a) Each of the Finance Parties appoints the Agent to act as its agent under and in connection with the Finance Documents.

(b) The Security Agent declares that it holds the Security Property on trust for the Secured Parties on the terms contained in this Agreement.

(c) Each of the Finance Parties authorises the Agent and the Security Agent:

(i) to exercise the rights, powers, authorities and discretions specifically given to the Agent and the Security Agent (as applicable) under or in connection with the Finance Documents together with any other incidental rights, powers, authorities and discretions; and

(ii) to execute each of the Security Documents and all other documents approved by the Majority Lenders or all Lenders (as the case may be) for execution by it.

(d) Each of the Secured Parties irrevocably appoints the Security Agent as trustee on its behalf with regard to (i) the security, powers, rights, titles, benefits and interests (both present and future) constituted by and conferred on the Finance Parties or any of them or for the benefit thereof under or pursuant to this Agreement, or any of the Finance Documents (including, without limitation, the benefit of all covenants, undertakings, representations, warranties and obligations given, made or undertaken to any Finance Party in this Agreement, or any Finance Document), (ii) all moneys, property and other assets paid or transferred to or vested in any Finance Party or any agent of any Finance Party or received or recovered by any Finance Party or any agent of any Finance Party pursuant to, or in connection with, this Agreement or the Finance Documents whether from any Obligor or any other person and (iii) all money, investments, property and other assets at any time representing or deriving from any of the foregoing, including all interest, income and other sums at any time received or receivable by any Finance Party or any agent of any Finance Party in respect of the same (or any part thereof).

29.2 Enforcement through Security Agent only

The Secured Parties shall not have any independent power to enforce, or have recourse to, any of the Transaction Security or to exercise any right, power, authority or discretion arising under the Security Documents except through the Security Agent.

29.3 Instructions

(a) Each of the Agent and the Security Agent shall:

(i) unless a contrary indication appears in a Finance Document, exercise or refrain from exercising any right, power, authority or discretion vested in it as Agent or Security Agent (as applicable) in accordance with any instructions given to it by:

(A) all Lenders if the relevant Finance Document stipulates the matter is an all Lender decision; and

(B) in all other cases, the Majority Lenders; and

(ii) not be liable for any act (or omission) if it acts (or refrains from acting) in accordance with paragraph (A) above (or, if this Agreement stipulates the matter is a decision for any other Finance Party or group of Finance Parties, from that Finance Party or group of Finance Parties).

(b) Each of the Agent and the Security Agent shall be entitled to request instructions, or clarification of any instruction, from the Majority Lenders (or, if the relevant Finance Document stipulates the matter is a decision for any other Finance Party or group of Finance Parties, from that Finance Party or group of Finance Parties) as to whether, and in what manner, it should exercise or refrain from exercising any right, power, authority or discretion and the Agent or Security Agent (as applicable) may refrain from acting unless and until it receives those instructions or that clarification.

(c) Save in the case of decisions stipulated to be a matter for any other Finance Party or group of Finance Parties under the relevant Finance Document and unless a contrary indication appears in a Finance Document, any instructions given to the Agent or Security Agent (as applicable) by the Majority Lenders shall override any conflicting instructions given by any other Parties and will be binding on all Finance Parties.

(d) Paragraph (c) above shall not apply:

(i) where a contrary indication appears in a Finance Document;

(ii) where a Finance Document requires the Agent or the Security Agent to act in a specified manner or to take a specified action;

(iii) in respect of any provision which protects the Agent's or Security Agent's own position in its personal capacity as opposed to its role of Agent or Security Agent for the relevant Finance Parties or Secured Parties (as applicable) including, without limitation, Clause 29.5 (*No fiduciary duties*) to Clause 29.10 (*Exclusion of liability*), Clause 29.13 (*Confidentiality*) to Clause 29.20 (*Custodians and nominees*) and Clause 29.23 (*Acceptance of title*) to Clause 29.27 (*Disapplication of Trustee Acts*);

(iv) in respect of the exercise of the Security Agent's discretion to exercise a right, power or authority under any of:

(A) Clause 30.1 (*Application of Receipts – Security Agent*);

(B) Clause 30.3 (*Prospective liabilities*); and

(C) Clause 30.2 (*Deductions from receipts*).

(e) If giving effect to instructions given by the Majority Lenders would (in the Agent's or (as applicable) the Security Agent's opinion) have an effect equivalent to an amendment or waiver referred to in Clause 39 (*Remedies and waivers*), the Agent or (as applicable) Security Agent shall not act in accordance with those instructions unless consent to it so acting is obtained from each Party (other than the Agent or Security Agent) whose consent would have been required in respect of that amendment or waiver.

(f) In exercising any discretion to exercise a right, power or authority under the Finance Documents where either:

(i) it has not received any instructions as to the exercise of that discretion; or

(ii) the exercise of that discretion is subject to paragraph 29.3(d)(iv) above,

the Agent or Security Agent shall do so having regard to the interests of (in the case of the Agent) all the Finance Parties and (in the case of the Security Agent) all the Secured Parties.

(g) The Agent or the Security Agent (as applicable) may refrain from acting in accordance with any instructions of any Finance Party or group of Finance Parties until it has received any indemnification and/or security that it may in its discretion require (which may be greater in extent than that contained in the Finance Documents and which may include payment in advance) for any cost, loss or liability (together with any applicable VAT) which it may incur in complying with those instructions.

(h) Without prejudice to the remainder of this Clause 29.3 (*Instructions*), in the absence of instructions, each of the Agent and the Security Agent may act (or refrain from acting) as it considers to be in the best interest of (in the case of the Agent) the Finance Parties and (in the case of the Security Agent) the Secured Parties.

(i) Neither the Agent nor the Security Agent is authorised to act on behalf of a Finance Party (without first obtaining that Finance Party's consent) in any legal or arbitration proceedings relating to any Finance Document. This paragraph (i) shall not apply to any legal or arbitration proceeding relating to the perfection, preservation or protection of rights under the Security Documents or enforcement of the Security or Security Documents.

29.4 Duties of the Agent and Security Agent

(a) The duties of the Agent and the Security Agent under the Finance Documents are solely mechanical and administrative in nature.

(b) Subject to paragraph (c) below, each of the Agent and the Security Agent shall promptly forward to a Party the original or a copy of any document which is delivered to the Agent or Security Agent (as applicable) for that Party by any other Party.

(c) Without prejudice to Clause 27.7 (*Copy of Transfer Certificate or Assignment Agreement to Borrower*), paragraph (b) above shall not apply to any Transfer Certificate or any Assignment Agreement.

(d) Except where a Finance Document specifically provides otherwise, neither the Agent nor the Security Agent is obliged to review or check the adequacy, accuracy or completeness of any document it forwards to another Party.

(e) If the Agent or the Security Agent receives notice from a Party referring to any Finance Document, describing a Default and stating that the circumstance described is a Default, it shall promptly notify the other Finance Parties.

(f) If the Agent is aware of the non-payment of any principal, interest, Commitment Fee or other fee payable to a Finance Party (other than the Agent, or the Security Agent) under this Agreement, it shall promptly notify the other Finance Parties.

(g) Each of the Agent and the Security Agent shall have only those duties, obligations and responsibilities expressly specified in the Finance Documents to which it is expressed to be a party (and no others shall be implied).

29.5 No fiduciary duties

(a) Nothing in any Finance Document constitutes:

(i) the Agent as a trustee or fiduciary of any other person; or

(ii) the Security Agent as an agent, trustee or fiduciary of any Obligor.

(iii) Neither the Agent nor the Security Agent shall be bound to account to any other Finance Party or (in the case of the Security Agent) any Secured Party or the profit element of any sum received by it for its own account.

(iv) The provisions of this Clause 29.5 shall apply even if, notwithstanding and contrary to this Clause 29.5, any provision of any Finance Document by operation of law has the effect of constituting the Agent as a true or fiduciary of any person, or the Security Agent as an agent, trustee or fiduciary of any Obligor or otherwise requiring the Agent, the Security Agent or the Arrange to account to any other Finance Party or Secured Party (as the case may be).

29.6 Business with the Group

The Agent and the Security Agent may accept deposits from, lend money to and generally engage in any kind of banking or other business with any Obligor or any Affiliate of an Obligor.

29.7 Rights and discretions

(a) Each of the Agent and the Security Agent may:

(i) rely on any representation, communication, notice or document believed by it to be genuine, correct and appropriately authorised;

(ii) assume that:

(A) any instructions received by it from the Majority Lenders, any Finance Parties or any group of Finance Parties are duly given in accordance with the terms of the Finance Documents; and

(B) unless it has received notice of revocation, that those instructions have not been revoked; and

(C) rely on a certificate from any person:

a. as to any matter of fact or circumstance which might reasonably be expected to be within the knowledge of that person; or

b. to the effect that such person approves of any particular dealing, transaction, step, action or thing,

as sufficient evidence that that is the case and, in the case of paragraph a above, may assume the truth and accuracy of that certificate.

(b) Each of the Agent and the Security Agent may assume (unless it has received notice to the contrary in its capacity as agent or Security Agent for the Finance Parties or Secured Parties) that:

(i) no Default has occurred (unless, in the case of the Agent, it has actual knowledge of a Default arising under Clause 26.1 (*Non-payment*));

(ii) any right, power, authority or discretion vested in any Party or any group of Finance Parties has not been exercised; and

(iii) any notice or request made by an Obligor (other than the Utilisation Request) is made on behalf of and with the consent and knowledge of all the Obligors who are parties.

(c) Each of the Agent and the Security Agent may engage and pay for the advice or services of any lawyers, accountants, tax advisers, surveyors or other professional advisers or experts.

(d) Without prejudice to the generality of paragraph (c) above or paragraph (e) below, each of the Agent and the Security Agent may at any time engage and pay for the services of any lawyers to act as independent counsel to the Agent or Security Agent (as applicable), (and so separate from any lawyers instructed by the Lenders) if the Agent or Security Agent (as applicable), in its reasonable opinion deems this to be desirable.

(e) Each of the Agent and the Security Agent may rely on the advice or services of any lawyers, accountants, tax advisers, surveyors or other professional advisers or experts (whether obtained by the Agent or by the Security Agent or by any other Party) and shall not be liable for any damages, costs or losses to any person, any diminution in value or any liability whatsoever arising as a result of its so relying.

(f) Each of the Agent and the Security Agent may act in relation to the Finance Documents and the Security Property through its officers, employees and agents and shall not:

(i) be liable for any error of judgment made by any such person; or

(ii) be bound to supervise, or be in any way responsible for any loss incurred by reason of misconduct, omission or default on the part, of any such person,

unless such error or such loss was directly caused by the Agent's or the Security Agent's (as applicable) gross negligence or wilful misconduct.

(g) Unless a Finance Document expressly provides otherwise each of the Agent and the Security Agent may disclose to any other Party any information it reasonably believes it has received as agent or Security Agent under the Finance Documents.

(h) Without prejudice to the generality of paragraph (g) above, the Agent:

(i) may disclose; and

(ii) on the written request of the Borrower or the Majority Lenders shall, as soon as reasonably practicable, disclose,

the identity of a Defaulting Lender to the Borrower and to the other Finance Parties.

(i) Notwithstanding any other provision of any Finance Document to the contrary, neither the Agent nor the Security Agent is obliged to do or omit to do anything if it would, or might in its reasonable opinion, constitute a breach of any law or regulation or a breach of a fiduciary duty or duty of confidentiality.

(j) The Agent is not obliged to disclose to any Finance Party any details of the rate notified to the Agent by any Lender or the identity of any such Lender for the purpose of paragraph 10.2(a)(ii) of Clause 10.2 (*Market disruption*).

(k) Notwithstanding any provision of any Finance Document to the contrary, neither the Agent nor the Security Agent is obliged to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties, obligations or responsibilities or the exercise of any right, power, authority or discretion if it has grounds for believing the repayment of such funds or adequate indemnity against, or security for, such risk or liability is not reasonably assured to it.

29.8 Responsibility for documentation

Neither the Agent nor the Security Agent, is responsible or liable for:

(a) the adequacy, accuracy or completeness of any information (whether oral or written) supplied by the Agent, the Security Agent, an Obligor or any other person in or in connection with any Finance Document or the transactions contemplated in the Finance Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document;

(b) the legality, validity, effectiveness, adequacy or enforceability of any Finance Document or the Security Property or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document or the Security Property; or

(c) any determination as to whether any information provided or to be provided to any Finance Party or Secured Party is non-public information the use of which may be regulated or prohibited by applicable law or regulation relating to insider dealing or otherwise.

29.9 No duty to monitor

Neither, the Agent nor the Security Agent shall be bound to enquire:

(a) whether or not any Default has occurred;

(b) as to the performance, default or any breach by any Party of its obligations under any Finance Document; or

(c) whether any other event specified in any Finance Document has occurred.

29.10 Exclusion of liability

(a) Without limiting paragraph (b) below (and without prejudice to any other provision of any Finance Document excluding or limiting the liability of the Agent, the Security Agent or any Receiver or Delegate), none of the Agent, the Security Agent nor any Receiver or Delegate will be liable (including, without limitation, for negligence or any other category of liability whatsoever) for:

(i) any damages, costs or losses to any person, any diminution in value, or any liability whatsoever arising as a result of taking or not taking any action under or in connection with any Finance Document or the Security Property, unless directly caused by its gross negligence or wilful misconduct;

(ii) exercising, or not exercising, any right, power, authority or discretion given to it by, or in connection with, any Finance Document, the Security Property or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with, any Finance Document or the Security Property;

(iii) any shortfall which arises on the enforcement or realisation of the Security Property; or

(iv) without prejudice to the generality of paragraphs (i) to (iii) above, any damages, costs or losses to any person, any diminution in value or any liability whatsoever arising as a result of:

(A) any act, event or circumstance not reasonably within its control; or

(B) the general risks of investment in, or the holding of assets in, any jurisdiction,

including (in each case and without limitation) such damages, costs, losses, diminution in value or liability arising as a result of: nationalisation, expropriation or other governmental actions; any regulation, currency restriction, devaluation or fluctuation; market conditions affecting the execution or settlement of transactions or the value of assets (including any Disruption Event); breakdown, failure or malfunction of any third party transport, telecommunications, computer services or systems; natural disasters or acts of god; war, terrorism, insurrection or revolution; or strikes or industrial action.

(b) No Party (other than the Agent, the Security Agent, that Receiver or that Delegate (as applicable)) may take any proceedings against any officer, employee or agent of the Agent, the Security Agent, a Receiver or a Delegate, in respect of any claim it might have against the Agent, the Security Agent, a Receiver or a Delegate or in respect of any act or omission of any kind by that officer, employee or agent in relation to any Finance Document or any Security Property and any officer, employee or agent of the Agent, the Security Agent, a Receiver or a Delegate may rely on this Clause.

(c) Neither the Agent nor the Security Agent will be liable for any delay (or any related consequences) in crediting an account with an amount required under the Finance Documents to be paid by the Agent or the Security Agent (as applicable) if the Agent or Security Agent (as applicable) has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognised clearing or settlement system used by the Agent or the Security Agent (as applicable) for that purpose.

(d) Nothing in this Agreement shall oblige the Agent or the Security Agent to carry out:

(i) any "know your customer" or other checks in relation to any person; or

(ii) any check on the extent to which any transaction contemplated by this Agreement might be unlawful for any Finance Party,

on behalf of any Finance Party and each Finance Party confirms to the Agent and the Security Agent that it is solely responsible for any such checks it is required to carry out and that it may not rely on any statement in relation to such checks made by the Agent or the Security Agent.

(e) Without prejudice to any provision of any Finance Document excluding or limiting the liability of the Agent, the Security Agent, any Receiver or Delegate, any liability of the Agent, the Security Agent, any Receiver or Delegate arising under or in connection with any Finance Document or the Security Property shall be limited to the amount of actual loss which has been finally judicially determined to have been suffered (as determined by reference to the date of default of the Agent, the Security Agent, Receiver or Delegate or, if later, the date on which the loss arises as a result of such default) but without reference to any special conditions or circumstances known to the Agent, the Security Agent, any Receiver or Delegate at any time which increase the amount of that loss. In no event shall the Agent, the Security Agent, any Receiver or Delegate be liable for any loss of profits, goodwill, reputation, business opportunity or anticipated saving, or for special, punitive, indirect or consequential damages, whether or not the Agent, the Security Agent, the Receiver or Delegate has been advised of the possibility of such loss or damages.

29.11 Lenders' indemnity to the Agent and Security Agent

(a) Each Lender shall (in proportion to its share of the Total Commitments or, if the Total Commitments are then zero, to its share of the Total Commitments immediately prior to their reduction to zero) indemnify the Agent, the Security Agent and every Receiver and every Delegate, within three (3) Business Days of demand, against any cost, loss or liability (including, without limitation, for negligence or any other category of liability whatsoever) incurred by any of them (otherwise than by reason of the Agent's, Security Agent's Receiver's or Delegate's gross negligence or wilful misconduct) (or, in the case of any cost, loss or liability pursuant to Clause 33.11 (*Disruption to Payment Systems etc.*), notwithstanding the Agent's negligence, gross negligence or any other category of liability whatsoever but not including any claim based on the fraud of the Agent) in acting as Agent, Security Agent, Receiver or Delegate under the Finance Documents (unless the relevant Agent, Security Agent, Receiver or Delegate has been reimbursed by an Obligor pursuant to a Finance Document).

(b) Subject to paragraph (c) below, the Borrower shall immediately on demand reimburse any Lender for any payment that Lender makes to the Agent or the Security Agent pursuant to paragraph (a) above.

(c) Paragraph (b) above shall not apply to the extent that the indemnity payment in respect of which the Lender claims reimbursement relates to a liability of the Agent or the Security Agent to an Obligor.

29.12 Resignation of the Agent and the Security Agent

(a) Each of the Agent and/or the Security Agent may resign and appoint one of its Affiliates as successor by giving notice to the other Finance Parties and the Borrower.

(b) Alternatively the Agent or the Security Agent may resign by giving thirty (30) days' notice to the other Finance Parties and the Borrower, in which case the Majority Lenders (after consultation with the other Finance Parties and the Borrower) may appoint a successor Agent or Security Agent (as applicable).

(c) If the Majority Lenders have not appointed a successor Agent or Security Agent in accordance with paragraph (b) above within twenty (20) days after notice of resignation was given, the retiring Agent or Security Agent (as applicable) (after consultation with the other Finance Parties and the Borrower) may appoint a successor Agent or Security Agent (as applicable).

(d) The retiring Agent or Security Agent (as applicable) shall make available to the successor Agent or Security Agent (as applicable) such documents and records and provide such assistance as the successor Agent or Security Agent may reasonably request for the purposes of performing its functions as Agent or Security Agent (as applicable) under the Finance Documents. The Borrower shall, within three (3) Business Days of demand, reimburse the retiring Agent or Security Agent (as applicable) for the amount of all costs and expenses (including legal fees) properly incurred by it in making available such documents and records and providing such assistance.

(e) The resignation notice of the Agent or Security Agent (as applicable) shall only take effect upon:

(i) the appointment of a successor; and

(ii) (in the case of the Security Agent) the transfer of the Security Property to that successor.

(f) Upon the appointment of a successor, the retiring Agent or Security Agent (as applicable) shall be discharged from any further obligation in respect of the Finance Documents (other than its obligations under paragraph (ii) of Clause 29.24 (*Winding up of trust*) and (e) above) but shall remain entitled to the benefit of Clause 14.3 (*Indemnity to the Agent*), Clause 14.4 (*Indemnity to the Security Agent*) and this Clause 29 (and any fees for the account of the retiring Agent or Security Agent (as applicable) shall cease to accrue from (and shall be payable on) that date). Any successor and each of the other Parties shall have the same rights and obligations amongst themselves as they would have had if such successor had been an original Party.

(g) After consultation with the Borrower, the Majority Lenders may, by giving thirty (30) days' notice to the Agent or Security Agent (as applicable) (or, at any time the Agent is an Impaired Agent, by giving any shorter notice period determined by the Majority Lenders), require it to resign in accordance with paragraph (b) above. In this event, the Agent or Security Agent (as applicable) shall resign in accordance with paragraph (b) above but the cost referred to in paragraph (d) above shall be for the account of the Borrower (unless the Agent is an Impaired Agent, in which case it shall be for its account).

(h) The Agent shall resign in accordance with paragraph (b) above (and, to the extent applicable, shall use reasonable endeavours to appoint a successor Agent pursuant to paragraph (c) above) if on or after the date which is three (3) months before the earliest FATCA Application Date relating to any payment to the Agent under the Finance Documents, either:

(i) the Agent fails to respond to a request under Clause 12.7 (*FATCA Information*) and the Borrower or a Lender reasonably believes that the Agent will not be (or will have ceased to be) a FATCA Exempt Party on or after that FATCA Application Date;

(ii) the information supplied by the Agent pursuant to Clause 12.7 (*FATCA Information*) indicates that the Agent will not be (or will have ceased to be) a FATCA Exempt Party on or after that FATCA Application Date; or

(iii) the Agent notifies the Borrower and the Lenders that the Agent will not be (or will have ceased to be) a FATCA Exempt Party on or after that FATCA Application Date;

and (in each case) the Borrower or a Lender reasonably believes that a Party will be required to make a FATCA Deduction that would not be required if the Agent were a FATCA Exempt Party, and the Borrower or that Lender, by notice to the Agent, requires it to resign.

29.13 Confidentiality

(a) In acting as agent or trustee for the Finance Parties, the Agent or the Security Agent (as applicable) shall be regarded as acting through its agency division which shall be treated as a separate entity from any other of its divisions or departments.

(b) If information is received by another division or department of the Agent or Security Agent, it may be treated as confidential to that division or department and the Agent or Security Agent (as applicable) shall not be deemed to have notice of it.

(c) Notwithstanding any other provision of any Finance Document to the contrary, neither the Agent nor the Security Agent is obliged to disclose to any other person (i) any confidential information or (ii) any other information if the disclosure would, or might in its reasonable opinion, constitute a breach of any law or regulation or a breach of a fiduciary duty.

29.14 Relationship with the other Finance Parties

(a) Subject to Clause 27.9 (*Pro rata interest settlement*), the Agent may treat the person shown in its records as Lender at the opening of business (in the place of the Agent's principal office as notified to the Finance Parties from time to time) as the Lender acting through its Facility Office:

(i) entitled to or liable for any payment due under any Finance Document on that day; and

(ii) entitled to receive and act upon any notice, request, document or communication or make any decision or determination under any Finance Document made or delivered on that day,

unless it has received not less than five (5) Business Days' prior notice from that Lender to the contrary in accordance with the terms of this Agreement.

(b) Any Lender may by notice to the Agent appoint a person to receive on its behalf all notices, communications, information and documents to be made or despatched to that Lender under the Finance Documents. Such notice shall contain the address and electronic mail address and/or any other information required to enable the sending and receipt of information by that means (and, in each case, the department or officer, if any, for whose attention communication is to be made) and be treated as a notification of a substitute address, electronic mail address, department and officer by that Lender for the purposes of Clause 36.2 (*Addresses*) and the Agent shall be entitled to treat such person as the person entitled to receive all such notices, communications, information and documents as though that person were that Lender.

(c) Each Finance Party shall supply the Security Agent with any information that the Security Agent may reasonably specify as being necessary or desirable to enable the Security Agent to perform its functions as Security Agent.

29.15 Credit appraisal by the Lenders

Without affecting the responsibility of any Obligor for information supplied by it or on its behalf in connection with any Finance Document, each Lender confirms to the Agent and the Security Agent that it has been, and will continue to be, solely responsible for making its own independent appraisal and investigation of all risks arising under or in connection with any Finance Document including but not limited to:

(a) the financial condition, status and nature of each member of the Group and the Ultimate Parent;

(b) the legality, validity, effectiveness, adequacy or enforceability of any Finance Document, the Security Property and any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document or the Security Property;

(c) whether that Finance Party has recourse, and the nature and extent of that recourse, against any Party or any of its respective assets under or in connection with any Finance Document, the Security Property, the transactions contemplated by the Finance Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document or the Security Property;

(d) the adequacy, accuracy or completeness of any information provided by the Agent, the Security Agent, any Party or by any other person under or in connection with any Finance Document, the transactions contemplated by any Finance Document or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Finance Document; and

(e) the right or title of any person in or to, or the value or sufficiency of any part of, the Security Property, the priority of any of the Transaction Security or the existence of any Security affecting the Security Property.

29.16 Reference Banks

The Agent shall (if so instructed by the Majority Lenders and in consultation with the Borrower) replace a Reference Bank with another bank or financial institution.

29.17 Deduction from amounts payable by the Agent

If any Party owes an amount to the Agent under the Finance Documents the Agent may, after giving notice to that Party, deduct an amount not exceeding that amount from any payment to that Party which the Agent would otherwise be obliged to make under the Finance Documents and apply the amount deducted in or towards satisfaction of the amount owed. For the purposes of the Finance Documents that Party shall be regarded as having received any amount so deducted.

29.18 No responsibility to perfect Transaction Security

The Security Agent shall not be liable for any failure to:

(a) require the deposit with it of any deed or document certifying, representing or constituting the title of any Obligor to any of the Security Property;

(b) obtain any licence, consent or other authority for the execution, delivery, legality, validity, enforceability or admissibility in evidence of any Finance Document or the Transaction Security;

(c) register, file or record or otherwise protect any of the Transaction Security (or the priority of any of the Transaction Security) under any law or regulation or to give notice to any person of the execution of any Finance Document or of the Transaction Security;

(d) take, or to require any Obligor to take, any step to perfect its title to any of the Security Property or to render the Transaction Security effective or to secure the creation of any ancillary Security under any law or regulation; or

(e) require any further assurance in relation to any Security Document.

29.19 Insurance by Security Agent

(a) The Security Agent shall not be obliged:

(i) to insure any of the Security Property;

(ii) to require any other person to maintain any insurance; or

(iii) to verify any obligation to arrange or maintain insurance contained in any Finance Document,

and the Security Agent shall not be liable for any damages, costs or losses to any person as a result of the lack of, or inadequacy of, any such insurance.

(b) Where the Security Agent is named on any insurance policy as an insured party, it shall not be liable for any damages, costs or losses to any person as a result of its failure to notify the insurers of any material fact relating to the risk assumed by such insurers or any other information of any kind, unless the Majority Lenders request it to do so in writing and the Security Agent fails to do so within fourteen (14) days after receipt of that request.

29.20 Custodians and nominees

The Security Agent may appoint and pay any person to act as a custodian or nominee on any terms in relation to any asset of the trust as the Security Agent may determine, including for the purpose of depositing with a custodian this Agreement or any document relating to the trust created under this Agreement and the Security Agent shall not be responsible for any loss, liability, expense, demand, cost, claim or proceedings incurred by reason of the misconduct, omission or default on the part of any person appointed by it under this Agreement or be bound to supervise the proceedings or acts of any person.

29.21 Delegation by the Security Agent

(a) Each of the Security Agent, any Receiver and any Delegate may, at any time, delegate by power of attorney or otherwise to any person for any period, all or any right, power, authority or discretion vested in it in its capacity as such.

(b) That delegation may be made upon any terms and conditions (including the power to sub-delegate) and subject to any restrictions that the Security Agent, that Receiver or that Delegate (as the case may be) may, in its discretion, think fit in the interests of the Secured Parties.

(c) No Security Agent, Receiver or Delegate shall be bound to supervise, or be in any way responsible for any damages, costs or losses incurred by reason of any misconduct, omission or default on the part of, any such delegate or sub-delegate.

(d) Unless a Default is continuing, the Security Agent shall notify the Transaction Obligors of the appointment of any Delegate.

29.22 Additional Security Agents

(a) The Security Agent may, at any time, appoint (and subsequently remove) any person to act as a separate trustee or as a co-trustee jointly with it:

(i) if it considers that appointment to be in the interests of the Secured Parties;

(ii) for the purposes of conforming to any legal requirement, restriction or condition which the Security Agent deems to be relevant; or

(iii) for obtaining or enforcing any judgment in any jurisdiction,

and the Security Agent shall give prior notice to the Borrower and the Finance Parties of that appointment.

(b) Any person so appointed shall have the rights, powers, authorities and discretions (not exceeding those given to the Security Agent under or in connection with the Finance Documents) and the duties, obligations and responsibilities that are given or imposed by the instrument of appointment.

(c) The remuneration that the Security Agent may pay to that person, and any costs and expenses (together with any applicable VAT) incurred by that person in performing its functions pursuant to that appointment shall, for the purposes of this Agreement, be treated as costs and expenses incurred by the Security Agent.

29.23 Acceptance of title

The Security Agent shall be entitled to accept without enquiry, and shall not be obliged to investigate, any right and title that any Obligor may have to any of the Security Property and shall not be liable for, or bound to require any Obligor to remedy, any defect in its right or title.

29.24 Winding up of trust

If the Security Agent, with the approval of the Agent, determines that:

(a) all of the Secured Liabilities and all other obligations secured by the Security Documents have been fully and finally discharged; and

(b) no Secured Party is under any commitment, obligation or liability (actual or contingent) to make advances or provide other financial accommodation to any Obligor pursuant to the Finance Documents,

then:

(i) the trusts set out in this Agreement shall be wound up and the Security Agent shall release, without recourse or warranty, all of the Transaction Security and the rights of the Security Agent under each of the Security Documents; and

(ii) any Security Agent which has resigned pursuant to Clause 29.12 (*Resignation of the Agent and the Security Agent*) shall release, without recourse or warranty, all of its rights under each Security Document.

29.25 Perpetuity period

The trusts constituted by this Agreement are governed by English law and the perpetuity period under the rule against perpetuities, if applicable to this Agreement, shall be the period of 125 years from the date of this Agreement.

29.26 Powers supplemental to Trustee Acts

The rights, powers, authorities and discretions given to the Security Agent under or in connection with the Finance Documents shall be supplemental to the Trustee Act 1925 and the Trustee Act 2000 and in addition to any which may be vested in the Security Agent by law or regulation or otherwise.

29.27 Disapplication of Trustee Acts

Section 1 of the Trustee Act 2000 shall not apply to the duties of the Security Agent in relation to the trusts constituted by this Agreement. Where there are any inconsistencies between the Trustee Act 1925 or the Trustee Act 2000 and the provisions of this Agreement, the provisions of this Agreement shall, to the extent permitted by law and regulation, prevail and, in the case of any inconsistency with the Trustee Act 2000, the provisions of this Agreement shall constitute a restriction or exclusion for the purposes of that Act.

29.28 Parallel Debt

(a) Each Transaction Obligor irrevocably and unconditionally undertakes to pay to the Security Agent all amounts equal to, and in the currency or currencies of, its Corresponding Debt (such amount of the relevant Transaction Obligors being its "**Parallel Debt**").

(b) The Parallel Debt of a Transaction Obligor:

(i) shall become due and payable at the same time as its Corresponding Debt;

(ii) is independent and separate from, and without prejudice to, its Corresponding Debt.

(c) For purposes of this Clause 29.28 , the Security Agent:

(i) is the independent and separate creditor of each Parallel Debt;

(ii) acts in its own name and not as agent, representative or trustee of the Finance Parties and its claims in respect of each Parallel Debt and any security granted pursuant to the Security Documents to secure a Parallel Debt shall not be held on trust; and

(iii) shall have the independent and separate right to demand payment of each Parallel Debt in its own name (including, without limitation, through any suit, execution, enforcement of security, recovery of guarantees and applications for and voting in any kind of insolvency proceeding).

(d) The Parallel Debt of a Transaction Obligor shall be:

(i) decreased to the extent that its Corresponding Debt has been irrevocably and unconditionally paid or discharged; and

(ii) increased to the extent that its Corresponding Debt has increased, and the Corresponding Debt of a Transaction Obligor shall be:
(iii) decreased to the extent that its Parallel Debt has been irrevocably and unconditionally paid or discharged; and

(iv) increased to the extent that its Parallel Debt has increased,

in each case provided that the Parallel Debt of a Transaction Obligor shall never exceed its Corresponding Debt.

(e) All amounts received or recovered by the Security Agent in connection with this Clause 29.28 to the extent permitted by applicable law, shall be applied in accordance with Clause 30.1 (*Application of receipts – Security Agent*).

(f) This Clause 29.28 shall apply, with any necessary modifications, to each Finance Document.

30. Application of Proceeds

30.1 Application of receipts – Security Agent

(a) Except as expressly stated to the contrary in any Finance Document, any moneys which the Security Agent receives or recovers and which are, or are attributable to, Security Property (for the purposes of this Clause 30 (*Application of Proceeds*), the "**Recoveries**") shall be transferred to the Agent for application in accordance with Clause 33.6 (*Application of receipts—Partial Payments*).

(b) Paragraph (a) above is without prejudice to the rights of the Security Agent, each Receiver and each Delegate:

(i) to be indemnified out of the Charged Property in accordance with any provision of any Finance Document; and

(ii) under any Finance Document to credit any moneys received or recovered by it to any suspense account.

(c) Any transfer by the Security Agent to the Agent in accordance with paragraph (a) above shall be a good discharge, to the extent of that payment, by the Security Agent.

(d) The Security Agent is under no obligation to make the payments to the Agent under paragraph (a) of this Clause 30.1 (*Application of receipts – Security Agent*) in the same currency as that in which the obligations and liabilities owing to the relevant Finance Party are denominated.

30.2 Deductions from receipts

(a) Before transferring any moneys to the Agent under Clause 30.1 (*Application of Receipts – Security Agent*), the Security Agent may, in its discretion:

(i) deduct any sum then due and payable under this Agreement or any other Finance Documents to the Security Agent or any Receiver or Delegate and retain that sum for itself or, as the case may require, pay it to another person to whom it is then due and payable;

(ii) set aside by way of reserve amounts required to meet, and to make and pay, any deductions and withholdings (on account of Taxes or otherwise) which it is or may be required by any applicable law to make from any distribution or payment made by it under this Agreement; and

(iii) pay all Taxes which may be assessed against it in respect of any of the Security Property, or as a consequence of performing its duties, or by virtue of its capacity as Security Agent under any of the Finance Documents or otherwise (other than in connection with its remuneration for performing its duties under this Agreement).

(b) For the purposes of paragraph 30.2(a)(i) above, if the Security Agent has become entitled to require a sum to be paid to it on demand, that sum shall be treated as due and payable, even if no demand has yet been served.

30.3 Prospective liabilities

Following acceleration of any of the Transaction Security, the Security Agent may, in its discretion, or at the request of the Agent, hold any Recoveries in an interest bearing suspense or impersonal account(s) in the name of the Security Agent with such financial institution (including itself) and for so long as the Security Agent shall think fit acting reasonably (the interest being credited to the relevant account) for later payment to the Agent for application in accordance with Clause 33.6 (*Application of receipts—Partial Payments*) in respect of:

(a) any sum to the Security Agent, any Receiver or any Delegate; and

(b) any part of the Secured Liabilities, that the Security Agent or, in the case of paragraph (b) only, the Agent, reasonably considers, in each case, might become due or owing at any time in the future.

30.4 Investment of proceeds

Prior to the application of the proceeds of the Recoveries in accordance with Clause 30.1 (*Application of Receipts – Security Agent*) the Security Agent may, in its discretion, hold all or part of those proceeds in an interest bearing suspense or impersonal account(s) in the name of the Security Agent with such financial institution (including itself) and for so long as the Security Agent shall think fit (the interest being credited to the relevant account) pending the application from time to time of those moneys in the Security Agent's discretion in accordance with the provisions of this Clause 30.

30.5 Currency Conversion

(a) For the purpose of, or pending the discharge of, any of the Secured Liabilities the Security Agent may convert any moneys received or recovered by the Security Agent from one currency to another, at a market rate of exchange.

(b) The obligations of any Obligor to pay in the due currency shall only be satisfied to the extent of the amount of the due currency purchased after deducting the costs of conversion.

30.6 Good Discharge

(a) Any payment to be made in respect of the Secured Liabilities by the Security Agent may be made to the Agent on behalf of the Finance Parties and any payment made in that way shall be a good discharge, to the extent of that payment, by the Security Agent.

(b) The Security Agent is under no obligation to make the payments to the Agent under paragraph (a) of this Clause 30.6 in the same currency as that in which the obligations and liabilities owing to the relevant Finance Party are denominated.

31. Conduct of business by the Finance Parties

No provision of this Agreement will:

(a) interfere with the right of any Finance Party to arrange its affairs (tax or otherwise) in whatever manner it thinks fit;

(b) oblige any Finance Party to investigate or claim any credit, relief, remission or repayment available to it or the extent, order and manner of any claim; or

(c) oblige any Finance Party to disclose any information relating to its affairs (tax or otherwise) or any computations in respect of Tax.

32. Sharing among the Finance Parties

32.1 Payments to Finance Parties

If a Finance Party (a "**Recovering Finance Party**") receives or recovers any amount from an Obligor other than in accordance with Clause 33 (*Payment mechanics*) (a "**Recovered Amount**") and applies that amount to a payment due under the Finance Documents then:

(a) the Recovering Finance Party shall, within three (3) Business Days, notify details of the receipt or recovery to the Agent;

(b) the Agent shall determine whether the receipt or recovery is in excess of the amount the Recovering Finance Party would have been paid had the receipt or recovery been received or made by the Agent and distributed in accordance with Clause 33 (*Payment mechanics*), without taking account of any Tax which would be imposed on the Agent in relation to the receipt, recovery or distribution; and

(c) the Recovering Finance Party shall, within three (3) Business Days of demand by the Agent, pay to the Agent an amount (the "**Sharing Payment**") equal to such receipt or recovery less any amount which the Agent determines may be retained by the Recovering Finance Party as its share of any payment to be made, in accordance with Clause 33.6 (*Application of Receipts – Partial Payments*).

32.2 Redistribution of payments

The Agent shall treat the Sharing Payment as if it had been paid by the relevant Obligor and distribute it between the Finance Parties (other than the Recovering Finance Party) (the "Sharing Finance Parties") in accordance with Clause 33.6 (*Application of Receipts – Partial Payments*) towards the obligations of that Obligor to the Sharing Finance Parties.

32.3 Recovering Finance Party's rights

On a distribution by the Agent under Clause 32.2 (*Redistribution of payments*) of a payment received by a Recovering Finance Party from an Obligor, as between the relevant Obligor and the Recovering Finance Party, an amount of the Recovered Amount equal to the Sharing Payment will be treated as not having been paid by that Obligor.

32.4 Reversal of redistribution

If any part of the Sharing Payment received or recovered by a Recovering Finance Party becomes repayable and is repaid by that Recovering Finance Party, then:

(a) each Sharing Finance Party shall, upon request of the Agent, pay to the Agent for the account of that Recovering Finance Party an amount equal to the appropriate part of its share of the Sharing Payment (together with an amount as is necessary to reimburse that Recovering Finance Party for its proportion of any interest on the Sharing Payment which that Recovering Finance Party is required to pay) (the "**Redistributed Amount**"); and

(b) as between the relevant Obligor and each relevant Sharing Finance Party, an amount equal to the relevant Redistributed Amount will be treated as not having been paid by that Obligor.

32.5 Exceptions

(a) This Clause 32 (*Sharing among the Finance Parties*) shall not apply to the extent that the Recovering Finance Party would not, after making any payment pursuant to this Clause, have a valid and enforceable claim against the relevant Obligor.

(b) A Recovering Finance Party is not obliged to share with any other Finance Party any amount which the Recovering Finance Party has received or recovered as a result of taking legal or arbitration proceedings, if:

(i) it notified that other Finance Party of the legal or arbitration proceedings; and

(ii) that other Finance Party had an opportunity to participate in those legal or arbitration proceedings but did not do so as soon as reasonably practicable having received notice and did not take separate legal or arbitration proceedings.

33. Payment mechanics

33.1 Payments to the Agent

(a) On each date on which an Obligor or a Lender is required to make a payment under a Finance Document, that Obligor or Lender shall make the same available to the Agent (unless a contrary indication appears in a Finance Document) for value on the due date at the time and in such funds specified by the Agent as being customary at the time for settlement of transactions in the relevant currency in the place of payment.

(b) Payment shall be made to such account in the principal financial centre of the country of that currency (or, in relation to euro, in a principal financial centre in such Participating Member State or London, as specified by the Agent) and with such bank as the Agent, in each case, specifies.

33.2 Distributions by the Agent

Each payment received by the Agent under the Finance Documents for another Party shall, subject to Clause 33.3 (*Distributions to an Obligor*) and Clause 33.4 (*Clawback and pre- funding*) be made available by the Agent as soon as practicable after receipt to the Party entitled to receive payment in accordance with this Agreement (in the case of a Lender, for the account of its Facility Office), to such account as that Party may notify to the Agent by not less than five (5) Business Days' notice with a bank specified by that Party in the principal financial centre of the country of that currency (or, in relation to euro, in the principal financial centre of a Participating Member State or London, as specified by that Party).

33.3 Distributions to an Obligor

The Agent may (with the consent of an Obligor or in accordance with Clause 34 (*Set-off*)) apply any amount received by it for that Obligor in or towards payment (on the date and in the currency and funds of receipt) of any amount due from that Obligor under the Finance Documents or in or towards purchase of any amount of any currency to be so applied.

33.4 Clawback and pre-funding

(a) Where a sum is to be paid to the Agent under the Finance Documents for another Party, the Agent is not obliged to pay that sum to that other Party (or to enter into or perform any related exchange contract) until it has been able to establish to its satisfaction that it has actually received that sum.

(b) Unless paragraph (c) below applies, if the Agent pays an amount to another Party and it proves to be the case that the Agent had not actually received that amount, then the Party to whom that amount (or the proceeds of any related exchange contract) was paid by the Agent shall on demand refund the same to the Agent together with interest on that amount from the date of payment to the date of receipt by the Agent, calculated by the Agent to reflect its cost of funds.

(c) If the Agent is willing to make available amounts for the account of the Borrower before receiving funds from the Lenders then if and to the extent that the Agent does so but it proves to be the case that it does not then receive funds from a Lender in respect of a sum which it paid to the Borrower:

(i) the Agent shall notify the Borrower of that Lender's identity and the Borrower shall on demand refund it to the Agent; and

(ii) the Lender by whom those funds should have been made available or, if that Lender fails to do so, the Borrower, shall on demand pay to the Agent the amount (as certified by the Agent) which will indemnify the Agent against any funding cost incurred by it as a result of paying out that sum before receiving those funds from that Lender.

33.5 Impaired Agent

(a) If, at any time, the Agent becomes an Impaired Agent, an Obligor or a Lender which is required to make a payment under the Finance Documents to the Agent in accordance with Clause 33.1 (*Payments to the Agent*) may instead either:

(i) pay that amount direct to the required recipient(s); or

(ii) if in its absolute discretion it considers that it is not reasonably practicable to pay that amount direct to the required recipient(s), pay that amount or the relevant part of that amount to an interest-bearing account held with an Acceptable Bank (as defined in paragraph (f) below) and in relation to which no Insolvency Event has occurred and is continuing, in the name of the Obligor or the Lender making the payment (the "**Paying Party**") and designated as a trust account for the benefit of the Party or Parties beneficially entitled to that payment under the Finance Documents (the "**Recipient Party**" or "**Recipient Parties**").

In each case such payments must be made on the due date for payment under the Finance Documents.

(b) All interest accrued on the amount standing to the credit of the trust account shall be for the benefit of the Recipient Party or the Recipient Parties *pro rata* to their respective entitlements.

(c) A Party which has made a payment in accordance with this Clause 33.5 shall be discharged of the relevant payment obligation under the Finance Documents and shall not take any credit risk with respect to the amounts standing to the credit of the trust account.

(d) Promptly upon the appointment of a successor Agent in accordance with Clause 29.12 (*Resignation of the Agent or the Security Agent*), each Paying Party shall (other than to the extent that that Party has given an instruction pursuant to paragraph (e) below) give all requisite instructions to the bank with whom the trust account is held to transfer the amount (together with any accrued interest) to the successor Agent for distribution to the relevant Recipient Party or Recipient Parties in accordance with Clause 33.2 (*Distributions by the Agent*).

(e) A Paying Party shall, promptly upon request by a Recipient Party and to the extent:

(i) that it has not given an instruction pursuant to paragraph (d) above; and

(ii) that it has been provided with the necessary information by that Recipient Party,

give all requisite instructions to the bank with whom the trust account is held to transfer the relevant amount (together with any accrued interest) to that Recipient Party.

(f) For the purposes of this Clause, an "Acceptable Bank" is a bank or financial institution which has a rating for its long-term unsecured and non-credit-enhanced debt obligations of A- or higher by Standard & Poor's Rating Services or Fitch Ratings Ltd or A3 or higher by Moody's Investor Services Limited or a comparable rating from an internationally recognised credit rating agency.

33.6 Application of Receipts – Partial Payments

If the Agent receives a payment that is insufficient to discharge all the amounts then due and payable by an Obligor under the Finance Documents, the Agent shall apply that payment towards the obligations of that Obligor under the Finance Documents in the following order:

(a) FIRST, in or towards payment pro rata of any unpaid fees, costs and expenses of, and any other amounts owing to, the Agent, the Security Agent, any Receiver and any Delegate under the Finance Documents;

(b) SECOND, in or towards payment pro rata of any accrued interest and fees due but unpaid to the Lenders under this Agreement;

(c) THIRD, in or towards payment pro rata of any principal due but unpaid to the Lenders under this Agreement; and

(d) FOURTH, in or towards payment pro rata of any other sum due to any Finance Party but unpaid under the Finance Documents.

33.7 No set-off by Obligors

All payments to be made by an Obligor under the Finance Documents shall be calculated and be made without (and free and clear of any deduction for) set-off or counterclaim.

33.8 Business Days

(a) Any payment (including, for the avoidance of doubt, any payment under Clause 24.5(a)(i)) which is due to be made on a day that is not a Business Day shall be made on the next Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is not).

(b) During any extension of the due date for payment of any principal or Unpaid Sum under this Agreement interest is payable on the principal or Unpaid Sum at the rate payable on the original due date.

33.9 Currency of account

(a) Subject to paragraphs (b) and (c) below, US$ is the currency of account and payment for any sum due from an Obligor under any Finance Document.

(b) Each payment in respect of costs, expenses or Taxes shall be made in the currency in which the costs, expenses or Taxes are incurred.

(c) Any amount expressed to be payable in a currency other than US$ shall be paid in that other currency.

33.10 Change of currency

(a) Unless otherwise prohibited by law, if more than one currency or currency unit are at the same time recognised by the central bank of any country as the lawful currency of that country, then:

(i) any reference in the Finance Documents to, and any obligations arising under the Finance Documents in, the currency of that country shall be translated into, or paid in, the currency or currency unit of that country designated by the Agent (after consultation with the Borrower); and

(ii) any translation from one currency or currency unit to another shall be at the official rate of exchange recognised by the central bank for the conversion of that currency or currency unit into the other, rounded up or down by the Agent (acting reasonably).

(b) If a change in any currency of a country occurs, this Agreement will, to the extent the Agent (acting reasonably and after consultation with the Borrower) specifies to be necessary, be amended to comply with any generally accepted conventions and market practice in the Relevant Interbank Market and otherwise to reflect the change in currency.

33.11 Disruption to Payment Systems etc.

If either the Agent determines (in its discretion) that a Disruption Event has occurred or the Agent is notified by the Borrower that a Disruption Event has occurred:

(a) the Agent may, and shall if requested to do so by the Borrower, consult with the Borrower with a view to agreeing such changes to the operation or administration of the Facility as the Agent may deem necessary in the circumstances;

(b) the Agent shall not be obliged to consult with the Borrower in relation to any changes mentioned in paragraph (a) if, in its opinion, it is not practicable to do so in the circumstances and, in any event, shall have no obligation to agree to such changes;

(c) the Agent may consult with the Finance Parties in relation to any changes mentioned in paragraph (a) but shall not be obliged to do so if, in its opinion, it is not practicable to do so in the circumstances;

(d) any such changes agreed upon by the Agent and the Borrower shall (whether or not it is finally determined that a Disruption Event has occurred) be binding upon the Parties as an amendment to (or, as the case may be, waiver of) the terms of the Finance Documents notwithstanding the provisions of Clause 40 (*Amendments and waivers*);

(e) the Agent shall not be liable for any damages, costs or losses to any person, any diminution in value or any liability whatsoever (including, without limitation for negligence, gross negligence or any other category of liability whatsoever but not including any claim based on the fraud of the Agent) arising as a result of its taking, or failing to take, any actions pursuant to or in connection with this Clause 33.11; and

(f) the Agent shall notify the Finance Parties of all changes agreed pursuant to paragraph (d) above.

34. Set-off

A Finance Party may set off any matured obligation due from an Obligor under the Finance Documents (to the extent beneficially owned by that Finance Party) against any matured obligation owed by that Finance Party to that Obligor, regardless of the place of payment, booking branch or currency of either obligation. If the obligations are in different currencies, the Finance Party may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off.

35. Contractual recognition of bail-in

Notwithstanding any other term of any Finance Document or any other agreement, arrangement or understanding between the Parties, each Party acknowledges and accepts that any liability of any Party to any other Party under or in connection with the Finance Documents may be subject to Bail-In Action by the relevant Resolution Authority and acknowledges and accepts to be bound by the effect of:

(a) any Bail-In Action in relation to any such liability, including (without limitation):

(i) a reduction, in full or in part, in the principal amount, or outstanding amount due (including any accrued but unpaid interest) in respect of any such liability;

(ii) a conversion of all, or part of, any such liability into shares or other instruments of ownership that may be issued to, or conferred on, it; and

(iii) a cancellation of any such liability; and

(b) a variation of any term of any Finance Document to the extent necessary to give effect to any Bail-In Action in relation to any such liability.

36. Notices

36.1 Communications in writing

Any communication to be made under or in connection with the Finance Documents shall be made in writing and, unless otherwise stated, may be made by email or letter.

36.2 Addresses

The address and email address (and the department or officer, if any, for whose attention the communication is to be made) of each Party for any communication or document to be made or delivered under or in connection with the Finance Documents is:

(a) in the case of the Borrower, that specified in Schedule 1 (*The Original Parties*);

(b) in the case of each Lender, that specified in Schedule 1 (*The Original Parties*) or, if it becomes a Party after the date of this Agreement, that notified in writing to the Agent on or before the date it becomes a Party;

(c) in the case of the Agent and the Security Agent, that specified in Schedule 1 (*The Original Parties*),

or, in each case, any substitute address or email address or department or officer as the Party may notify to the Agent (or the Agent may notify to the other Parties, if a change is made by the Agent) by not less than five (5) Business Days' notice.

36.3 Delivery

(a) Any communication or document made or delivered by one person to another under or in connection with the Finance Documents will only be effective:

(i) if by way of letter, when it has been left at the relevant address or five (5) Business Days after being deposited in the post postage prepaid in an envelope addressed to it at that address;

(ii) if by way of email, when received in readable form.

and, if a particular department or officer is specified as part of its address details provided under Clause 36.2 (*Addresses*), if addressed to that department or officer.

(b) Any communication or document to be made or delivered to the Agent or the Security Agent will be effective only when actually received by the Agent or the Security Agent and then only if it is expressly marked for the attention of the department or officer identified with the Agent's or the Security Agent's signature below (or any substitute department or officer as the Agent or Security Agent shall specify for this purpose).

(c) All notices from or to an Obligor shall be sent through the Agent.

(d) Any communication or document made or delivered to the Borrower in accordance with this Clause will be deemed to have been made or delivered to each of the Obligors.

(e) Any communication or document which becomes effective, in accordance with paragraphs (a) to (d) above, after 5 p.m. in the place of receipt shall be deemed only to become effective on the following day.

36.4 Notification of address and email address

Promptly upon receipt of notification of an address or email address or change of address or email address pursuant to Clause 36.2 (*Addresses*) or changing its own address or email address, the Agent shall notify the other Parties.

36.5 Communication when Agent is Impaired Agent

If the Agent is an Impaired Agent the parties may, instead of communicating with each other through the Agent, communicate with each other directly and (while the Agent is an Impaired Agent) all the provisions of the Finance Documents which require communications to be made or notices to be given to or by the Agent shall be varied so that communications may be made and notices given to or by the relevant parties directly. This provision shall not operate after a replacement Agent has been appointed.

36.6 Electronic communication

(a) Any communication to be made between any two parties under or in connection with the Finance Documents may be made by electronic mail or other electronic means (including, without limitation, by way of posting to a secure website) if those two parties:

(i) notify each other in writing of their electronic mail address and/or any other information required to enable the sending and receipt of information by that means; and

(ii) notify each other of any change to their address or any other such information supplied by them by not less than five (5) Business Days' notice.

(b) Any such electronic communication as specified in paragraph (a) above to be made between an Obligor and a Finance party may only be made in that way to the extent that those two parties agree that, unless and until notified to the contrary, this is to be an accepted for on communication.

(c) Any electronic communication as specified in paragraph (a) above made between any two parties will be effective only when actually received (or made available) in readable form and in the case of any electronic communication made by a party to the Agent or Security Agent only if it is addressed in such a manner as the Agent or Security Agent shall specify for this purpose.

(d) Any electronic communication which becomes effective, in accordance with paragraph (c) above, after 5.00 p.m. in the place in which the party to whom the relevant communication is sent or made available has its address for the purpose of this Agreement shall be deemed only to become effective on the following day.

(e) Any reference in a Finance Document to a communication being sent or received shall be construed to include that communication being made available in accordance with this Clause 36.6.

36.7 English language

(a) Any notice given under or in connection with any Finance Document must be in English.

(b) All other documents provided under or in connection with any Finance Document must be:

(i) in English; or

(ii) if not in English, and if so required by the Agent, accompanied by a certified English translation and, in this case, the English translation will prevail unless the document is a constitutional, statutory or other official document.

37. Calculations and certificates

37.1 Accounts

In any litigation or arbitration proceedings arising out of or in connection with a Finance Document, the entries made in the accounts maintained by a Finance Party are *prima facie* evidence of the matters to which they relate.

37.2 Certificates and Determinations

Any certification or determination by a Finance Party of a rate or amount under any Finance Document is, in the absence of manifest error, conclusive evidence of the matters to which it relates.

37.3 Day count convention

Any interest, commission or fee accruing under a Finance Document will accrue from day to day and is calculated on the basis of the actual number of days elapsed and a year of three hundred and sixty (360) days or, in any case where the practice in the Relevant Interbank Market differs, in accordance with that market practice.

38. Partial invalidity

If, at any time, any provision of the Finance Documents is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will in any way be affected or impaired.

39. Remedies and waivers

No failure to exercise, nor any delay in exercising, on the part of any Finance Party, any right or remedy under the Finance Documents shall operate as a waiver of any such right or remedy or constitute an election to affirm any of the Finance Documents. No election to affirm any of the Finance Documents on the part of any Finance Party shall be effective unless it is in writing. No single or partial exercise of any right or remedy shall prevent any further or other exercise or the exercise of any other right or remedy. The rights and remedies provided in this Agreement are cumulative and not exclusive of any rights or remedies provided by law.

40. Amendments and waivers

40.1 Required consents

(a) Subject to Clause 40.5 (*All Lender matters*) and Clause 40.6 (*Other exceptions*), any term of the Finance Documents may be amended or waived only with the consent of the Majority Lenders and the Transaction Obligors and any such amendment or waiver will be binding on all Parties.

(b) The Agent may effect, on behalf of any Finance Party, any amendment or waiver permitted by this Clause 40.

(c) Without prejudice to the generality of paragraphs (c), (d) and (e) of Clause 29.7 (*Rights and discretions*), the Agent may engage, pay for and rely on the services of lawyers in determining the consent level required for and effecting any amendment, waiver or consent under this Agreement.

(d) Each Transaction Obligor agrees to any such amendment or waiver permitted by this Clause 40.1 which is agreed to by the Borrower. This includes any amendment or waiver which would, but for this paragraph (d), require the consent of all of the Transaction Obligors.

40.2 Excluded Commitments

If:

(a) any Defaulting Lender fails to respond to a request for a consent, waiver, amendment of or in relation to any term of any Finance Document or any other vote of Lenders under the terms of this Agreement within ten (10) Business Days of that request being made; or

(b) any Lender which is not a Defaulting Lender fails to respond to such a request or such a vote within fifteen (15) Business Days of that request being made,

(unless, in either case, the Borrower and the Agent agree to a longer time period in relation to any request):

(i) its Commitment and/or participation in the Loan then outstanding shall not be included for the purpose of calculating the Total Commitments or participations under the Facility when ascertaining whether any relevant percentage (including, for the avoidance of doubt, unanimity) of Total Commitments has been obtained to approve that request; and

(ii) its status as a Lender shall be disregarded for the purpose of ascertaining whether the agreement of any specified group of Lenders has been obtained to approve that request.

40.3 Disenfranchisement of Defaulting Lenders

(a) For so long as a Defaulting Lender has any Available Commitment, in ascertaining:

(i) the Majority Lenders; or

(ii) whether:

(A) any given percentage (including, for the avoidance of doubt, unanimity) of the Total Commitments; or

(B) the agreement of any specified group of Lenders,

has been obtained to approve any request for a consent, waiver, amendment or other vote of Lenders under the Finance Documents, that Defaulting Lender's Commitments will be reduced by the amount of its Available Commitments and, to the extent that that reduction results in that Defaulting Lender's Total Commitments being zero, that Defaulting Lender shall be deemed not to be a Lender for the purposes of paragraphs (i) and (ii) above.

(b) For the purposes of this Clause ", the Agent may assume that the following Lenders are Defaulting Lenders:

(i) any Lender which has notified the Agent that it has become a Defaulting Lender;

(ii) any Lender in relation to which it is aware that any of the events or circumstances referred to in paragraphs (a), (b) or (c) of the definition of "Defaulting Lender" has occurred,

unless it has received notice to the contrary from the Lender concerned (together with any supporting evidence reasonably requested by the Agent) or the Agent is otherwise aware that the Lender has ceased to be a Defaulting Lender.

40.4 Replacement of a Defaulting Lender

(a) The Borrower may, at any time a Lender has become and continues to be a Defaulting Lender, by giving five (5) Business Days' prior notice to the Agent and such Lender replace such Lender by requiring such Lender to (and, to the extent permitted by law, such Lender shall) transfer pursuant to Clause 27 (*Changes to the Lenders*) all (and not part only) of its rights and obligations under this Agreement to an Eligible Institution (a "**Replacement Lender**") which confirms its willingness to assume and does assume all the obligations, or all the relevant obligations, of the transferring Lender in accordance with Clause 27 (*Changes to the Lenders*) for a purchase price in cash payable at the time of transfer which is either:

(i) in an amount equal to the outstanding principal amount of such Lender's participation in the outstanding Loan and all accrued interest, Break Costs and other amounts payable in relation thereto under the Finance Documents; or

(ii) in an amount agreed between that Defaulting Lender, the Replacement Lender and the Borrower and which does not exceed the amount described in paragraph (i) above.

(b) Any transfer of rights and obligations of a Defaulting Lender pursuant to this Clause 40.4 shall be subject to the following conditions:

(i) the Borrower shall have no right to replace the Agent or Security Agent;

(ii) neither the Agent nor the Defaulting Lender shall have any obligation to the Borrower to find a replacement Lender;

(iii) the transfer must take place no later than ten (10) Business Days after the notice referred to in paragraph (a) above;

(iv) in no event shall the Defaulting Lender be required to pay or surrender to the Replacement Lender any of the fees received by the Defaulting Lender pursuant to the Finance Documents; and

(v) the Defaulting Lender shall only be obliged to transfer its rights and obligations pursuant to paragraph (a) above once it is satisfied that it has complied with all necessary "know your customer" or other similar checks under all applicable laws and regulations in relation to that transfer to the Replacement Lender.

(c) The Defaulting Lender shall perform the checks described in paragraph 40.4(b)(v) above as soon as reasonably practicable following delivery of a notice referred to in paragraph (a) above and shall notify the Agent and the Borrower when it is satisfied that it has complied with those checks.

40.5 All Lender matters

An amendment, waiver or (in the case of a Security Document) a consent of, or in relation to, any term of any Finance Document that has the effect of changing or which relates to:

(a) the definition of "Majority Lenders" in Clause 1.1 (*Definitions*);

(b) a postponement or extension to the date of payment of any amount under the Finance Documents;

(c) a reduction in the Margin or a reduction in the amount of any payment of principal, interest, fees or commission payable;

(d) a change in currency of payment of any amount under the Finance Documents;

(e) an increase in any Commitment or the Total Commitments, an extension of any Availability Period or any requirement that a cancellation of Commitments reduces the Commitments rateably under the Facility;

(f) a change to any Obligor;

(g) any provision which expressly requires the consent of all the Lenders;

(h) any change to the preamble (*Background*), Clause 2.1 (*The Facility*), Clause 3 (*Purpose*), Clause 5 (*Utilisation*), Clause 8 (*Interest*), Clause 27 (*Changes to Lenders*, this Clause 40, Clause 43 (*Governing law*) or Clause 44.1 (*Jurisdiction*).

(i) (other than as expressly permitted by the provisions of any Finance Document) the nature or scope of:

(i) the guarantee and indemnity granted under Clause 17 (*Guarantee and indemnity*);

(ii) the Security Property; or

(iii) the manner in which the proceeds of enforcement of the Transaction Security are distributed

(except in the case of paragraphs (ii) and (iii) above, insofar as it relates to a sale or disposal of an asset which is the subject of the Transaction Security where such sale or disposal is expressly permitted under this Agreement or any other Finance Document); or

(j) the release of, or material variation to, any guarantee and indemnity granted under Clause 17 (*Guarantee and indemnity*) or of any Transaction Security unless permitted under this Agreement or any other Finance Document or relating to a sale or disposal of an asset which is the subject of the Transaction Security where such sale or disposal is expressly permitted under this Agreement or any other Finance Document,

shall not be made, or given, without the prior consent of all the Lenders.

40.6 Other exceptions

An amendment or waiver which relates to the rights or obligations of the Agent or the Security Agent (each in their capacity as such) may not be effected without the consent of the Agent or, as the case may be, the Security Agent.

40.7 Replacement of Screen Rate

(a) Subject to Clause 40.6 (*Other exceptions*), if a Screen Rate Replacement Event has occurred in relation to any Screen Rate which can be selected for the Loan, any amendment or waiver which relates to:

(i) providing for the use of a Replacement Benchmark in place of that Screen Rate; and

(ii) any or all of the following:

(A) aligning any provision of any Finance Document to the use of that Replacement Benchmark;

(B) enabling that Replacement Benchmark to be used for the calculation of interest under this Agreement (including, without limitation, any consequential changes required to enable that Replacement Benchmark to be used for the purposes of this Agreement);

(C) implementing market conventions applicable to that Replacement Benchmark;

(D) providing for appropriate fall-back (and market disruption) provisions for that Replacement Benchmark; or

(E) adjusting the pricing to reduce or eliminate, to the extent reasonably practicable, any transfer of economic value from one party to another as a result of the application of that Replacement Benchmark (and if any adjustment or method for calculating any adjustment has been formally designated, nominated or recommended by the Relevant Nominating Body, the adjustment shall be determined on the basis of that designation, nomination or recommendation),

may be made with the consent of the Agent (acting on the instructions of the Majority Lenders) and the Borrower.

(b) If, as at 30 June 2021, this Agreement provides that the rate of interest for the Loan is to be determined by reference to the Screen Rate:

(i) a Screen Rate Replacement Event shall be deemed to have occurred on that date; and

(ii) the Agent (acting on the instructions of the Majority Lenders) and the Obligors shall enter into negotiations in good faith with a view to agreeing the use of a Replacement Benchmark from and including a date no later than 30 December 2021 with the terms relating to the use of that Replacement Benchmark including a floor which, to the extent reasonably practicable, replicates the economic effect of the floor relating to the use of that Screen Rate.

41. Confidentiality

41.1 Confidential Information

Each Finance Party agrees to keep all Confidential Information confidential and not to disclose it to anyone, save to the extent permitted by Clause 41.2 (*Disclosure of Confidential Information*) and Clause 41.3 (*Disclosure to numbering service providers*), and to ensure that all Confidential Information is protected with security measures and a degree of care that would apply to its own confidential information.

41.2 Disclosure of Confidential Information

Any Finance Party may disclose:

(a) to any of its Affiliates and any of its or their officers, directors, employees, professional advisers, auditors, partners and Representatives such Confidential Information as that Finance Party shall consider appropriate if any person to whom the Confidential Information is to be given pursuant to this paragraph (a) is informed in writing of its confidential nature and that some or all of such Confidential Information may be price- sensitive information except that there shall be no such requirement to so inform if the recipient is subject to professional obligations to maintain the confidentiality of the information or is otherwise bound by requirements of confidentiality in relation to the Confidential Information;

(b) to any person:

(i) to (or through) whom it assigns or transfers (or may potentially assign or transfer) all or any of its rights and/or obligations under one or more Finance Documents or which succeeds (or which may potentially succeed) it as Agent or Security Agent and, in each case, to any of that person's Affiliates, Representatives and professional advisers;

(ii) with (or through) whom it enters into (or may potentially enter into), whether directly or indirectly, any sub-participation in relation to, or any other transaction under which payments are to be made or may be made by reference to, one or more Finance Documents and/or one or more Obligors and to any of that person's Affiliates, Representatives and professional advisers;

(iii) appointed by any Finance Party or by a person to whom paragraph 41.2(b)(i) or 41.2(b)(ii) above applies to receive communications, notices, information or documents delivered pursuant to the Finance Documents on its behalf (including, without limitation, any person appointed under paragraph (b) of Clause 29.14(b) (*Relationship with the other Finance Parties*));

(iv) who invests in or otherwise finances (or may potentially invest in or otherwise finance), directly or indirectly, any transaction referred to in paragraph 41.2(b)(i) or 41.2(b)(ii) above;

(v) to whom information is required or requested to be disclosed by any court of competent jurisdiction or any governmental, banking, taxation or other regulatory authority or similar body, the rules of any relevant stock exchange or pursuant to any applicable law or regulation;

(vi) to whom information is required to be disclosed in connection with, and for the purposes of, any litigation, arbitration, administrative or other investigations, proceedings or disputes;

(vii) to whom or for whose benefit that Finance Party charges, assigns or otherwise creates Security (or may do so) pursuant to Clause 27.8 (*Security over Lenders' rights*);

(viii) who is a Party, a member of the Group or any Affiliate of an Obligor; or

(ix) with the consent of the Borrower;

in each case, such Confidential Information as that Finance Party shall consider appropriate if:

(A) in relation to paragraphs 41.2(b)(i), 41.2(b)(ii) and 41.2(b)(iii) above, the person to whom the Confidential Information is to be given has entered into a Confidentiality Undertaking except that there shall be no requirement for a Confidentiality Undertaking if the recipient is a professional adviser and is subject to professional obligations to maintain the confidentiality of the Confidential Information;

(B) in relation to paragraph 41.2(b)(iv) above, the person to whom the Confidential Information is to be given has entered into a Confidentiality Undertaking or is otherwise bound by requirements of confidentiality in relation to the Confidential Information they receive and is informed that some or all of such Confidential Information may be price-sensitive information;

(C) in relation to paragraphs 41.2(b)(v), and (b)(vi) and 41.2(b)(vii) above, the person to whom the Confidential Information is to be given is informed of its confidential nature and that some or all of such Confidential Information may be price-sensitive information except that there shall be no requirement to so inform if, in the opinion of that Finance Party, it is not practicable so to do in the circumstances;

(c) to any person appointed by that Finance Party or by a person to whom paragraph 41.2(b)(i) or 41.2(b)(ii) above applies to provide administration or settlement services in respect of one or more of the Finance Documents including without limitation, in relation to the trading of participations in respect of the Finance Documents, such Confidential Information as may be required to be disclosed to enable such service provider to provide any of the services referred to in this paragraph (c) if the service provider to whom the Confidential Information is to be given has entered into a confidentiality agreement substantially in the form of the LMA Master Confidentiality Undertaking for Use With Administration/Settlement Service Providers or such other form of confidentiality undertaking agreed between the Borrower and the relevant Finance Party;

(d) to any rating agency (including its professional advisers) such Confidential Information as may be required to be disclosed to enable such rating agency to carry out its normal rating activities in relation to the Finance Documents and/or the Obligors if the rating agency to whom the Confidential Information is to be given is informed of its confidential nature and that some or all of such Confidential Information may be price- sensitive information.

41.3 Disclosure to numbering service providers

(a) Any Finance Party may disclose to any national or international numbering service provider appointed by that Finance Party to provide identification numbering services in respect of this Agreement, the Facility and/or one or more Obligors the following information:

(i) names of Obligors;

(ii) country of domicile of Obligors;

(iii) place of incorporation or formation, as applicable, of Obligors;

(iv) date of this Agreement;

(v) the name of the Agent;

(vi) date of each amendment of this Agreement;

(vii) amount of Total Commitments;

(viii) currency of the Facility;

(ix) type of Facility;

(x) ranking of Facility;

(xi) Termination Date for Facility;

(xii) changes to any of the information previously supplied pursuant to paragraphs (i) to (xi) above; and

(xiii) such other information agreed between such Finance Party and the Ultimate Parent,

to enable such numbering service provider to provide its usual syndicated loan numbering identification services.

(b) The Parties acknowledge and agree that each identification number assigned to this Agreement, the Facility and/or one or more Obligors by a numbering service provider and the information associated with each such number may be disclosed to users of its services in accordance with the standard terms and conditions of that numbering service provider.

(c) Each Transaction Obligor represents that none of the information set out in paragraphs (i) to 41.3(a)(xiii) of paragraph (a) above is, nor will at any time be, unpublished price-sensitive information.

(d) The Agent shall notify the Borrower and the other Finance Parties of:

(i) the name of any numbering service provider appointed by the Agent in respect of this Agreement, the Facility and/or one or more Obligors; and

(ii) the number or, as the case may be, numbers assigned to this Agreement, the Facility and/or one or more Obligors by such numbering service provider.

41.4 Entire agreement

This Clause 41 (*Confidentiality*) constitutes the entire agreement between the Parties in relation to the obligations of the Finance Parties under the Finance Documents regarding Confidential Information and supersedes any previous agreement, whether express or implied, regarding Confidential Information.

41.5 Inside information

Each of the Finance Parties acknowledges that some or all of the Confidential Information is or may be price-sensitive information and that the use of such information may be regulated or prohibited by applicable legislation including securities law relating to insider dealing and market abuse and each of the Finance Parties undertakes not to use any Confidential Information for any unlawful purpose.

41.6 Notification of disclosure

Each of the Finance Parties agrees (to the extent permitted by law and regulation) to inform the Borrower:

(a) of the circumstances of any disclosure of Confidential Information made pursuant to paragraph 41.2(b)(iv) of Clause 41.2 (*Disclosure of Confidential Information*) except where such disclosure is made to any of the persons referred to in that paragraph during the ordinary course of its supervisory or regulatory function; and

(b) upon becoming aware that Confidential Information has been disclosed in breach of this Clause 41 (*Confidentiality*).

41.7 Continuing obligations

The obligations in this Clause 41 (*Confidentiality*) are continuing and, in particular, shall survive and remain binding on each Finance Party for a period of 12 months from the earlier of:

(a) the date on which all amounts payable by the Obligors under or in connection with the Finance Documents have been paid in full and all Commitments have been cancelled or otherwise cease to be available; and

(b) the date on which such Finance Party otherwise ceases to be a Finance Party.

42. Counterparts

Each Finance Document may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of the Finance Document.

43. Governing law

This Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.

44. Enforcement

44.1 Jurisdiction

(a) The courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with this Agreement (including a dispute relating to the existence, validity or termination of this Agreement or any non-contractual obligation arising out of or in connection with this Agreement) (a "**Dispute**").

(b) The Parties agree that the courts of England are the most appropriate and convenient courts to settle Disputes and accordingly no Party will argue to the contrary.

(c) This Clause 44.1 is for the benefit of the Finance Parties only. As a result, no Finance Party shall be prevented from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law, the Finance Parties may take concurrent proceedings in any number of jurisdictions.

44.2 Service of process

(a) Without prejudice to any other mode of service allowed under any relevant law, each Transaction Obligor:

(i) irrevocably appoints GSLS acting through its office from time to time currently at 25 Wilton Place, London SW1V 1LW, as its agent for service of process in relation to any proceedings before the English courts in connection with any Finance Document; and

(ii) agrees that failure by a process agent to notify the relevant Transaction Obligor of the process will not invalidate the proceedings concerned.

(b) If any person appointed as an agent for service of process is unable for any reason to act as agent for service of process, the Borrower (on behalf of all the Transaction Obligors) must promptly (and in any event within fifteen (15) days of such event taking place) appoint another agent on terms acceptable to the Agent. Failing this, the Agent may appoint another agent for this purpose.

THIS AGREEMENT has been entered into on the date stated at the beginning of this Agreement.

SCHEDULE 1
THE ORIGINAL PARTIES

PART I
THE OBLIGORS

BORROWER

Name of Borrower	Jurisdiction of Formation	Registered Address and, if applicable, Registration No.	Address for Communication
Knausen Holding LLC	Republic of the Marshall Islands	Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, the Republic of the Marshall Islands, MH 96960 Registration No.: 965049	c/o Global Ship Lease Services Limited of 25 Wilton Place, London SW1V 1LW, England Email: notices@globalshiplease.com With a copy to: Technomar Shipping Inc., 3-5 Menandrou Str., Kifissia, 14561, Athens, Greece Email: legalconfidential@technomar.gr and tpsaropoulos@technomar.gr

PARENT

Name of Parent	Jurisdiction of Formation	Registered Address and, if applicable, Registration No.	Address for Communication
GSL Legacy Holding LLC	Republic of the Marshall Islands	Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, the Republic of the Marshall Islands, MH 96960 Registration No.: 965048	c/o Global Ship Lease Services Limited of 25 Wilton Place, London SW1V 1LW, England Email: notices@globalshiplease.com With a copy to: Technomar Shipping Inc., 3-5 Menandrou Str., Kifissia, 14561, Athens, Greece Email: legalconfidential@technomar.gr and tpsaropoulos@technomar.gr

ULTIMATE PARENT

Name of Ultimate Parent	Jurisdiction of Incorporation	Registered Address and, if applicable, Registration No.	Address for Communication
Global Ship Lease, Inc.	Republic of the Marshall Islands	Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, the Republic of the Marshall Islands, MH 96960 Registration No.: 28891	c/o Global Ship Lease Services Limited of 25 Wilton Place, London SW1V 1LW, England Email: notices@globalshiplease.com With a copy to: Technomar Shipping Inc., 3-5 Menandrou Str., Kifissia, 14561, Athens, Greece Email: legalconfidential@technomar.gr; finance@technomar.gr and tpsaropoulos@technomar.gr

VESSEL OWNERS

Name of Vessel Owner	Jurisdiction of Formation / Incorporation	Registered Address and, if applicable, Registration No.	Address for Communication
Global Ship Lease 40 LLC	Liberia	80 Broad Street, Monrovia, Liberia Registered No.: LLC- 960161	c/o Global Ship Lease Services Limited of 25 Wilton Place, London SW1V 1LW, England Email: notices@globalshipleas e.com With a copy to: Technomar Shipping Inc., 3-5 Menandrou Str., Kifissia, 14561, Athens, Greece Email: legalconfidential@technomar.gr; finance@technomar.gr and tpsaropoulos@technomar.gr

Global Ship Lease 41 LLC	Liberia	80 Broad Street, Monrovia, Liberia Registered No.: LLC-960162	c/o Global Ship Lease Services Limited of 25 Wilton Place, London SW1V 1LW, England Email: notices@globalshiplease.com With a copy to: Technomar Shipping Inc., 3-5 Menandrou Str., Kifissia, 14561, Athens, Greece Email: legalconfidential@technomar.gr; finance@technomar.gr and tpsaropoulos@technomar.gr
Global Ship Lease 45 LLC	Liberia	80 Broad Street, Monrovia, Liberia Registered No.: LLC- 960166	c/o Global Ship Lease Services Limited of 25 Wilton Place, London SW1V 1LW, England Email: notices@globalshiplease.com With a copy to: Technomar Shipping Inc., 3-5 Menandrou Str., Kifissia, 14561, Athens, Greece Email: legalconfidential@technomar.gr; finance@technomar.gr and tpsaropoulos@technomar.gr
Global Ship Lease 44 LLC	Liberia	80 Broad Street, Monrovia, Liberia Registered No.: LLC- 960165	c/o Global Ship Lease Services Limited of 25 Wilton Place, London SW1V 1LW, England Email: notices@globalshiplease.com With a copy to: Technomar Shipping Inc., 3-5 Menandrou Str., Kifissia, 14561, Athens, Greece Email: legalconfidential@techn omar.gr; finance@technomar.gr and tpsaropoulos@technomar.gr

Global Ship Lease 46 LLC	Liberia	80 Broad Street, Monrovia, Liberia Registered No.: LLC- 960167	c/o Global Ship Lease Services Limited of 25 Wilton Place, London SW1V 1LW, England Email: notices@globalshiplease.com With a copy to: Technomar Shipping Inc., 3-5 Menandrou Str., Kifissia, 14561, Athens, Greece Email: legalconfidential@technomar.gr; finance@technomar.gr and tpsaropoulos@technomar.gr
Global Ship Lease 38 LLC	Liberia	80 Broad Street, Monrovia, Liberia Registered No.: LLC- 960154	c/o Global Ship Lease Services Limited of 25 Wilton Place, London SW1V 1LW, England Email: notices@globalshiplease.com With a copy to: Technomar Shipping Inc., 3-5 Menandrou Str., Kifissia, 14561, Athens, Greece Email: legalconfidential@technomar.gr; finance@technomar.gr and tpsaropoulos@technomar.gr
Global Ship Lease 49 LLC	Liberia	80 Broad Street, Monrovia, Liberia Registered No.: LLC- 960170	c/o Global Ship Lease Services Limited of 25 Wilton Place, London SW1V 1LW, England Email: notices@globalshiplease.com With a copy to: Technomar Shipping Inc., 3-5 Menandrou Str., Kifissia, 14561, Athens, Greece Email: legalconfidential@technomar.gr; finance@technomar.gr and tpsaropoulos@technomar.gr

Global Ship Lease 51 LLC	Liberia	80 Broad Street, Monrovia, Liberia Registered No.: LLC- 960172	c/o Global Ship Lease Services Limited of 25 Wilton Place, London SW1V 1LW, England Email: notices@globalshiplease.com With a copy to: Technomar Shipping Inc., 3-5 Menandrou Str., Kifissia, 14561, Athens, Greece Email: legalconfidential@technomar.gr; finance@technomar.gr and tpsaropoulos@technom ar.gr
Global Ship Lease 50 LLC	Liberia	80 Broad Street, Monrovia, Liberia Registered No.: LLC- 960171	c/o Global Ship Lease Services Limited of 25 Wilton Place, London SW1V 1LW, England Email: notices@globalshipleas e.com With a copy to: Technomar Shipping Inc., 3-5 Menandrou Str., Kifissia, 14561, Athens, Greece Email: legalconfidential@techn omar.gr; finance@technomar.gr and tpsaropoulos@technomar.gr

GSL Alcazar Inc.	Marshall Islands	Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, the Republic of the Marshall Islands, MH 96960 Registered No.: 26711	c/o Global Ship Lease Services Limited of 25 Wilton Place, London SW1V 1LW, England Email: notices@globalshiplease.com With a copy to: Technomar Shipping Inc., 3-5 Menandrou Str., Kifissia, 14561, Athens, Greece Email: legalconfidential@technomar.gr; finance@technomar.gr and tpsaropoulos@technomar.gr
Global Ship Lease 47 LLC	Liberia	80 Broad Street, Monrovia, Liberia Registered No.: LLC- 960168	c/o Global Ship Lease Services Limited of 25 Wilton Place, London SW1V 1LW, England Email: notices@globalshiplease.com With a copy to: Technomar Shipping Inc., 3-5 Menandrou Str., Kifissia, 14561, Athens, Greece Email: legalconfidential@technomar.gr; finance@technomar.gr and tpsaropoulos@technomar.gr
Tasman Marine LLC	Marshall Islands	TrustCompany Complex, Ajeltake Road, Ajeltake Island, Majuro, the Republic of the Marshall Islands, MH 96960 Registered No.: 963174	c/o Global Ship Lease Services Limited of 25 Wilton Place, London SW1V 1LW, England Email: notices@globalshiplease.com With a copy to: Technomar Shipping Inc., 3-5 Menandrou Str., Kifissia, 14561, Athens, Greece Email: legalconfidential@technomar.gr; finance@technomar.gr and tpsaropoulos@technomar.gr

Hudson Marine LLC	Marshall Islands	Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, the Republic of the Marshall Islands, MH 96960 Registered No.: 963182	c/o Global Ship Lease Services Limited of 25 Wilton Place, London SW1V 1LW, England Email: notices@globalshiplease.com With a copy to: Technomar Shipping Inc., 3-5 Menandrou Str., Kifissia, 14561, Athens, Greece Email: legalconfidential@technomar.gr; finance@technomar.gr and tpsaropoulos@technomar.gr
Drake Marine LLC	Marshall Islands	TrustCompany Complex, Ajeltake Road, Ajeltake Island, Majuro, the Republic of the Marshall Islands, MH 96960 Registered No.: 963184	c/o Global Ship Lease Services Limited of 25 Wilton Place, London SW1V 1LW, England Email: notices@globalshiplease.com With a copy to: Technomar Shipping Inc., 3-5 Menandrou Str., Kifissia, 14561, Athens, Greece Email: legalconfidential@technomar.gr; finance@technomar.gr and tpsaropoulos@technomar.gr
Global Ship Lease 48 LLC	Liberia	80 Broad Street, Monrovia, Liberia Registered No.: LLC-960169	c/o Global Ship Lease Services Limited of 25 Wilton Place, London SW1V 1LW, England Email: notices@globalshiplease.com With a copy to: Technomar Shipping Inc., 3-5 Menandrou Str., Kifissia, 14561, Athens, Greece Email: legalconfidential@technomar.gr; finance@technomar.gr and tpsaropoulos@technomar.gr

Global Ship Lease 35 LLC	Liberia	80 Broad Street, Monrovia, Liberia Registered No.: LLC-960151	c/o Global Ship Lease Services Limited of 25 Wilton Place, London SW1V 1LW, England Email: notices@globalshiplease.com With a copy to: Technomar Shipping Inc., 3-5 Menandrou Str., Kifissia, 14561, Athens, Greece Email: legalconfidential@technomar.gr; finance@technomar.gr and tpsaropoulos@technomar.gr
Global Ship Lease 36 LLC	Liberia	80 Broad Street, Monrovia, Liberia Registered No.: LLC-960152	c/o Global Ship Lease Services Limited of 25 Wilton Place, London SW1V 1LW, England Email: notices@globalshiplease.com With a copy to: Technomar Shipping Inc., 3-5 Menandrou Str., Kifissia, 14561, Athens, Greece Email: legalconfidential@technomar.gr; finance@technomar.gr and tpsaropoulos@technomar.gr

Global Ship Lease 53 LLC	Liberia	80 Broad Street, Monrovia, Liberia Registered No.: LLC-960174	c/o Global Ship Lease Services Limited of 25 Wilton Place, London SW1V 1LW, England Email: notices@globalshiplease.com With a copy to: Technomar Shipping Inc., 3-5 Menandrou Str., Kifissia, 14561, Athens, Greece Email: legalconfidential@technomar.gr; finance@technomar.gr and tpsaropoulos@technomar.gr
Global Ship Lease 52 LLC	Liberia	80 Broad Street, Monrovia, Liberia Registered No.: LLC-960173	c/o Global Ship Lease Services Limited of 25 Wilton Place, London SW1V 1LW, England Email: notices@globalshiplease.com With a copy to: Technomar Shipping Inc., 3-5 Menandrou Str., Kifissia, 14561, Athens, Greece Email: legalconfidential@technomar.gr; finance@technomar.gr and tpsaropoulos@technomar.gr

Global Ship Lease 43 LLC	Liberia	80 Broad Street, Monrovia, Liberia Registered No.: LLC-960164	c/o Global Ship Lease Services Limited of 25 Wilton Place, London SW1V 1LW, England Email: notices@globalshiplease.com With a copy to: Technomar Shipping Inc., 3-5 Menandrou Str., Kifissia, 14561, Athens, Greece Email: legalconfidential@technomar.gr; finance@technomar.gr and tpsaropoulos@technomar.gr
Global Ship Lease 54 LLC	Liberia	80 Broad Street, Monrovia, Liberia Registered No.: LLC-960175	c/o Global Ship Lease Services Limited of 25 Wilton Place, London SW1V 1LW, England Email: notices@globalshipleas e.com With a copy to: Technomar Shipping Inc., 3-5 Menandrou Str., Kifissia, 14561, Athens, Greece Email: legalconfidential@technomar.gr; finance@technomar.gr and tpsaropoulos@technomar.gr

PART II
THE ORIGINAL LENDERS

ORIGINAL LENDERS

Name of Original Lender	Total Commitment (USD)	Address for Communication
Hayfin DLF III Luxco 1 Sarl	131,838,026.59	One Eagle Place, London, SW1Y 6AF Fax: +44 207 692 4641 E-mail: loanops@hayfin.com; gc@hayfin.com; ks.breakwater@hayfin.com; rp.breakwater@hayfin.com
Hayfin Sapphire IV Luxco SCA	14,780,780.23	One Eagle Place, London, SW1Y 6AF Fax: +44 207 692 4641 E-mail: loanops@hayfin.com; gc@hayfin.com; ks.breakwater@hayfin.com; rp.breakwater@hayfin.com
SC HCM EU PD Sarl	14,780,780.23	One Eagle Place, London, SW1Y 6AF Fax: +44 207 692 4641 E-mail: loanops@hayfin.com; gc@hayfin.com; ks.breakwater@hayfin.com; rp.breakwater@hayfin.com
Hayfin Big Cypress Luxco Sarl	8,981,727.73	One Eagle Place, London, SW1Y 6AF Fax: +44 207 692 4641 E-mail: loanops@hayfin.com; gc@hayfin.com; ks.breakwater@hayfin.com; rp.breakwater@hayfin.com
Hayfin Opal 2020 (A) LP	1,970,770.70	One Eagle Place, London, SW1Y 6AF Fax: +44 207 692 4641 E-mail: loanops@hayfin.com; gc@hayfin.com; ks.breakwater@hayfin.com; rp.breakwater@hayfin.com
Hayfin Opal 2020 (B) LP	2,956,156.05	One Eagle Place, London, SW1Y 6AF Fax: +44 207 692 4641 E-mail: loanops@hayfin.com; gc@hayfin.com; ks.breakwater@hayfin.com; rp.breakwater@hayfin.com
Hayfin PT Luxco 2 S.à r.l.	13,641,403.79	One Eagle Place, London, SW1Y 6AF Fax: +44 207 692 4641 E-mail: loanops@hayfin.com; gc@hayfin.com; ks.breakwater@hayfin.com; rp.breakwater@hayfin.com
Hayfin Garnet Luxco Sarl	15,718,023.52	One Eagle Place, London, SW1Y 6AF Fax: +44 207 692 4641 E-mail: loanops@hayfin.com; gc@hayfin.com; ks.breakwater@hayfin.com; rp.breakwater@hayfin.com
Infinity HoldCo Private Debt II Sarl	6,897.697.44	One Eagle Place, London, SW1Y 6AF Fax: +44 207 692 4641 E-mail: loanops@hayfin.com; gc@hayfin.com; ks.breakwater@hayfin.com; rp.breakwater@hayfin.com
VG HCM EU PD S.à.r.l.	24,634,633.72	One Eagle Place, London, SW1Y 6AF Fax: +44 207 692 4641 E-mail: loanops@hayfin.com; gc@hayfin.com; ks.breakwater@hayfin.com; rp.breakwater@hayfin.com
Total	**236,200,000**	

PART III
AGENT AND SECURITY AGENT

AGENT

Name of Agent	Address for Communication
Hayfin Services LLP	One Eagle Place, London, SW1Y 6AF, England Fax: +44 207 785 6829 E-mail: loanops@hayfin.com Attention: Loan Operations

SECURITY AGENT

Name of Security Agent	Address for Communication
Hayfin Services LLP	One Eagle Place, London, SW1Y 6AF, England Fax: +44 207 785 6829 E-mail: loanops@hayfin.com Attention: Loan Operations

SCHEDULE 2
CONDITIONS PRECEDENT

PART I
CONDITIONS PRECEDENT TO UTILISATION REQUEST

(1) **Constitutional documents.** Copies of the constitutional documents of each Obligor, together with such other evidence as the Agent may reasonably require that each Obligor is duly incorporated or formed, as applicable, in its country of incorporation or formation, as applicable, and remains in existence with power to enter into, and perform its obligations under, the Relevant Documents to which it is or is to become a party.

(2) **Certificates of good standing**. A certificate of good standing in respect of each Transaction Obligor (or equivalent evidence of good standing available in the Obligor's jurisdiction of incorporation) dated no more than fourteen (14) days before the Utilisation Date.

(3) **Board resolutions.** A copy of the resolutions of the board of directors or member, as applicable, of each Obligor:

i. approving the terms of, and the transactions contemplated by, the Relevant Documents to which it is a party and resolving that it execute those Relevant Documents; and

ii. authorising a specified person or persons to execute those Relevant Documents (and all documents and notices to be signed and/or dispatched under those documents) on its behalf.

(4) Shareholder resolutions.

If required as a matter of law of any Obligor's jurisdiction of incorporation, a copy of a resolution signed by all the holders of the issued shares or limited liability company interests, as applicable, in that Obligor, approving the terms of, and the transactions contemplated by, the Relevant Documents to which it is a party.

(5) **Specimen signatures.** A specimen of the signature of each person who executes the Finance Documents pursuant to the resolutions referred to in paragraph (3) above.

(6) **Officer's certificates.** A certificate of a duly authorised officer of each Obligor:

i. certifying that each copy document relating to it specified in this Part I of Schedule 2 is correct, complete and in full force and effect;

ii. setting out the names of the directors, officers, member and (other than the Ultimate Parent) shareholders of that Obligor and the proportion of shares held by each shareholder; and

iii. confirming that borrowing or guaranteeing or securing, as appropriate, the Loan would not cause any borrowing, guarantee, security or similar limit binding on that Obligor to be exceeded.

(7) **Evidence of registration.** Where such registration is required or permitted under the laws of the relevant jurisdiction, evidence that the names of the directors, officers, member and shareholders of each Obligor are duly registered in the companies registry or other registry in the country of incorporation or jurisdiction of incorporation, as applicable, of that Obligor.

(8) **Powers of attorney.** A copy of the (if required) notarially attested power of attorney of each of the Obligors under which the Relevant Documents to which it is or is to become a party are to be executed or transactions undertaken by that Obligor.

(9) **Facility Agreement.** A duly executed copy of this Agreement.

(10) **Share Charge**. Duly executed Share Charge in respect of the Borrower and the ancillary documents thereunder.

(11) **Accounts Security.** Duly executed Accounts Security in relation to the Dry Docking Reserve Accounts and the Minimum Liquidity Account (and each document to be delivered thereunder).

(12) **Mandates.** Such duly signed forms of mandate, and/or other evidence of the opening of the Accounts described in paragraph 11 above, as the Security Agent may require.

(13) **Subordination and Assignment Agreement.** A duly executed Subordination and Assignment Agreement.

Other documents and evidence

(14) **Process agent.** Evidence that any process agent referred to in Clause 44.2 (*Service of process*) and any process agent appointed under any other Finance Document has accepted its appointment.

(15) **Other authorisations.** A copy of any other authorisation or other document, opinion or assurance which the Agent considers to be necessary or desirable (if it has notified the Borrower accordingly) in connection with the entry into and performance of the transactions contemplated by any Relevant Document or for the validity and enforceability of any Relevant Document.

(16) **Financial statements.** Copies of the Original Financial Statements.

(17) **Fees.** The Fee Letter and evidence that the fees, costs and expenses then due from the Borrower under Clause 11 (*Fees*) and Clause 16 (*Costs and expenses*) have been paid or will be paid by the Utilisation Date.

(18) **"Know your customer" documents.** Such documentation and other evidence as is reasonably requested by the Agent in order for the Lenders to comply with all necessary "know your customer" or similar identification procedures, anti-money laundering regulations, and Sanctions, in relation to the transactions contemplated in the Finance Documents.

PART II
CONDITIONS PRECEDENT TO UTILISATION

(1) **Officer's certificate.** A certificate of a duly authorised officer of the Borrower certifying that:

i. each copy document relating to it specified in Part I of Schedule 2 remains correct, complete and in full force and effect on the Utilisation Date;

ii. each copy document relating to it specified in this Part II of Schedule 2 remains correct, complete and in full force and effect on the Utilisation Date.

(2) **Evidence of Vessel Owners' title.** Certificate of ownership and encumbrance (or equivalent) issued by the Registrar of Ships (or equivalent official) of each Vessel's Approved Flag confirming that such Vessel is owned by the relevant Vessel Owner and is free of registered Security other than Permitted Security.

(3) **Registration of Mortgages – Pool A Vessels.** Evidence that a Mortgage and, if applicable Deed of Covenants collateral thereto, has been registered against each Pool A Vessel with first priority.

(4) **Evidence of insurance.** Evidence that each Vessel is insured in the manner required by the Finance Documents and that letters of undertaking will be issued in the manner required by the Finance Documents, together with (if required by the Agent) the written approval of the Insurances in respect of each Vessel by an insurance adviser appointed by the Agent.

(5) **Confirmation of class**. A Certificate of Confirmation of Class confirming that each Vessel is classed with the classification and with the Classification Society described in Schedule 9 (*Details of Vessels*) free of overdue recommendations affecting class (except as disclosed to and approved by the Agent prior to the Utilisation Date), dated no more than three (3) Business Days prior to the Utilisation Date.

(6) **Inspection report.** If required by the Agent, inspection reports in respect of each Vessel.

(7) **Insurance report.** An opinion from independent insurance consultants appointed by the Agent on the Insurances in respect of each Vessel.

(8) **Valuations**. Two Valuations of each Vessel from Approved Brokers nominated by the Agent, addressed to the Agent on behalf of the Finance Parties and dated not earlier than twenty (20) Business Days before the Utilisation Date, which show compliance with the Maximum Loan Amount.

(9) **Operating Expenses budget.** Operating Expenses budget for each Vessel.

(10) **Vessel documents**. In respect of each Vessel, copies of:

i. any charterparty (including any Charter);

ii. in respect of each Pool A Vessel only, any Management Agreements in respect of that Pool A Vessel;

iii. that Vessel's current Safety Construction, Safety Equipment, Safety Radio and Load Line Certificates;

iv. (if applicable) evidence of that Vessel's current Certificate of Financial Responsibility issued pursuant to the United States Oil Pollution Act 1990;

v. that Vessel's current SMC;

vi. the ISM Company's current DOC;

vii. that Vessel's current ISSC;

viii. that Vessel's current IAPPC; and

ix. that Vessel's current Tonnage Certificate,

in each case together with all addenda, amendments or supplements.

(11) **Security Documents – Pool A Vessels.** In respect of each Pool A Vessel, the following duly executed documents:

i. the Mortgage in respect of that Pool A Vessel;

ii. if applicable, the Deed of Covenants in respect of that Pool A Vessel;

iii. the General Assignment in respect of that Pool A Vessel; and

iv. the Manager's Undertakings in respect of that Pool A Vessel,

together with all other documents required by any of them, including, without limitation, all notices of assignment and/or charge and evidence that those notices will be duly acknowledged by the recipients.

(12) **Charter Assignments.** If applicable, a duly executed Charter Assignment in respect of each Pool A Vessel, together with the duly executed notice of assignment to charterer.

(13) **Share Charges.** Duly executed Share Charges in respect of the Vessel Owners of each Pool A Vessel and the ancillary documents thereunder.

(14) **Accounts Security.** Duly executed Accounts Security in relation to the Earnings Accounts held in the names of the Vessel Owners which own each of the Pool A Vessels (and each document to be delivered thereunder).

(15) **Signed undated documents.** The following signed but undated documents:

i. the Mortgage in respect of each Pool B Vessel;

ii. the Deed of Covenants in respect of each Pool B Vessel;

iii. the General Assignment in respect of each Pool B Vessel;

iv. the Manager's Undertakings in respect of each Pool B Vessel;

v. if applicable, the Charter Assignment in respect of each Pool B Vessel;

vi. the Share Charge in respect of the Vessel Owner owning each Pool B Vessel; and

vii. the Accounts Security in relation to the Earnings Account held in the name of each Vessel Owner owning a Pool B Vessel.

(16) **Utilisation Request.** The duly completed Utilisation Request.

(17) **Evidence of compliance with covenant requirements.** Evidence that the relevant Obligors are in compliance with the financial covenants in Clause 20.1 (*Financial Covenants*) on the Utilisation Date.

(18) **Minimum liquidity amount.** Evidence that an amount of US$350,000 in respect of each Vessel has been deposited into the Minimum Liquidity Account.

(19) **Special surveys and dry dockings**. The estimated timings of all scheduled dry docks and special surveys for each Vessel from the Utilisation Date until the end of the Facility Period, in each case to the extent available from class or other records.

(20) **Permitted Intercompany Debt**. If applicable, copies of any executed documents in respect of any Permitted Intercompany Debt

(21) **Tonnage.** Evidence of the lightweight tonnage of each Vessel and that the aggregate lightweight tonnage of the Vessels is not less 462,158 metric tonnes

(22) **Shares Purchase Agreement**. A duly executed copy of any Shares Purchase Agreement.

(23) **Instruments of Transfer**.

i. In respect of the Vessel Owners owning the Pool A Vessels, duly executed instruments of transfer of shares or limited liability company interests (as applicable) transferring 100% of the legal and beneficial interest in all of the issued shares or limited liability company interests (as applicable) of each such Vessel Owner to the Borrower.

ii. In respect of the Vessel Owners owning the Pool B Vessels, signed but undated instruments of transfer of shares or limited liability company interests (as applicable) transferring 100% of the legal and beneficial interest in all of the issued shares or limited liability company interests (as applicable) of each such Vessel Owner to the Borrower.

(24) **New share certificates.** A duly executed original of the new share certificate or limited liability company interests certificate (as applicable) for each Vessel Owner owning a Pool A Vessel.

(25) **Structure Charts.**

i. A chart showing the current structure of the Group.

ii. A draft chart showing the structure of the Group following execution of all the instruments of transfer referred to in paragraph (23) above.

(26) **Top up capital**. Receipt by the Agent from (or on behalf of) the Borrower of:

i. funds in an amount equal to the shortfall between (i) the net amount of the Utilisation (net of any agreed deductions or withholdings) and (ii) the amount required by Citibank N.A., London Branch in order to redeem the Senior Secured Notes; and

ii. funds in an amount sufficient to cover any interest that may be payable by the Ultimate Parent to Citibank N.A., London Branch in the event that the redemption of the Senior Secured Notes does not occur within two (2) Business Days of the Utilisation Date.

(27) **Sweep of existing accounts**. Evidence that the balances standing to the credit of any existing accounts held by the Vessel Owners with Joh. Berenberg, Gossler & Co. KG and Hellenic Bank Public Company Ltd have been transferred to the relevant Earnings Accounts.

(28) **Secured Notes Redemption Notice.** A copy of the duly executed Secured Notes Redemption Notice in the agreed form.

Legal opinions

(29) **Legal opinions.** The following legal opinions, each addressed to the Agent, the Security Agent and the Lenders and capable of being relied upon by any persons who become Lenders pursuant to the primary syndication of the Loan or confirmation satisfactory to the Agent that such opinions will be given:

i. legal opinion of Reed Smith LLP, legal advisers to the Finance Parties in respect of English law, substantially in the form distributed to the Original Lenders prior to Utilisation;

ii. legal opinion of Reed Smith LLP, legal advisers to the Finance Parties in respect of Marshall Islands law, substantially in the form distributed to the Original Lenders prior to Utilisation;

iii. legal opinion of Reed Smith LLP, legal advisers to the Finance Parties in respect of Liberian law, substantially in the form distributed to the Original Lenders prior to Utilisation

iv. legal opinion of Arias Fábrega & Fábrega, legal advisers to the Finance Parties in respect of Panamanian law, substantially in the form distributed to the Original Lenders prior to Utilisation;

v. legal opinion of Ganado Advocates, legal advisers to the Finance Parties in respect of the Maltese law, substantially in the form distributed to the Original Lenders prior to Utilisation;

vi. legal opinion of Higgs & Johnson, legal advisers to the Finance Parties in respect of the Bahamas law, substantially in the form distributed to the Original Lenders prior to Utilisation;

vii. legal opinion of Loyens & Loeff N.V., legal advisers to the Finance Parties in respect of Dutch law, substantially in the form distributed to the Original Lenders prior to Utilisation.

PART III
CONDITIONS SUBSEQUENT

(1) **Letters of undertaking.** Letters of undertaking in respect of the Insurances as required by the Security Documents together with copies of the relevant policies or cover notes or entry certificates duly endorsed with the interest of the Finance Parties.

(2) **Acknowledgements of notices.** The Borrower shall use reasonable endeavours to obtain acknowledgements of the notices of assignment and/or charge given pursuant to any Security Documents received by the Agent pursuant to Part I or Part II (as the case may be) of this Schedule 2.

(3) **Legal opinions.** Such of the legal opinions specified in Part II of this Schedule 2 as have not already been provided to the Agent.

(4) **Companies Act registrations.** Evidence that the prescribed particulars of any Security Documents received by the Agent pursuant to Part I or Part II (as the case may be) of this Schedule 2 have been delivered to, and registered with, any relevant Registry of Companies/Corporations within the statutory time limit.

(5) **Master's receipt.** The master's receipt for each Mortgage (if applicable).

(6) **Closure of existing accounts.** Evidence that all bank accounts held in the names of the Obligors, other than the Accounts, have been closed (including but not limited to any accounts held by the Vessel Owners (or any of them) with Joh. Berenberg, Gossler & Co. KG and Hellenic Bank Public Company Ltd).

(7) **Cancelled share certificates.** A copy of the cancelled share certificate or limited liability company interests certificate (as applicable) for each Vessel Owner.

(8) **Registration of Mortgages – Pool B Vessels.** Evidence that a Mortgage and, if applicable Deed of Covenants collateral thereto, has been registered against each Pool B Vessel with first priority.

(9) **Security Documents – Pool B Vessels.** In respect of each Pool B Vessel, the following duly executed documents:

i. the Mortgage in respect of that Pool B Vessel;

ii. if applicable, the Deed of Covenants in respect of that Pool B Vessel;

iii. the General Assignment in respect of that Pool B Vessel; and

iv. the Manager's Undertakings in respect of that Pool B Vessel,

together with all other documents required by any of them, including, without limitation, all notices of assignment and/or charge and evidence that those notices will be duly acknowledged by the recipients.

(10) **Charter Assignments.** If applicable, a duly executed Charter Assignment in respect of each Pool B Vessel, together with the duly executed notice of assignment to charterer

(11) **Share Charges.** Duly executed Share Charges in respect of the Vessel Owners of each Pool B Vessel and the ancillary documents thereunder.

(12) **Accounts Security.** Duly executed Accounts Security in relation to the Earnings Accounts held in the names of the Vessel Owners which own each of the Pool B Vessels (and each document to be delivered thereunder).

(13) **Management Agreements**. In respect of each Pool B Vessel, copies of any Management Agreements in respect of that Pool B Vessel, together with all addenda, amendments or supplements.

(14) **Instruments of Transfer.** In respect of the Vessel Owners owning the Pool B Vessels, duly executed instruments of transfer of shares or limited liability company interests (as applicable) transferring 100% of the legal and beneficial interest in all of the issued shares or limited liability company interests (as applicable) of each such Vessel Owner to the Borrower.

(15) **New share certificates.** A duly executed original of the new share certificate or limited liability company interests certificate (as applicable) for each Vessel Owner owning a Pool B Vessel

(16) **Structure Chart**. A chart showing the structure of the Group (such chart to show the structure following execution of the instruments of transfer referred to in paragraph (13) above and in paragraph (23)(i) of Part II of this Schedule 2).

SCHEDULE 3
UTILISATION REQUEST

From: [Borrower]

To: [Agent]

Dated:

Dear Sirs

Facility Agreement dated [•] for up to the amount of US$236,200,000, as amended and restated from time to time (the "Agreement")

(1) We refer to the Agreement. This is the Utilisation Request. Terms defined in the Agreement have the same meaning in this Utilisation Request unless given a different meaning in this Utilisation Request.

(2) We wish to borrow the Loan on the following terms:

Proposed Utilisation Date:	[•] (or, if that is not a Business Day, the next Business Day)
Amount:	[•] or, if less, the Available Facility

(3) We confirm that each condition specified in Clause 4.1 (*Initial Conditions Precedent*) is satisfied on the date of this Utilisation Request.

(4) The proceeds of the Utilisation should be credited to [*account details*].

(5) We confirm that you may disburse the Loan and deduct from the Loan (although the amount of the Loan will remain the amount requested above):

(a) [the Agency Fee payable on the Utilisation Date being US$[•]];

(b) [the Commitment Fee payable up to the Utilisation Date, being US$[•]];

(c) [other costs/fees].

(6) This Utilisation Request is irrevocable.

Yours faithfully

.....
authorised signatory for
[Borrower]

SCHEDULE 4
FORM OF TRANSFER CERTIFICATE

To: [•] as Agent

From: [*The Existing Lender*] (the "**Existing Lender**") and [*The New Lender*] (the "**New Lender**")

Dated:

Facility Agreement dated [•] for up to the amount of US$236,200,000, as amended and restated from time to time (the "Agreement")

(1) We refer to the Agreement. This is a Transfer Certificate. Terms defined in the Agreement have the same meaning in this Transfer Certificate unless given a different meaning in this Transfer Certificate.

(2) We refer to 27.5 (*Procedure for transfer*) of the Agreement:

(a) The Existing Lender and the New Lender agree to the Existing Lender transferring to the New Lender by novation and in accordance with Clause 27.5 (*Procedure for transfer*) all of the Existing Lender's rights and obligations under the Agreement and the other Finance Documents which relate to that portion of the Existing Lender's Commitment and participation in Loans under the Agreement as specified in the Schedule.

(b) The proposed Transfer Date is [•].

(c) The Facility Office and address, fax number and attention details for notices of the New Lender for the purposes of Clause 36.2 (*Addresses*) of the Agreement are set out in the Schedule.

(3) The New Lender expressly acknowledges the limitations on the Existing Lender's obligations set out in paragraph (iii) of Clause 27.4 (*Limitation of responsibility of Existing Lenders*) of the Agreement.

(4) This Transfer Certificate may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of this Transfer Certificate.

(5) This Transfer Certificate and any non-contractual obligations arising out of or in connection with it are governed by English law.

(6) This Transfer Certificate has been entered into on the date stated at the beginning of this Transfer Certificate.

Note: The execution of this Transfer Certificate may not transfer a proportionate share of the Existing Lender's interest in the Transaction Security in all jurisdictions. It is the responsibility of the New Lender to ascertain whether any other documents or other formalities are required to perfect a transfer of such a share in the Existing Lender's Transaction Security in any jurisdiction and, if so, to arrange for execution of those documents and completion of those formalities.

COMMITMENT/RIGHTS AND OBLIGATIONS TO BE TRANSFERRED

[insert relevant details]

[*Facility Office address, fax number and attention details for notices and account details for payments,*]

[Existing Lender] [New Lender]

By: By:

This Transfer Certificate is accepted by the Agent and the Transfer Date is confirmed as [•].

[Agent]

By:

SCHEDULE 5
FORM OF ASSIGNMENT AGREEMENT

To: [•] as Agent and [•] as Borrower, for and on behalf of each Obligor

From: [the *Existing Lender*] (the "**Existing Lender**") and [the *New Lender*] (the "**New Lender**")

Dated:

Facility Agreement dated [•] for up to the amount of US$236,200,000, as amended and restated from time to time (the "Agreement")

(1) We refer to the Agreement. This is an Assignment Agreement. Terms defined in the Agreement have the same meaning in this Assignment Agreement unless given a different meaning in this Assignment Agreement.

(2) We refer to Clause 27.6 (*Procedure for assignment*) of the Agreement:

(a) The Existing Lender assigns absolutely to the New Lender all the rights of the Existing Lender under the Agreement and the other Finance Documents which relate to that portion of the Existing Lender's Commitment and participations in Loans under the Agreement as specified in the Schedule.

(b) The Existing Lender is released from all the obligations of the Existing Lender which correspond to that portion of the Existing Lender's Commitment and participations in Loans under the Agreement specified in the Schedule.

(c) The New Lender becomes a Party as a Lender and is bound by obligations equivalent to those from which the Existing Lender is released under paragraph (b) above.

(3) The proposed Transfer Date is [•].

(4) On the Transfer Date the New Lender becomes Party to the Finance Documents as a Lender.

(5) The Facility Office and address, fax number and attention details for notices of the New Lender for the purposes of Clause 36.2 (*Addresses*) of the Agreement are set out in the Schedule.

(6) The New Lender expressly acknowledges the limitations on the Existing Lender's obligations set out in paragraph (c) of Clause 27.4 (*Limitation of responsibility of Existing Lenders*) of the Agreement.

(7) This Assignment Agreement acts as notice to the Agent (on behalf of each Finance Party) and, upon delivery in accordance with Clause 27.7 (*Copy of Transfer Certificate or Assignment Agreement*) of the Agreement, to the Borrower (on behalf of each Obligor who is a party) of the assignment referred to in this Assignment Agreement.

(8) This Assignment Agreement may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of this Assignment Agreement.

(9) This Assignment Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.

(10) This Assignment Agreement has been entered into on the date stated at the beginning of this Assignment Agreement.

RIGHTS TO BE ASSIGNED AND OBLIGATIONS TO BE RELEASED AND UNDERTAKEN

[*insert relevant details*]

[*Facility office address, fax number and attention details for notices and account details for payments*]

[Existing Lender]	[New Lender]
By:	By:

This Assignment Agreement is accepted by the Agent and the Transfer Date is confirmed as [•].

Signature of this Assignment Agreement by the Agent constitutes confirmation by the Agent of receipt of notice of the assignment referred to herein, which notice the Agent receives on behalf of each Finance Party.

[Agent]

By:

Note: The execution of this Assignment Agreement may not transfer a proportionate share of the Existing Lender's interest in the Security in all jurisdictions. It is the responsibility of the New Lender to ascertain whether any other documents or other formalities are required to perfect a transfer of such a share in the Existing Lender's Security in any jurisdiction and, if so, to arrange for execution of those documents and completion of those formalities.

SCHEDULE 6
FORM OF COMPLIANCE CERTIFICATE

To: [Agent]

From: [Ultimate Parent]

Dated: [•]

Dear Sirs

Facility Agreement dated [•] for up to the amount of US$236,200,000, as amended and restated from time to time (the "Agreement")

(1) We refer to the Agreement. This is a Compliance Certificate. Terms defined in the Agreement have the same meaning when used in this Compliance Certificate unless given a different meaning in this Compliance Certificate.

(2) We confirm that:

(a) [•]; [and]

(b) [•]; [and]

(c) [•].

(3) We set out below calculations establishing the figures in paragraph (2): [•].

(4) We confirm that no Default is continuing. [***If this statement cannot be made, the certificate should identify any Default that is continuing and the steps, if any, being taken to remedy it.***]

Signed: .....

Authorised Officer
of Ultimate Parent

SCHEDULE 7
FORM OF MERGER CONDITIONS CERTIFICATE

To: [Agent]

From: [Ultimate Parent]

Dated: [•]

Dear Sirs

Facility Agreement dated [•] for up to the amount of US$236,200,000, as amended and restated from time to time (the "Agreement")

(1) We refer to the Agreement. This is a Merger Conditions Certificate. Terms defined in the Agreement have the same meaning when used in this Merger Conditions Certificate unless given a different meaning in this Merger Conditions Certificate.

(2) We confirm that:

(a) [•]; [and]

(b) [•]; [and]

(c) [•].

(3) We set out below calculations establishing the figures in paragraph (2):

[•].

(4)

Signed: .....

[Chief Financial Officer]
of Ultimate Parent

SCHEDULE 8
TIMETABLES

Delivery of a duly completed Utilisation Request (Clause 5.1 (*Delivery of the Utilisation Request*)	By 9.30 a.m. (London time) three (3) Business Days before the intended Utilisation Date
Agent notifies the Lenders of the Loan in accordance with Clause 5.4 (*Lenders' participation*)	Three (3) Business Days before the intended Utilisation Date
LIBOR is fixed	Quotation Day as of 11:00 a.m. (London time)

SCHEDULE 9
DETAILS OF VESSELS

VESSEL A

1. Name of Vessel:	Keta
2. Description:	Fully cellular containership built in 2003
3. Owner:	Global Ship Lease 40 LLC
4. Flag State:	Liberia
5. IMO Number:	9225782
6. Registered/Official Number:	19862
7. Classification:	I HULL MACH Container ship Unrestricted navigation VeriSTAR- HULL, AUT-IMS, AUT-PORT, MON-SHAFT, ERS-S, INWATERSURVEY, LASHING, SDS
8. Classification Society:	Bureau Veritas

VESSEL B

1. Name of Vessel:	Julie
2. Description:	Fully cellular containership built in 2002
3. Owner:	Global Ship Lease 41 LLC
4. Flag State:	Liberia
5. IMO Number:	9225770
6. Registered/Official Number:	19863
7. Classification:	I HULL MACH Container ship Unrestricted navigation VeriSTAR- HULL, AUT-IMS, AUT-PORT, MON-SHAFT, ERS-S, INWATERSURVEY, LASHING, SDS
8. Classification Society:	Bureau Veritas

VESSEL C

1. Name of Vessel:	Kumasi
2. Description:	Fully cellular containership built in 2002
3. Owner:	Global Ship Lease 45 LLC

4. Flag State:	Bahamas
5. IMO Number:	9220859
6. Registered/Official Number:	8001953
7. Classification:	I HULL MACH Container ship Unrestricted navigation VeriSTAR- HULL, AUT-IMS, AUT-PORT, MON-SHAFT, ERS-S, INWATERSURVEY, LASHING, SDS
8. Classification Society:	Bureau Veritas

VESSEL D

1. Name of Vessel:	Marie Delmas
2. Description:	Fully cellular containership built in 2002
3. Owner:	Global Ship Lease 44 LLC
4. Flag State:	Liberia
5. IMO Number:	9220847
6. Registered/Official Number:	19864
7. Classification:	I HULL MACH Container ship Unrestricted navigation VeriSTAR- HULL, AUT-IMS, AUT-PORT, MON-SHAFT, ERS-S, INWATERSURVEY, LASHING, SDS
8. Classification Society:	Bureau Veritas

VESSEL E

1. Name of Vessel:	La Tour
2. Description:	Fully cellular containership built in 2001
3. Owner:	Global Ship Lease 46 LLC
4. Flag State:	Liberia
5. IMO Number:	9224946
6. Registered/Official Number:	19861
7. Classification:	I HULL MACH Container ship Unrestricted navigation F, VeriSTAR- HULL, AUT-UMS, AUT-PORT, MON-SHAFT, ERS-S, LASHING
8. Classification Society:	Bureau Veritas

VESSEL F

1. Name of Vessel:	Manet
2. Description:	Fully cellular containership built in 2001
3. Owner:	Global Ship Lease 38 LLC
4. Flag State:	Liberia
5. IMO Number:	9224958
6. Registered/Official Number:	19770
7. Classification:	I HULL MACH Container ship Unrestricted navigation F, VeriSTAR- HULL, AUT-UMS, AUT-PORT, MON-SHAFT, ERS-S, LASHING
8. Classification Society:	Bureau Veritas

VESSEL G

1. Name of Vessel:	CMA CGM Sambhar
2. Description:	Fully cellular containership built in 2006
3. Owner:	Global Ship Lease 49 LLC
4. Flag State:	Malta
5. IMO Number:	9295969
6. Registered/Official Number:	9295969
7. Classification:	100A1 Container Ship, ShipRight(SDA, FDA,CM), *IWS, LI LMC, UMS (Suspended) Descriptive Note: ShipRight(BWWMP(S),SCM, IHM-EU+)
8. Classification Society:	Lloyd’s Register

VESSEL H

1. Name of Vessel:	CMA CGM America
2. Description:	Fully cellular containership built in 2006

3. Owner:	Global Ship Lease 51 LLC
4. Flag State:	Malta
5. IMO Number:	9295971
6. Registered/Official Number:	9295971
7. Classification:	100A1 Container Ship, ShipRight (SDA, FDA, CM), *IWS, LI. LMC, UMS Descriptive Note: ShipRight(BWMP (S), SCM, MPMS
8. Classification Society:	Lloyd's Register

VESSEL I

1. Name of Vessel:	CMA CGM Jamaica
2. Description:	Fully cellular containership built in 2006
3. Owner:	Global Ship Lease 50 LLC
4. Flag State:	Malta
5. IMO Number:	9326770
6. Registered/Official Number:	9326770
7. Classification:	100 A5 Container ship BWM-F SOLAS-II-2,Reg.19 IW NAV-OC MC AUT
8. Classification Society:	DNV GL

VESSEL J

1. Name of Vessel:	CMA CGM Alcazar
2. Description:	Fully cellular containership built in 2007
3. Owner:	GSL Alcazar Inc.
4. Flag State:	Panama
5. IMO Number:	9335197
6. Registered/Official Number:	33881-08-C
7. Classification:	I HULL MACH Container ship Unrestricted navigation AUT-UMS, MON-SHAFT, ERS-S, INWATERSURVEY
8. Classification Society:	Bureau Veritas

VESSEL K

1. Name of Vessel:	GSL Chateau d’If
2. Description:	Fully cellular containership built in 2007
3. Owner:	Global Ship Lease 47 LLC
4. Flag State:	Malta
5. IMO Number:	9335202
6. Registered/Official Number:	9335202
7. Classification:	I HULL MACH Container ship Unrestricted navigation AUT-UMS, MON-SHAFT, INWATERSURVEY
8. Classification Society:	Bureau Veritas

VESSEL L

1. Name of Vessel:	Tasman
2. Description:	Fully cellular containership built in 2000
3. Owner:	Tasman Marine LLC
4. Flag State:	Marshall Islands
5. IMO Number:	9189342
6. Registered/Official Number:	6111
7. Classification:	I HULL MACH Container ship Unrestricted navigation AUT-UMS, MON-SHAFT, INWATERSURVEY
8. Classification Society:	Bureau Veritas

VESSEL M

1. Name of Vessel:	Dimitris Y
2. Description:	Fully cellular containership built in 2000
3. Owner:	Hudson Marine LLC
4. Flag State:	Liberia
5. IMO Number:	9189354
6. Registered/Official Number:	16979
7. Classification:	I HULL MACH Container ship Unrestricted navigation AUT-UMS, MON-SHAFT, GREEN PASSPORT, INWATERSURVEY
8. Classification Society:	Bureau Veritas

VESSEL N

1. Name of Vessel:	Ian H
2. Description:	Fully cellular containership built in 2000
3. Owner:	Drake Marine LLC
4. Flag State:	Liberia
5. IMO Number:	9189500
6. Registered/Official Number:	16980
7. Classification:	I HULL MACH Container ship Unrestricted navigation AUT-UMS, MON-SHAFT, INWATERSURVEY
8. Classification Society:	Bureau Veritas

VESSEL O

1. Name of Vessel:	CMA CGM Berlioz
2. Description:	Fully cellular containership built in 2001
3. Owner:	Global Ship Lease 48 LLC
4. Flag State:	Liberia
5. IMO Number:	9222297
6. Registered/Official Number:	19868
7. Classification:	I HULL MACH Container ship Unrestricted navigation F, VeriSTAR- HULL, AUT-UMS, AUT-PORT MON SHAFT, ERS-S, LASHING
8. Classification Society:	Bureau Veritas

VESSEL P

1. Name of Vessel:	GSL Nicoletta
2. Description:	Fully cellular containership built in 2002
3. Owner:	Global Ship Lease 35 LLC
4. Flag State:	Liberia
5. IMO Number:	9229348
6. Registered/Official Number:	19673
7. Classification:	C container ship, unrestricted navigation AUT-UMS, INWATERSURVEY
8. Classification Society:	Registro Italiano Navale

VESSEL Q

1. Name of Vessel:	GSL Christen
2. Description:	Fully cellular containership built in 2002
3. Owner:	Global Ship Lease 36 LLC
4. Flag State:	Liberia
5. IMO Number:	9229324
6. Registered/Official Number:	19760
7. Classification:	100A1 Container Ship, *IWS, LI, ShipRight (SDA, FDA, CM) LMC UMS Descriptive Note: Part High Tensile Steel, ShipRight (SCM)
8. Classification Society:	Lloyd’s Register

VESSEL R

1. Name of Vessel:	MSC Tianjin
2. Description:	Fully cellular containership built in 2005
3. Owner:	Global Ship Lease 53 LLC
4. Flag State:	Liberia
5. IMO Number:	9285471
6. Registered/Official Number:	19332
7. Classification:	C Container ship; unrestricted navigation AUT-UMS
8. Classification Society:	RINA

VESSEL S

1. Name of Vessel:	MSC Qingdao
2. Description:	Fully cellular containership built in 2004
3. Owner:	Global Ship Lease 52 LLC
4. Flag State:	Liberia
5. IMO Number:	9256470
6. Registered/Official Number:	19331
7. Classification:	I HULL MACH Container ship Unrestricted navigation AUT-UMS, MON-SHAFT
8. Classification Society:	Bureau Veritas

VESSEL T

1. Name of Vessel:	GSL Ningbo
2. Description:	Fully cellular containership built in 2004
3. Owner:	Global Ship Lease 43 LLC
4. Flag State:	Liberia
5. IMO Number:	9256482

6. Registered/Official Number:	19407
7. Classification:	I HULL MACH Container ship Unrestricted navigation AUT-UMS, MON-SHAFT, ALP
8. Classification Society:	Bureau Veritas

VESSEL U

1. Name of Vessel:	CMA CGM Thalassa
2. Description:	Fully cellular containership build in 2008
3. Owner:	Global Ship Lease 54 LLC
4. Flag State:	Malta
5. IMO Number:	9356294
6. Registered/Official Number:	9356294
7. Classification:	I HULL MACH Container ship Unrestricted navigation VeriSTAR- HULL, AUT-UMS, AUT-PORT, SYS-NEQ-1, MON-SHAFT, ERS-S, INWATERSURVEY, LASHING, SDS
8. Classification Society:	Bureau Veritas

SCHEDULE 10
NOTIONAL VESSEL TRANCHE AMOUNTS

Vessel	Notional Vessel Tranche Amount (US$)	Notional Vessel Tranche % of the Loan
Keta (Vessel A)	3,770,000	1.60%
Julie (Vessel B)	3,490,000	1.48%
Kumasi (Vessel C)	3,490,000	1.48%
Marie Delmas (Vessel D)	3,490,000	1.48%
La Tour (Vessel E)	3,070,000	1.30%
Manet (Vessel F)	3,070,000	1.30%
CMA CGM Sambhar (Vessel G)	8,660,000	3.67%
CMA CGM America (Vessel H)	8,660,000	3.67%
CMA CGM Jamaica (Vessel I)	8,660,000	3.67%
CMA CGM Alcazar (Vessel J)	10,050,000	4.25%
GSL Chateau d' If (Vessel K)	10,050,000	4.25%
Tasman (Vessel L)	9,550,000	4.04%
Dimitris Y (Vessel M)	9,550,000	4.04%
Ian H (Vessel N)	9,550,000	4.04%
CMA CGM Berlioz (Vessel O)	10,230,000	4.33%
GSL Nicoletta (Vessel P)	11,900,000	5.04%
GSL Christen (Vessel Q)	11,900,000	5.04%
MSC Tianjin (Vessel R)	23,340,000	9.88%
MSC Qingdao (Vessel S)	24,510,000	10.38%
GSL Ningbo (Vessel T)	21,720,000	9.20%
CMA CGM Thalassa (Vessel U)	37,490,000	15.87%

SCHEDULE 11
INITIAL BUDGETED OPEX

Vessel	Agreed Daily Operating Expenses Amount (US$)
Keta (Vessel A)	6,145
Julie (Vessel B)	5,754
Kumasi (Vessel C)	5,875
Marie Delmas (Vessel D)	5,835
La Tour (Vessel E)	5,968
Manet (Vessel F)	5,924
CMA CGM Sambhar (Vessel G)	6,525
CMA CGM America (Vessel H)	6,532
CMA CGM Jamaica (Vessel I)	6,184
CMA CGM Alcazar (Vessel J)	6,480
GSL Chateau d' If (Vessel K)	6,649
Tasman (Vessel L)	7,151
Dimitris Y (Vessel M)	6,677
Ian H (Vessel N)	6,758
CMA CGM Berlioz (Vessel O)	6,875
GSL Nicoletta (Vessel P)	6,805
GSL Christen (Vessel Q)	6,798
MSC Tianjin (Vessel R)	7,156
MSC Qingdao (Vessel S)	7,209
GSL Ningbo (Vessel T)	6,908
CMA CGM Thalassa (Vessel U)	7,411

SCHEDULE 12
QUARTERLY DD CONTRIBUTIONS

	Total DD amount	DD RESERVE PER QUARTER																			
	(US$)	2021				2022				2023				2024				2025			
Vessel		31 January	1 April	1 July	1 Oct.	1 Jan.	1 April	1 July	1 Oct.	1 Jan.	1 April	1 July	1 Oct.	1 Jan.	1 April	1 July	1 Oct.	1 Jan.	1 April	1 July	1 Oct.
Keta (Vessel A)	1,170,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000											
Julie (Vessel B)	1,200,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000												
Kumasi (Vessel C)	1,200,000	240,000	240,000	240,000	240,000	240,000															
Marie Delmas (Vessel D)	1,200,000	240,000	240,000	240,000	240,000	240,000															
La Tour (Vessel E)	1,200,000	600,000	600,000																		
Manet (Vessel F)	1,200,000	300,000	300,000	300,000	300,000																
CMA CGM Sambhar (Vessel G)	1,140,000	380,000	380,000	380,000																	
CMA CGM America (Vessel H)	1,140,000	380,000	380,000	380,000																	
CMA CGM Jamaica (Vessel I)	1,050,000	350,000	350,000	350,000																	
CMA CGM Alcazar (Vessel J)	1,120,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000												
GSL Chateau d' If (Vessel K)	1,120,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000	140,000												

Tasman (Vessel L)	1,190,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000			
Dimitris Y (Vessel M)	1,260,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000		
Ian H (Vessel N)	1,200,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	
CMA CGM Berlioz (Vessel O)	1,410,000	470,000	470,000	470,000																	
GSL Nicoletta (Vessel P)	1,200,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000												
GSL Christen (Vessel Q)	1,170,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000											
MSC Tianjin (Vessel R)	1,200,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	60,000	
MSC Qingdao (Vessel S)	1,260,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000						
GSL Ningbo (Vessel T)	1,260,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000	90,000						
CMA CGM Thalassa (Vessel U)	1,200,000	200,000	200,000	200,000	200,000	200,000	200,000														
Total		**4,440,000**	**4,440,000**	**3,840,000**	**2,260,000**	**1,960,000**	**1,480,000**	**1,280,000**	**1,280,000**	**700,000**	**440,000**	**440,000**	**440,000**	**440,000**	**440,000**	**260,000**	**260,000**	**260,000**	**190,000**	**120,000**	

SCHEDULE 13
SCREEN RATE CONTINGENCY PERIODS

Screen Rate	Period
LIBOR	15 Business Days

SCHEDULE 14
EXAMPLE BUDGET

	Vessel Owning Company Vessel's Name		
OPERATING EXPENSES	**Actual**	**Budget**	**Variance**
Crew Wages			
Crew Expenses			
Insurances			
Lubricants			
Consumables/Stores			
Repairs & Maintenance			
Vessel specific administration expenses			
Technical management fees			
Total			
USD/Day			

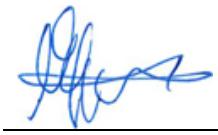
EXECUTION PAGE

BORROWER

Signed by Aikaterini Emmanouil)
for and on behalf of)
KNAUSEN HOLDING LLC)

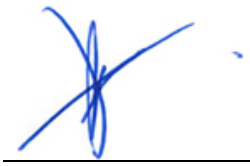
PARENT

Signed by Aikaterini Emmanouil)
for and on behalf of)
GSL LEGACY HOLDING LLC)



ULTIMATE PARENT

Signed by G. Giouroukos)
for and on behalf of)
GLOBAL SHIP LEASE, INC.)

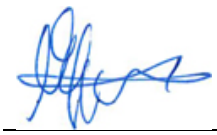


VESSEL OWNERS

Signed by Aikaterini Emmanouil)
for and on behalf of)
GLOBAL SHIP LEASE 45 LLC)

Signed by Aikaterini Emmanouil)
for and on behalf of)
GLOBAL SHIP LEASE 40 LLC)

Signed by Aikaterini Emmanouil)
for and on behalf of)
GLOBAL SHIP LEASE 41 LLC)



Signed by Aikaterini Emmanouil)
for and on behalf of)
GLOBAL SHIP LEASE 44 LLC)

Signed by Aikaterini Emmanouil)
for and on behalf of)
GLOBAL SHIP LEASE 46 LLC)

Signed by Aikaterini Emmanouil)
for and on behalf of)
GLOBAL SHIP LEASE 38 LLC)

Signed by Aikaterini Emmanouil)
for and on behalf of)
HUDSON MARINE LLC)

Signed by Aikaterini Emmanouil)
for and on behalf of)
DRAKE MARINE LLC)

Signed by Aikaterini Emmanouil)
for and on behalf of)
GLOBAL SHIP LEASE 48 LLC)

Signed by Aikaterini Emmanouil)
for and on behalf of)
GLOBAL SHIP LEASE 35 LLC)

Signed by Aikaterini Emmanouil)
for and on behalf of)
GLOBAL SHIP LEASE 36 LLC)

Signed by Aikaterini Emmanouil)
for and on behalf of)
GLOBAL SHIP LEASE 53 LLC)

Signed by Aikaterini Emmanouil)
for and on behalf of)
GLOBAL SHIP LEASE 52 LLC)

Signed by Aikaterini Emmanouil)
for and on behalf of)
GLOBAL SHIP LEASE 43 LLC)

Signed by Aikaterini Emmanouil)
for and on behalf of)
GLOBAL SHIP LEASE 49 LLC)

Signed by Aikaterini Emmanouil)
for and on behalf of)
GLOBAL SHIP LEASE 51 LLC)

Signed by Aikaterini Emmanouil)
for and on behalf of)
GLOBAL SHIP LEASE 50 LLC)

Signed by Aikaterini Emmanouil)
for and on behalf of)
GLOBAL SHIP LEASE 47 LLC)

Signed by Aikaterini Emmanouil)
for and on behalf of)
GLOBAL SHIP LEASE 54 LLC)

Signed by Aikaterini Emmanouil)
for and on behalf of)
TASMAN MARINE LLC)

Signed by Aikaterini Emmanouil)
for and on behalf of)
GSL ALCAZAR INC.)

LENDERS

Signed by John Molloy)
for and on behalf of)
HAYFIN DLF III LUXCO 1 SARL) Authorised Signatory

Signed by John Molloy)
for and on behalf of)
HAYFIN SAPPHIRE IV LUXCO SCA)
acting by its managing shareholder)
HAYFIN SAPPHIRE IV SARL) Authorised Signatory

Signed by Vikas Mehta)
for and on behalf of)
SC HCM EU PD SARL)
acting by its manager) Authorised Signatory
HAYFIN CAPITAL MANAGEMENT LLP)

Signed by John Molloy)
for and on behalf of)
HAYFIN BIG CYPRESS LUXCO SARL) Authorised Signatory

Signed by Lorna Carroll)
for and on behalf of)
HAYFIN OPAL 2020 (A) LP) Authorised Signatory
acting by its general partner
HAYFIN OPAL 2020 GP LIMITED

Signed by Lorna Carroll)
for and on behalf of)
HAYFIN OPAL 2020 (B) LP) Authorised Signatory
acting by its general partner
HAYFIN OPAL 2020 GP LIMITED

Signed by John Molloy)
for and on behalf of)
HAYFIN PT LUXCO 2 S.À.R.L.) Authorised Signatory

Signed by John Molloy)
for and on behalf of)
HAYFIN GARNET LUXCO SARL) Authorised Signatory

Signed by John Molloy)
for and on behalf of)
INFINITY HOLDCO PRIVATE DEBT II SARL) Authorised Signatory

Signed by Vikas Mehta)
for and on behalf of)
VG HCM EU PD S.À.R.L.)
acting by its manager
HAYFIN CAPITAL MANAGEMENT LLP Authorised Signatory

AGENT

Signed by Vikas Mehta)
for and on behalf of)
HAYFIN SERVICES LLP) Authorised Signatory

SECURITY AGENT

Signed by Vikas Mehta)
for and on behalf of)
HAYFIN SERVICES LLP) Authorised Signatory

Exhibit 4.26

GSL ENTERPRISES LTD.

and

Georgios Giouroukos

AMENDED AND RESTATED EMPLOYMENT AGREEMENT

TABLE OF CONTENTS

AMENDED AND RESTATED EMPLOYMENT AGREEMENT BETWEEN GSL ENTERPRISES LTD. AND GEORGIOS GIOUROUKOS

This Amended and Restated Employment Agreement (this "**Agreement**") is effective as of the 12th of March 2020 (the "**Effective Date**") and is made between:

(1) GSL ENTERPRISES LTD., whose registered office is at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands, MH 969600 and has established a branch office in Greece pursuant to the provisions of art. 25 of Law 27/1975 (former law 89/67) at 3-5, Menandrou Street, Kifisia, Athens, 14561, Greece and 9, Irodou Attikou Street, Kifisia, Athens, 14561 Greece (the **"Company**"); and

(2) GEORGIOS GIOUROUKOS, an individual residing at 3-5, Menandrou Street, Kifisia, Athens, 14561, Greece, with Greek tax identification number 026811437, issued by the Greek tax office of Kifisia, Athens (the **"Executive**").

(the "**Parties**", each the "**Party**")

WHEREAS, the Executive has agreed, as an employee of the Company in a senior management position, to oversee and participate in the provision of services to the Company on the terms of the Prior Employment Agreement particularly given his appointment as Executive Chairman of the parent company Global Ship Lease, Inc., whose registered office is at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands, MH 969600 and the address of principal executive offices is at 25 Wilton Road , London SW1V 1LW, United Kingdom and whose common stock has been registered pursuant to Section 12(b) of the United States Securities Exchange Act of 1934, as amended, and is listed on the New York Stock Exchange under the trading symbol "GSL", (the **"Listed Company**").

WHEREAS, the Parties agree to amend and restate the Prior Employment Agreement by entering into this Agreement, which reflects the terms of the Prior Employment Agreement, subject to the terms and provisions herein contained.

OPERATIVE PROVISIONS

1. **INTERPRETATION**

1.1 In this Agreement the following words and expressions shall have the following meanings:

"**the Board**" means the board of directors of the Company or the Listed Company, as the context may require; references to the "**Board of the Listed Company**" shall mean the Board of Directors of Global Ship Lease, Inc. or if appropriate the compensation committee thereof;

"**Change in Control Transaction**" means the consummation, following the date of the Merger (as defined below), of any of the following transactions:

a. the acquisition, directly or indirectly, by any individual, partnership, firm, company, association, trust, unincorporated organization or other entity (a "Person"), or any Persons acting as a "group" within the meaning of Section I 3(d)(3) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") of beneficial ownership (within the meaning of Rule 13d-3 of the Exchange Act) (other than the Listed Company or a person that directly or indirectly controls, is controlled by, or is under common control with, the Listed Company) of securities of the Listed Company representing more than 50% of the total combined voting power of the Listed Company's then outstanding securities entitled to vote in the election of the directors of the Listed Company (the "Voting Shares");

b. the Listed Company disposing of all or substantially all of its assets;

c. 10% or more of the value of the assets of the Listed Company, or the Voting Shares of the Listed Company are about to be transferred, or have been transferred, because of any taking, seizure, or defeasance as a result of, or in connection with (i) nationalization, expropriation, confiscation, coercion, force or duress, or other similar action under the laws of the Republic of the Marshall Islands, or (ii) the imposition by the Republic of the Marshall Islands of a confiscatory tax, assessment, or other governmental charge or levy;

d. the merger of the Listed Company with or into another corporation or any other transaction in which securities possessing more than 50% of the total combined voting power of the Listed Company are transferred to a person or persons different from the persons holding those securities immediately prior to such transaction; or

c. the Board by resolution duly adopted by the affirmative vote of a simple majority of the votes cast by the Board determines that for the purposes of this Agreement, a Change in Control Transaction has occurred; or

f. there is a change in boardroom control of the Listed Company. A change in boardroom control for the purpose of this clause shall mean a change in the directors of the board of the Listed Company such that the majority of directors on the Board following such change are directors who were not directors immediately following the closing of the Mergers.

A transaction shall not constitute a Change in Control Transaction if its sole purpose is to change the state of the Listed Company's incorporation or to create a holding company that will be owned in substantially the same proportions by the persons who held the Listed Company's securities immediately before such transactions.

"**Good Reason**" means (a) the assignment to the Executive by the Company or the Listed Company of any duties or responsibilities inconsistent with the Executive's position, including but not limited to, any change in title the effect of which results in the Executive having a lesser status than Executive Chairman in the Listed Company, (b) a reduction in the Executive's base salary, (c) any change in location of the Company's principal administrative office or the Executive's normal place of work to be outside of Greece, (d) a Change in Control Transaction, (e) a Material Transaction or (f) any unilateral adverse/unfavourable variation of the employment terms of the Executive by the Company as defined by Greek labour law;

"**Group Company**" means the Company, the Listed Company, any company of which the Listed Company is a subsidiary (its holding company) and any other subsidiaries of the Listed Company or such holding company;

"**Material Transaction**" means any merger or acquisition (which is not a Change in Control Transaction) which is determined by the Board acting reasonably and in good faith to be a material merger or acquisition having a material impact on the ownership structure of the Group Companies;

"**Merger Agreement**" means the Agreement and Plan of Merger, dated as of 29 October, 2018, by and among the Listed Company, Poseidon Containers Holdings, LLC, K&T Marine, LLC and the other parties named therein.

"**Merger**" means the consummation of the mergers contemplated under the Merger Agreement;

"**Prior Employment Agreement**" means the employment agreement between the Parties dated 1 August 2019;

"**Relevant Stock Exchange**" means the New York Stock Exchange and/or any other stock exchange, recognized investment exchange or automated quotation system on which any Group Company or any of their securities, as applicable, is listed, dealt in or admitted for trading;

"**Stock Incentive Plan**" means any outstanding equity incentive plan maintained by a Group Company;

"**Subsidiary Company**" means any Group Company other than the Company and the Listed Company;

"**Termination Date**" means the date of the termination of the employment of the Executive hereunder, howsoever caused;

1.2 In this Agreement (unless the context otherwise requires):

(A) any reference to any statute or statutory provision shall be construed as including a reference to any modification, re-enactment or extension of such statute or statutory provisions of Greek labour law or the law of any other state as may be applicable in the context of the Executive's employment, for the time being in force or to any subordinate legislation made under the same;

(B) any reference to a clause is to a clause of this Agreement;

(C) the expression "directly or indirectly" means (without prejudice to the generality of the expression) either alone or jointly with or on behalf of any other person, firm or body corporate and whether on his own account or in partnership with another or others or as the holder of any interest in or as officer, employee or agent of or consultant to any other person, firm or body corporate.

1.3 The headings contained in this Agreement are for convenience only and do not form part of and shall not affect the construction of this Agreement or any part of it.

2. **APPOINTMENT**

2.1 The Company has appointed the Executive and the Executive agrees to serve the Company as director and President of the Company and shall report to the Board of the Listed Company. The Executive has also been appointed as of 15 November 2018 as a director and as of 20 November 2018 as Executive Chairman of the Listed Company. The Executive shall be the highest ranking officer of the Company and the Listed Company.

2.2 The Executive warrants that by virtue of entering into this Agreement he will not be in breach of any express or implied terms of any contract with or of any other obligation to any third party which are binding upon him.

3. **TERM AND NOTICE**

3.1 The terms of this Amended and Restated Employment Agreement shall be deemed effective as of the Effective Date but the employment relationship between the Parties has commenced as of the date of the Prior Employment Agreement. Subject to the provisions of clause 17, this Agreement shall continue to be effective for an indefinite term unless and until terminated by:

(A) the Company giving to the Executive not less than 12 months' written notice; or

(B) the Executive giving to the Company not less than 6 months' written notice, unless Executive's resignation is for Good Reason in which case the Executive shall have given to the Company not less than 14 days' written notice.

3.2 Under no circumstance may the Executive's employment be terminated by the Company under clauses 3.1(A) and 17 or otherwise, or placed on paid leave under clause 19.3, without the affirmative vote of 2/3rds of the members of the Board of the Listed Company.

3.3 The Company reserves the right at any time, in its absolute discretion but always subject to clause 3.2, to terminate the Executive's employment by paying to the Executive a sum equal to his salary and contractual benefits for the relevant period of notice specified in clause 3.1, simultaneously with the Severance Payment provided in clause 16.1(A) and the payment of any other amount as provided in clause 16.2.

3.4 It is expressly agreed that the terms of this Agreement relating to the termination of the employment (including without limitation under clauses 3.1(A), 3.2, 3.3 and 17) shall apply in addition to any rights or benefits provided by the applicable provisions of Greek labour law as in force from time to time (including Law 2112/1920 in conjunction with Law 3198/1955 as may be amended or replaced)..

4. **DUTIES**

4.1 The Executive shall during the continuance of his employment:

(A) exercise such powers and perform such duties in relation to the ship-brokerage business of the Company and mainly exercise such powers and perform such duties pertaining to the provision of ship-brokerage services by the Company's branch office in Greece, always in accordance with its establishment license under Law 27/1975*;*

(B) exercise such powers and perform such duties in relation to the business of the Company, of the Listed Company or of any Subsidiary Company as may from time to time be vested in or assigned to him by the Board, provided always that such new assignments do not constitute a unilateral adverse/unfavourable variation of the employment terms;

(C) well and faithfully serve the Company, the Listed Company and any relevant Subsidiary Companies to the best of his ability and carry out his duties with all due care, skill and ability, and use his best endeavors to promote and maintain their interests and reputation;

(D) be a director of the Company and act as President thereof, and remain in such capacities without any additional remuneration (other than the amounts specified in this Agreement);

(E) be a director of the Listed Company and act as Executive Chairman thereof, and remain in such capacities without any additional remuneration (other than the amounts specified in this Agreement);

(F) become a director of Global Ship Lease Services Limited and the sole member of the chartering committee of its board of directors, and remain in such capacity without any additional remuneration (other than the amounts specified in this Agreement); and

(G) have responsibility for the duties set forth on Exhibit A hereto.

4.2 The Executive will serve the Company, the Listed Company and any Subsidiary Company in such capacity as the Board shall determine from time to time. In performance of his duties the Executive shall:

(A) normally perform his duties in 3-5 Menandrou Street, Kifissia, Athens, 14561 Greece or in 9, Irodou Attikou Street, Kifisia, Athens, 14561 where the Company has an established ship-brokerage office pursuant to the provisions of art. 25 of Law 27/1975 (former law 89/67). However, due to the nature of the business of the Company and the Listed Company and the Executive's managerial position, the Executive agrees that he shall be required to travel and he may be required from time to time to work at other locations possibly in other countries for temporary periods as the position of the Executive may from time to time reasonably require, without such requirement constituting a unilateral adverse variation of the employment terms. The Company shall give reasonable notice of such temporary changes of place of work to the Executive;

(B) devote approximately fifty percent (50%) of his working time, skill, ability and attention to the business of the Company and the Listed Company, such that he can pursue those permitted activities set forth in section 2.2 of that certain Non-Compete Agreement with the Listed Company and ConChart Commercial Inc. effective as of 15 November 2018, as the same may be amended from time to time, (the "Non-Compete Agreement");

(C) in all respects conform to and comply with lawful directions and regulations given and made by the Board; and

(D) in all respects conform to and comply with all relevant rules and/or codes issued by or on behalf of any Relevant Stock Exchange.

4.3 The Executive shall immediately upon the Company's request supply any and all information which the Listed Company or any other Group Company may reasonably require in order to be able to comply with any statutory or regulatory provision or stock exchange rule or requirement of any Relevant Stock Exchange.

4.4 The Executive shall comply with the Company's, the Listed Company's or any other Group Company's health and safety procedure from time to time in force.

5. **SALARY**

5.1 The Company shall pay to the Executive by way of remuneration for his services under this Agreement a basic net salary per annum of US Dollars Eighty Thousand ($80,000) or the equivalent amount in Euros, at the option of the Executive (the "**Basic Net Annual Salary**") inclusive of any director's fees payable to him by the Company, the Listed Company or any other Group Company. If the Company is required to deduct or withhold Employment Taxes (as defined below) with respect to the Basic Net Annual Salary, then the Company shall pay to the Executive, in addition to the Basic Net Annual Salary payment, such additional amount as is necessary to ensure that the net amount actually received by the Executive (after the deduction or withholding of Employment Taxes) equals the Basic Net Annual Salary. As used herein, **"Employment Taxes"** means any applicable withholdings or deductions for, or on account of, any present or future income taxes, employee national insurance or social security contributions or other statutory payments of any nature due in respect of his Basic Net Annual Salary and any other benefits provided to him by the Company, the Listed Company or any other Group Company provided such withholdings or deductions are required by applicable law. The Basic Net Annual Salary shall accrue from day to day and shall be payable in arrears on a 14-month basis in accordance with the applicable provisions of Greek employment law (and shall be paid pro rata where the Executive is only employed during part of a month). The Basic Net Annual Salary shall be reviewed by (with the outcome of such review being at the absolute discretion of) the Board of the Listed Company on or about 1 January in each calendar year without commitment to increase. The Executive's Basic Net Annual Salary shall not be decreased.

5.2 The Company shall be entitled to deduct from any sums payable to the Executive (including salary) such sums as the Executive notifies the Company in writing to pay directly into any personal pension scheme of the Executive which is additional to the State's pension scheme through national insurance contributions.

5.3 The Executive due to his senior managerial position, is not subject to the provisions of Greek labour law which are incompatible with the special position of supervision, management and trust he possesses. More specifically, he is not subject to the provisions relating to and will not be entitled to any additional remuneration or payment (unless as and to the extent otherwise provided in this Agreement including in particular without limitation clauses 5, 6, 7 and 11) in respect of working hours, overtime (yperergasia), overtime exceeding maximum working hours (yperoria), work at night, work on any banking or public holiday, work on the sixth day of the week or on Sundays, Christmas or Easter bonuses, annual leave allowance etc. In any event, if any claim in respect of the above exists or arises, or if there is any additional right, amount or benefit provided by any collective bargaining agreement, such right or claim shall be set off with the amounts that the Executive receives under this Agreement to the fullest extent permitted by the law.

6. EXPENSES

The Company shall reimburse the Executive all reasonable traveling, hotel, entertainment and other out of pocket expenses incurred by him in or about the performance of his duties under this Agreement subject to his compliance with the Company's and the Listed Company's then current guidelines, if any, relating to expenses and to the production, if required, of receipts, vouchers or other supporting documents.

7. BONUS SCHEME

The Executive will be entitled to participate in any contractual bonus scheme or schemes established from time to time by the Company, the Listed Company or any other Group Company for executives of equivalent status to the Executive, subject always to the rules of those schemes. Any agreement which shall contractually determine the terms pursuant to which the Executive shall be entitled to bonus payments out of the profits of the Company in accordance with the provisions of Law 4111/2013, art. 43 para.5 shall be hereafter referred to as the "**Bonus Scheme Agreement**".

8. SHARE SCHEMES

The Executive will be entitled to participate in such share schemes as the Company or the Listed Company or any other Group Company may operate upon such terms as the Board may from time to time determine and subject always to the rules and eligibility requirements of the scheme or schemes from time to time in force.

9. **HEALTH, LIFE AND MEDICAL INSURANCE**

9.1 The Executive shall during his employment be entitled to participate in any Group Company's:

(A) permanent health insurance scheme; and

(B) arrangements for private medical treatment or medical health insurance including spouse or partner or anyone living as such and dependent children under the age of 21 years; and

(C) life assurance (together the "**Insurance Schemes**"**)**

operated from time to time by or for the Listed Company for the benefit of employees of the Listed Company or any other Group Company of equivalent status to the Executive, subject to any applicable rules and conditions of the Insurance Schemes. To the extent that there is any disparity between the rules and conditions of the relevant Insurance Scheme and the terms of this Agreement the relevant scheme rules and conditions shall prevail. The Listed Company shall not have any liability to pay any benefit to the Executive (or any family member) under any Insurance Scheme unless it receives payment of the benefit from the insurer under the scheme and shall not be responsible for providing the Executive (or any family member) with any benefit under an Insurance Scheme in the event that the relevant insurer refuses for whatever reason to pay or provide or to continue to pay or provide that benefit to the Executive (or family member).

9.2 Any Insurance Scheme which is provided for the Executive is also subject to the Listed Company's right to alter the cover provided or any term of that scheme or to cease to provide (without replacement) the scheme at any time if in the opinion of the Board (after the Executive has been examined by a medical practitioner nominated by the insurers or by the Listed Company) the state of the Executive's health is or becomes such that the Listed Company is unable to insure the benefits under the scheme at the normal premiums applicable to a person of the Executive's age.

9.3 No contracting out certificate is in force in relation to this employment.

10. **ILLNESS**

10.1 In the event of illness or other incapacity beyond his control as a result of which he is unable to perform his duties, the Executive shall remain entitled to receive his salary in full for any continuous period of 3 months or an aggregate period of 90 days' absence in any consecutive 12 month period subject to:

(A) compliance with the Company's procedures relating to sickness notification, statutory sick pay and self-certification to cover absence from work due to sickness or other incapacity and to the provision of medical certificates and/or (at the Company's discretion) undergoing a medical examination by a doctor appointed by the Company. The Executive shall co-operate in ensuring the prompt delivery of such report to the Company and authorize his own medical practitioner to supply all such information as may be required by that doctor and, if so requested by the Company, authorize his medical practitioner to disclose to the Company his opinion of the Executive's state of health;

(B) a deduction (at the Company's discretion) from his salary of an amount or amounts equal to any statutory sick pay or social security benefits to which the Executive is entitled; and

(C) a deduction (at the Company's discretion) from his salary of an amount or amounts equal to any payment made to the Executive under any health insurance arrangements effected from time to time by the Company and/or any Group Company on his behalf.

11. **VACATION DAYS**

11.1 The Executive, despite his senior management position, shall be entitled to 25 working days of vacation (in addition to the official public holidays in Greece) in each calendar year commencing on 1 January in each year (which shall accrue on a monthly basis). Holidays shall be taken at such times as are reasonable and convenient having regard to the requirements of the Company's business.

11.2 If at the end of the calendar year the Executive has accrued vacation entitlement which he has not used he shall be entitled to carry forward an absolute maximum of up to 10 days into the following calendar year.

11.3 The Company reserves the right, at its absolute discretion, to require the Executive to take any outstanding vacation days during any notice period.

11.4 On termination of the Executive's employment (howsoever occasioned), if the Executive has taken more or less than his annual vacation entitlement an appropriate adjustment shall be made to any payment of salary or benefits from the Company to the Executive. In this event the calculation shall be made on the basis that each day of vacation is worth 1/260 of his basic salary as set out in clause 5.1.

12. **NON-COMPETITION AGREEMENT**

12.1 The Executive shall be bound by the Non-Compete Agreement.

13. **CONFIDENTIAL AND BUSINESS INFORMATION**

13.1 In addition to and without prejudice to the Executive's obligations to keep information secret under applicable law, the Executive shall not (except for the purpose of performing his duties hereunder or unless ordered to do so by a court of competent jurisdiction) either during his employment or after its termination directly or indirectly use, disclose or communicate Confidential and Business Information and he shall use his best endeavors to prevent the improper use, disclosure or communication of Confidential and Business Information:

(A) concerning the business of the Company, the Listed Company or any other Group Company and which comes to the Executive's attention during the course of or in connection with his employment or provision of services to the Company, the Listed Company or any other Group Company from any source within the Company, the Listed Company or any other Group Company; or

(B) concerning the business of any person having dealings with the Company, the Listed Company or any other Group Company and which is obtained in circumstances in which the Company, the Listed Company or any other Group Company is subject to a duty of confidentiality in relation to that information.

13.2 For the purposes of clause 13.1, Confidential and Business Information means:

(A) any information of a confidential nature (whether trade secrets, other private or secret information including secrets and information relating to corporate strategy, business development plans, product designs, intellectual property, business contacts, terms of business with customers and potential customers and/or suppliers, annual budgets, management accounts and other financial information); and/or

(B) any confidential report or research undertaken by or for the Company, the Listed Company or any other Group Company before or during the course of the Executive's employment; and/or

(C) lists or compilations of the names and contact details of the individuals or clients and counterparts with whom the Company, the Listed Company or any other Group Company transacts business; and/or

(D) the previous 18 months' financial results of any individual part of the business of the Company, the Listed Company or any other Group Company; and/or

(E) details of all computer systems and/or data processing or analysis software developed by the Company, the Listed Company or any other Group Company; and/or

(F) details of the requirements, financial standing, terms of business and dealings with any Company, the Listed Company or any other Group Company of any client of the Company, the Listed Company or any other Group Company; and/or

(G) contact details of all employees and directors of the Company, the Listed Company or any other Group Company together with details of their remuneration and benefits; and/or

(H) information so designated by the Company, the Listed Company or any other Group Company or which to the Executive's knowledge has been supplied to the Company, the Listed Company or any other Group Company subject to any obligation of confidentiality.

13.3 The restrictions contained in this clause 13 shall cease to apply with respect to any information which would otherwise have been Confidential and Business Information but which comes into the public domain or is otherwise in the possession of Executive's affiliates other than through an unauthorized disclosure by the Executive or a third party.

13.4 The obligations of the Executive under this clause 13 shall continue to apply after the termination of the Executive's employment (howsoever terminated).

14. **DATA PROTECTION**

14.1 The Parties hereby confirm and agree that they are committed to complying with the principles and requirements of the EU General Data Protection Regulation (GDPR).

14.2 The Executive hereby acknowledges that:

(A) the Company will collect and process information about the Executive, such as the Executive's name and contact details as well as more sensitive information, for various purposes in connection with the Executive's employment, including to manage benefits and payments, to manage expenses, to manage recruitment and on-boarding, to manage absences, for security purposes, to handle claims and disciplinary actions, to monitor performance and use of the IT systems, to conduct certain background checks and to comply with the Company's legal obligations;

(B) the Company will collect from the Executive and store personal data about the Executive's next of kin, such as their name and contact details, for use in emergency situations, and the Executive agrees that he has informed such individuals that their details have been provided to the Company;

(C) the Company may pass the Executive's information to third parties such as the Executive's previous employers, companies for which the Executive provided services, public authorities, law enforcement agencies, fraud prevention agencies and regulators who use it in connection with the purposes set out above. The Company may also pass the Executive's information to third party agents who handle it on behalf of the Company; and/or

(D) depending on the circumstances, the Company's use of personal data may involve a transfer of data outside the EU (and the European Economic Area).

14.3 The Listed Company's privacy notice, which shall also be applicable to the employment of the Executive by the Company gives more details of the personal information about the Executive and the Executive's next of kin that the Company collects and processes. The Executive confirms that the he has read the notice. The privacy notice does not form part of the terms and conditions of the Employment, and the Company reserves the right to amend it from time to time and to update the uses of personal data listed above and in the privacy notice.

14.4 The Executive shall comply with Company, the Listed Company and other Group Company policies relating to data privacy when handling personal data in the course of the employment, including personal data relating to any employee, customer, client, supplier or agent of the Company. The Executive will also comply with the Company, the Listed Company and other Group Company policies from time to time in place relating to IT and communications systems, use of social media and other policies as included from time to time.

14.5 Failure to comply with Company, the Listed Company and other Group Company policies relating to data privacy or any of the policies listed above in clause 14.3 may be dealt with under the Company's disciplinary procedure and, in serious cases, may be treated as gross misconduct leading to summary dismissal.

15. **[INTENTIONALLY OMITTED]**

16. **TERMINATION**

16.1 If the Executive resigns for Good Reason, or the Company terminates Executive's employment for any reason whatsoever other than for Cause (as defined below in clause 17.1):

(A) the Executive will (subject to clause 16.3), be entitled to receive within 7 days of the Termination Date a net severance payment (the "**Severance Payment**") of an amount equal to:

(i) his latest Basic Net Annual Salary; and

(ii) the "Performance Bonus" (as defined in the applicable Bonus Scheme Agreement); and

(iii) any "Additional Bonus" (as defined in the applicable Bonus Scheme Agreement) that the Executive had been awarded for the year preceding the termination of the Executive's employment under this clause 16.1, prorated daily on the basis of the days for which the Executive was employed during the year of his termination; and

(iv) the cost to the Company of the provision of contractual benefits to the Executive for 12 months following the Termination Date.

To the extent that the above amounts exceed and cover the statutory severance payment provided by Greek labour law (pursuant to Law 2112/1920 in conjunction with Law 3198/1955), it is clarified that the Executive shall not be entitled to receive such statutory severance payment. In any event, it is expressly agreed and accepted by the Executive that any statutory severance entitlement under Greek labour law shall be set-off against the Severance Payment agreed in this clause 16.1.

(B) In addition, the Company shall use reasonable endeavors to procure that (i) the Executive receives the full benefit of any awards under the Stock Incentive Plan and/or any Cash Award Agreement (including, without limitation, any acceleration of vesting or extension of the post-termination exercise term of the Executive's awards as provided for in the applicable award agreement) and (ii) he is treated as being a "Good Leaver" (as defined in the relevant scheme(s) and subject always to the rules and provisions of such scheme(s)) for the purposes of any other applicable bonus or incentive scheme (besides the Stock Incentive Plan) which is operated by the Company, the Listed Company or any other Group Company from time to time and in which the Executive is participating as at the Termination Date.

16.2 For the avoidance of doubt, any Severance Payment payable under clause 16.1 shall be in addition to any payments, rights or benefits accrued in respect of services already provided, including, without limitation, (**a**) any Basic Net Annual Salary paid, and provision of contractual benefits, to the Executive up to the Termination Date, including any Basic Net Annual Salary paid, and provision of contractual benefits, to the Executive during any part of his contractual notice period which he is required to work or during which he is placed on garden leave; and (**b**) the payment of a pro-rated portion of the Executive's "Performance Bonus" (as defined in the applicable Bonus Scheme Agreement) on the basis of the days of the calendar year during which the Executive was employed up to the Termination Date; and (**c**) any other unpaid bonus in accordance with the terms of the Bonus Scheme Agreement or otherwise; and (**d**) any payment in lieu of notice made to the Executive pursuant to clause 3.3. If the Company is required to deduct or withhold Employment Taxes with respect to amounts paid under clauses 16.1 and 16.2, then the Company shall pay to the Executive, in addition to the Severance Payment and the amounts under this clause 16.2, such additional amount as is necessary to ensure that the net amount actually received by the Executive (after the deduction or withholding of Employment Taxes) equals the Severance Payment and the amounts in this clause 16.2.

16.3 The Company's obligations under clause 16.1 are subject to and conditional on:

(A) the Executive entering into, and complying with the terms of, a settlement agreement with the Company in a form reasonably satisfactory to the Company and the Executive pursuant to which the Executive will waive all claims that he may have against the Company, the Listed Company or any other Group Company arising from his employment or its termination and any directorships or other offices and their termination; and

(B) the Executive's compliance with his material obligations under this Agreement (including, but not limited to, his obligations under clause 13). In the event that the Executive commits any breach of such material obligations, the Company shall be released from its obligations under clause 16.1, and in the event that the Executive commits any such breach following receipt of any payment pursuant to clause 16.1, or the Company becomes aware of any such breach following the Executive having received a payment under clause 16.1, an amount equal to the payment made under clause 16.1 shall be immediately repayable by the Executive to the Company as a debt.

16.4 In the event of a dispute between the Parties as to whether there was Cause to terminate Executive's employment or there was Good Reason for Executive to resign, the full amount of termination payments under clause 16.1 shall be placed into escrow until such time that there is a judgment by a court of competent jurisdiction that Cause or Good Reason existed, or the Parties otherwise agree in writing that the amount may be released.

16.5 In the event of death of the Executive, the Company's obligations hereunder shall automatically cease and terminate; provided, however, that within fifteen (15) days the Company shall pay to the Executive's heirs or personal representatives the Executive's basic salary and any unpaid bonuses (in accordance with the terms of the applicable Bonus Scheme Agreement) accrued to the date of death including, for the avoidance of doubt, the Severance Payment and any other amounts payable to the Executive under this Agreement as if the Executive had resigned for Good Reason; until the final determination of the identity of the heirs, the Company shall have the right to deposit any such amount with a third party escrow agent appointed by the Company or with the Greek Deposits and Loans Fund.

17. **SUMMARY TERMINATION**

17.1 The employment of the Executive may be terminated by the Company without notice or payment (to the fullest extent permitted under the law, in which case, for the avoidance of doubt, the provision of art. 5(1) second sentence of Law 3198/1955 shall be applicable) for "**Cause**", which shall mean:

(A) the Executive is guilty of misconduct or commits any serious breach or non-observance of any of the provisions of this Agreement or of his obligations to the Company, the Listed Company or any other Group Company (whether under this Agreement or otherwise) or of any lawful acts or directions of the Board or relevant rules and/or codes issued by or on behalf of any Relevant Stock Exchange or is guilty of any continued or successive breaches or non-observance of any of such provisions, obligations, acts or directions, rules and/or codes, in spite of written warning to the contrary by the Board;

(B) the Executive is in the reasonable opinion of the Board of the Listed Company negligent or incompetent in the performance of his duties;

(C) the Executive is adjudged bankrupt;

(D) the Executive is guilty of any fraud or dishonesty or acts in any manner which in the reasonable opinion of the Board of the Listed Company brings or is likely to bring the Company, the Listed Company or any other Group Company into disrepute or is materially adverse to the interests of the Company, the Listed Company or any other Group Company;

(E) the Executive performs any act or omission which in the reasonable opinion of the Board of the Listed Company may seriously damage the interests of the Company, the Listed Company or any other Group Company or willfully or negligently breaches any legislation or any regulation to which the Company, the Listed Company or other Group Company may be subject, which may result in any penalties being imposed on him or any Directors of the Company, the Listed Company or other Group Company.

(F) the Executive becomes prohibited by law or is disqualified from being a director or officer of a company;

(G) the Executive is convicted of any criminal offense by a court of competent jurisdiction (other than a minor offense for which a fine or other noncustodial penalty is imposed);

(H) the Executive commits any act of deliberate discrimination or harassment on grounds of race, sex, disability, sexual orientation, religion or belief or age;

(I) the Executive is adjudged of unsound mind or a patient for the purpose of any statute relating to mental health; or

(J) the Executive commits any other act warranting summary termination under applicable law including (but not limited to) any act justifying dismissal without notice in the terms of the Company's generally-applicable Disciplinary Rules in place from time to time.

17.2 The Company shall not terminate Executive's employment for Cause unless Executive is provided written notice of the alleged grounds for Cause under sub-clauses (A), (B), (C), (E), or (J) and a thirty (30) day period to cure.

17.3 The termination of the Executive's employment hereunder for whatsoever reason shall not affect those terms of this Agreement which are expressed to have effect after such termination and shall be without prejudice to any accrued rights or remedies of the Parties.

17.4 On the termination of the Executive's employment either summarily or otherwise, or at any other time in accordance with instructions given to him by the Board of the Listed Company, the Executive will immediately return to the Company all equipment, correspondence, records, specifications, software, models, notes, reports and other documents and any copies thereof and any other property belonging to the Company, the Listed Company or any other Group Company (including but not limited to credit cards, keys and passes) which are in the Executive's possession or under his control.

17.5 On the termination of the Executive's employment either summarily or otherwise, or at any other time in accordance with instructions given to him by the Board of the Listed Company, the Executive will immediately irretrievably delete any information relating to the business of the Company, the Listed Company or any other Group Company stored on any magnetic or optical disk or memory and all matter derived from such sources which is in his possession or under his control outside the premises of the Company, the Listed Company or any other Group Company.

17.6 Upon the request of the Board of the Listed Company, the Executive will provide a signed written statement that he has fully complied with his obligations under clauses 17.4 and/or 17.5 and the Company may withhold any sums owing to the Executive on the Termination Date until the obligations in clause 17.4 and/or 17.5 have been complied with.

18. **INVENTIONS AND IMPROVEMENTS**

18.1 For the purposes of this clause 18 the following words and expressions shall have the following meanings:

"**Intellectual Property Rights**" means (i) copyright, patents, know-how, confidential information, database rights, and rights in trademarks and designs (whether registered or unregistered), (ii) applications for registration, and the right to apply for registration, for any of the same, and (iii) all other intellectual property rights and equivalent or similar forms of protection existing anywhere in the world;

"**Invention**" means any method, idea, concept, experimental work, theme, invention, discovery, process, model, formula, prototype, sketch, drawing, plan, composition, design, configuration, improvement or modification of any kind conceived, developed, discovered, devised or produced by the Executive alone or with one or more other employees of the Company (or the Listed Company or any other Group Company) during his employment and which pertains to or is actually or potentially useful to the activities from time to time of the Company (or the Listed Company or any other Group Company) or any product or service of the Company (or the Listed Company or any other Group Company).

18.2 The Executive shall promptly disclose and deliver to the Company in confidence full details of each Invention (whether or not it was made, devised or discovered during normal working hours or using the facilities of the Company or the Listed Company), to enable the Company to determine whether rights to such Invention vest in the Company, upon the making, devising or discovering of the same and shall at the expense of the Company give all such explanations, demonstrations and instructions as the Company may deem appropriate to enable the full and effectual working, production and use of the same.

18.3 The Executive hereby assigns (in so far as title has not automatically vested in the Company through the Executive's employment) to the Company with full title guarantee by way of future assignment all copyright, database right, design right and other similar rights for the full terms (including any extension or renewals thereof) thereof throughout the world in respect of all works, designs or materials (including, without limitation, source code and object code for software) originated, conceived, written or made by the Executive during the period of his employment (except only those works or designs originated, conceived, written or made by the Executive wholly outside his normal working hours which are wholly unconnected with any business activity undertaken or planned to be undertaken by the Company, the Listed Company or any other Group Company) to hold unto the Company absolutely. The aforementioned assignment shall include the right to sue for damages and/or other remedies in respect of any infringement (including prior to the date hereof).

18.4 The Executive hereby irrevocably and unconditionally waives in favor of the Company for any work in which copyright or design right is vested in the Company whether by this clause 18 or otherwise.

18.5 The Executive shall, without additional payment to him (except to the extent provided by applicable law) at the request and expense of the Company and whether or not during the continuance of his employment, promptly execute all documents and do all acts, matters and things as may be necessary or desirable to enable the Company or its nominee to obtain, maintain, protect and enforce any Intellectual Property Right vested in the Company in any or all countries relating to the Intellectual Property Right and to enable the Company to exploit any Intellectual Property Right vested in the Company.

18.6 The Executive shall not do anything (whether by omission or commission) during his employment or at any time thereafter to affect or imperil the validity of any Intellectual Property Right obtained, applied for or to be applied for by the Company, the Listed Company or their nominees, and in particular the Executive shall not disclose or make use of any Invention which is the property of the Company or the Listed Company without the prior written consent of the Company. The Executive shall during or after the termination of his employment with the Company, at the request and expense of the Company, provide all reasonable assistance in obtaining, maintaining and enforcing such Intellectual Property Right or in relation to any proceeding relating to the Company's or the Listed Company's right, title or interest in any such Intellectual Property Right.

18.7 Without prejudice to the generality of the above clauses, the Executive hereby irrevocably authorizes the Company to appoint a person to be his attorney in his name and on his behalf to execute any documents and do any acts, matters or things as may be necessary for or incidental to grant the Company the full benefit of the provisions of this clause 18.

18.8 The obligations of the Executive under this clause 18 shall continue to apply after the termination of his employment (howsoever terminated).

18.9 For the avoidance of doubt, nothing in this Agreement shall oblige the Company (or the Listed Company or any other Group Company) to seek protection for or exploit any Intellectual Property Right.

18.10 Nothing in this Agreement shall limit in any way the permitted activities under the Non-Compete Agreement. In the event of a conflict, the Non-Compete Agreement shall prevail.

19. **GRIEVANCE AND DISCIPLINARY PROCEDURES**

19.1 In the event of the Executive wishing to seek redress of any grievance relating to his employment he should lay his grievance before the Board or the board of directors of the parent company of any group of which the Company or the Listed Company is a member from time to time (in this clause 19, "Ultimate Board") in writing, who will afford the Executive the opportunity of a full hearing before the board or a committee of the board or the Ultimate Board (as appropriate) whose decision on such grievance shall be final and binding.

19.2 The Company's and the Listed Company's usual disciplinary procedures do not apply to the Executive. In the event that any disciplinary action is to be taken against the Executive, any hearing in respect thereof will be conducted by such director of the Company, the Listed Company or the parent company of any group of which the Company or the Listed Company is a member from time to time as the Board or the Ultimate Board may in its reasonable discretion nominate. If the Executive seeks to appeal against any disciplinary action taken against him he should do so to the Ultimate Board submitting full written grounds for his appeal to the Chairman of the Ultimate Board within 7 days of the action appealed against. The decision of the Ultimate Board or a delegated committee thereof shall be final and binding. For the avoidance of doubt, the Executive has no contractual right to either a disciplinary hearing or appeal.

19.3 The Company may in its absolute discretion suspend the Executive from some or all of his duties (and if applicable, from the Board) and/or require him to remain away from work during any investigation conducted into an allegation relating to the Executive's conduct or performance. During such period, the Executive's salary will continue to be paid and he will continue to be entitled to all benefits provided to him, including participating in any relevant bonus or share option schemes subject always to the rules of those schemes.

20. **GENERAL**

20.1 No failure or delay by either party in exercising any right, power or privilege under this Agreement shall operate as a waiver thereof nor shall any single or partial exercise by either party of any right, power or privilege hereunder preclude any further exercise thereof or the exercise of any other right, power or privilege.

20.2 The Executive shall have no claim against the Company, the Listed Company or any other Group Company in respect of the termination of his employment hereunder in relation to any provision in any Stock Incentive Plan which has the effect of requiring the Executive to sell, transfer or give up any shares, securities, options or rights issued to him thereunder at any price or which causes any options or other rights granted to him thereunder to become prematurely exercisable or to lapse by reason of his termination or because he has given or received notice of termination.

20.3 Any term of any collective agreements which may affect adversely (against the Executive) the terms and conditions of the employment of the Executive hereunder shall not be applicable.

20.4 For the avoidance of doubt any payments made to or other benefits provided to the Executive or his family which are not expressly referred to in this Agreement shall be regarded as payments or benefits provided in the ordinary course of business of the Company and, unless express notice of revocation of such payments or benefits is given to the Executive, they shall be deemed to form part of the Executive's contract of employment.

20.5 If any clause or provision in this Agreement is found by a court of competent jurisdiction or other competent authority to be invalid, unlawful or unenforceable then such clause or provision shall be severed from the remainder of the Agreement or clause and that remainder shall continue to be valid and enforceable to the fullest extent permitted by law. In that case, the Parties shall negotiate in good faith to replace any invalid, unlawful or unenforceable clause or provision with a suitable substitute clause or provision which maintains as far as possible the purpose and effect of this Agreement.

20.6 This Agreement may be executed in any number of counterparts, each of which when executed, shall be an original, and all the counterparts together shall constitute one and the same instrument. Delivery of an executed signature page of a counterpart by facsimile transmission or by electronic mail in Adobe TM Portable Document Format (PDF), shall take effect as delivery of an executed counterpart of this Agreement.

20.7 No term of this Agreement is enforceable by a third party who is not a party to this Agreement.

20.8 No amendment, modification or waiver of this Agreement or any of its provisions shall be binding upon the Parties hereto unless made in writing and duly signed by the Parties.

20.9 Any amendment or change on the applicable law including without limitation tax and social security laws occurring after the date of this Agreement which may adversely affect any amount payable to the Executive by the Company under this Agreement, shall be for the Company's account in its capacity as employer which shall be obliged to gross up any such amount payable to the Executive accordingly so that the net amount received by the Executive from time to time remains the same.

21. NOTICES

21.1 Without prejudice to any other mode of service provided under the law, any notice or communication given or required under this Agreement may be served by personal delivery or by leaving the same at or by sending the same through the recognized international overnight delivery service in the case of the Company to its registered office from time to time and in the case of the Executive to his aforesaid address or to the address provided from time to time by the Executive to the Company for the purposes of its employment records.

21.2 Any notice sent by recognized international overnight delivery service shall be deemed to have been served 3 business days after the time of depositing such notice with the recognized international overnight delivery service for next day delivery.

21.3 **Process agent (antiklitos)**. The Company irrevocably appoints Ms. Lida Papadi, presently at 3-5, Menandrou Street, Kifisia, Athens, 14561 Greece, to act as its agent to receive and accept on its behalf any process or other document relating to any proceedings in the Greek courts which are connected with this Agreement.

22. **EXTENT AND SUBSISTENCE OF AGREEMENT**

22.1 The Parties hereby agree that, as of the Effective Date, the terms and provisions of the Prior Employment Agreement be and are hereby amended and restated in their entirety by the terms, conditions and provisions of this Agreement, and the terms and provisions of the Prior Employment Agreement are superseded by this Agreement.

22.2 This Agreement supersedes all other agreements other than those expressly referred to in this Agreement whether written or oral between the Company and the Executive relating to the employment of the Executive. The Executive acknowledges and warrants to the Company that he is not entering into this Agreement in reliance upon any representation not expressly set out herein.

23. **GOVERNING LAW AND JURISDICTION**

23.1 This Agreement and any dispute or claim arising out of or in connection with it or its subject matter or formation (including non-contractual disputes or claims) shall be governed by and construed in accordance with Greek law. In case of conflict between the terms of this Agreement and the provisions of Greek law, this Agreement shall prevail to the extent that its terms are more favorable for the Executive.

23.2 The Parties agree to submit to the exclusive jurisdiction of the Courts of Piraeus, Greece as regards any dispute or claim arising out of or in connection with this Agreement or its subject matter or formation (including non-contractual disputes or claims).

IN WITNESS whereof a duly authorized representative of the Company and the Executive have executed this Agreement on the 8th day of May 2020 and hereby confirm that this Agreement is effective as of the Effective Date.

EXECUTED by the Company

acting by Anastasios Psaropoulos, a Director) /s/ Anastasios Psaropoulos
)

the said **Georgios Giouroukos**) /s/ Georgios Giouroukos
)

COUNTERSIGNED, AGREED and
ACCEPTED by the Listed Company

acting by Ian Webber and Thomas Lister) /s/ Ian Webber
) /s/ Thomas Lister

Exhibit A

Leadership and strategic direction

- To lead the Board of the Company and the Listed Company.
- To provide direct line management for the Listed Company Group CEO, CFO and CCO.
- To lead and manage the executive management team of the Company and the Listed Company.
- Develop a strategy and to monitor implementation of the strategy in discussion with the Listed Company Group CEO, CFO and CCO.
- To take the chair at general meetings, board meetings, nomination committee meetings and strategy meetings of the Company and the Listed Company.
- To represent the Company and the Listed Company at the highest level including to the government, regulatory authorities, the media, prospective investors, company stakeholders and the general public.
- To, from time to time at Executive's discretion and subject to the nominating and governance committee's charter, propose to the nominating and governance committee suitable candidates for senior executive appointments, and to consult with the board and the compensation committee on senior executive compensation.

Operations and controls

- To work with the Listed Company Group CEO, CFO and CCO to:
  - Search for possible fixtures for the Group Companies' vessels and negotiate-conclude the relevant charterparties to achieve maximum income and handle any matter relating to the vessels' charterparties always in accordance with the relevant instructions.
  - Search for investments for the company to assist growth and mainly to search for possible acquisitions/selling of vessels and fleets, negotiate the terms of such ship sale and purchase agreements and conclude such and handle any matter relating to the ship and sale agreements always in accordance with relevant instructions.
  - Negotiate the terms of shipbuilding, retrofitting and repair contracts for the Group Companies' vessels and conclude such contracts, as well as handle any matter relating thereto.
  - Search for possible M&As.
  - Search for finance of new acquisitions or refinance of existing indebtedness.

- Initiate equity or debt raising.
- Perform meetings with investors in respect of equity/debt raisings.
- Perform non-deal roadshows with respect to investor relations.
- Participate in Company and Listed Company quarterly result conference calls and investor calls.
- Present the Company and Listed Company in industry events.
- Communicate with shareholders.
- Monitor budget and performance of the Company and the Listed Company.
- Monitor the efficient operation of the Company and the Listed Company.

Reporting

- To supervise with the Listed Company Group CEO, CFO and CCO to:
  - Report to the Board regularly on the operation of the Company's and Listed Company's businesses both at board meetings and at other times.
  - Provide such information to the Board as they may require in order for the board to assess the performance of the business and the achievement of the agreed strategy and budget.

Board meetings

- To plan a schedule, set agendas and conduct board meetings of the Company and the Listed Company.

Delegation

- To coordinate with the Board to focus on the key issues facing the Company and the Listed Company.
- To coordinate with the Board to delegate appropriately to its key committees.
- To coordinate with the Board to set appropriate levels of authority for senior executives.

Board composition

- To coordinate with the Board and nominating and governance committee, subject to the Company's and the Listed Company's articles of incorporation and the nominating and governance committee's charter, in establishing processes for the appointment, re-election, retirement, succession and, if necessary, removal of directors.
- To coordinate with the Board in establishing a succession plan for all directors and key executives.

Board performance

- To coordinate with the Board to oversee and evaluate the implementation of the Company's and the Listed Company's strategy, policies and business plans.

Exhibit 4.27

GSL ENTERPRISES LTD.

and

Anastasios Psaropoulos

AMENDED AND RESTATED EMPLOYMENT AGREEMENT

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AMENDED AND RESTATED EMPLOYMENT AGREEMENT BETWEEN GSL ENTERPRISES LTD. AND ANASTASIOS PSAROPOULOS

This Amended and Restated Employment Agreement (this "**Agreement**") is effective as of the 12th of March 2020 (the "**Effective Date**") and is made between:

(1) GSL ENTERPRISES LTD., whose registered office is at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands, MH 969600 and has established a branch office in Greece pursuant to the provisions of art. 25 of Law 27/1975 (former law 89/67) at 3-5, Menandrou Street, Kifisia, Athens, 14561, Greece and 9, Irodou Attikou Street, Kifisia, Athens, 14561 Greece (the **"Company**"); and

(2) ANASTASIOS PSAROPOULOS, an individual residing at 56, Asklipiou Street, Glyfada, Athens 16675, Greece, with Greek tax identification number 118731373, issued by the Greek tax office of Glyfada, Athens (the **"Executive**").

(the "**Parties**", each the "**Party**")

WHEREAS, the Executive has agreed, as an employee of the Company in a senior management position, to oversee and participate in the provision of services to the Company on the terms of the Prior Employment Agreement particularly given his appointment as Chief Financial Officer and Treasurer of the parent company Global Ship Lease, Inc., whose registered office is at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands, MH 969600 and the address of principal executive offices is at 25 Wilton Road, London SW1V 1LW, United Kingdom and whose common stock has been registered pursuant to Section 12(b) of the United States Securities Exchange Act of 1934, as amended, and is listed on the New York Stock Exchange under the trading symbol "GSL", (the **"Listed Company**").

WHEREAS, the Parties agree to amend and restate the Prior Employment Agreement by entering into this Agreement, which reflects the terms of the Prior Employment Agreement, subject to the terms and provisions herein contained.

OPERATIVE PROVISIONS

1. **INTERPRETATION**

1.1 In this Agreement the following words and expressions shall have the following meanings:

"**the Board**" means the board of directors of the Company or the Listed Company, as the context may require; references to the "**Board of the Listed Company**" shall mean the Board of Directors of Global Ship Lease, Inc. or if appropriate the compensation committee thereof;

"**Change in Control Transaction**" means the consummation, following the date of the Merger (as defined below), of any of the following transactions:

a. the acquisition, directly or indirectly, by any individual, partnership, firm, company, association, trust, unincorporated organization or other entity (a "Person"), or any Persons acting as a "group" within the meaning of Section I 3(d)(3) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") of beneficial ownership (within the meaning of Rule 13d-3 of the Exchange Act) (other than the Listed Company or a person that directly or indirectly controls, is controlled by, or is under common control with, the Listed Company) of securities of the Listed Company representing more than 50% of the total combined voting power of the Listed Company's then outstanding securities entitled to vote in the election of the directors of the Listed Company (the "Voting Shares");

b. the Listed Company disposing of all or substantially all of its assets;

c. 10% or more of the value of the assets of the Listed Company, or the Voting Shares of the Listed Company are about to be transferred, or have been transferred, because of any taking, seizure, or defeasance as a result of, or in connection with (i) nationalization, expropriation, confiscation, coercion, force or duress, or other similar action under the laws of the Republic of the Marshall Islands, or (ii) the imposition by the Republic of the Marshall Islands of a confiscatory tax, assessment, or other governmental charge or levy;

d. the merger of the Listed Company with or into another corporation or any other transaction in which securities possessing more than 50% of the total combined voting power of the Listed Company are transferred to a person or persons different from the persons holding those securities immediately prior to such transaction; or

c. the Board by resolution duly adopted by the affirmative vote of a simple majority of the votes cast by the Board determines that for the purposes of this Agreement, a Change in Control Transaction has occurred; or

f. there is a change in boardroom control of the Listed Company. A change in boardroom control for the purpose of this clause shall mean a change in the directors of the board of the Listed Company such that the majority of directors on the Board following such change are directors who were not directors immediately following the closing of the Mergers.

A transaction shall not constitute a Change in Control Transaction if its sole purpose is to change the state of the Listed Company's incorporation or to create a holding company that will be owned in substantially the same proportions by the persons who held the Listed Company's securities immediately before such transactions.

"**Good Reason**" means (a) the assignment to the Executive by the Company or the Listed Company of any duties or responsibilities inconsistent with the Executive's position, including but not limited to, any change in title the effect of which results in the Executive having a lesser status than Chief Financial Officer in the Listed Company, (b) a reduction in the Executive's base salary, (c) any change in location of the Company's principal administrative office or the Executive's normal place of work to be outside of Greece, (d) a Change in Control Transaction, (e) a Material Transaction or (f) any unilateral adverse/unfavourable variation of the employment terms of the Executive by the Company as defined by Greek labour law;

"**Group Company**" means the Company, the Listed Company, any company of which the Listed Company is a subsidiary (its holding company) and any other subsidiaries of the Listed Company or such holding company;

"**Material Transaction**" means any merger or acquisition (which is not a Change in Control Transaction) which is determined by the Board acting reasonably and in good faith to be a material merger or acquisition having a material impact on the ownership structure of the Group Companies;

"**Merger Agreement**" means the Agreement and Plan of Merger, dated as of 29 October, 2018, by and among the Listed Company, Poseidon Containers Holdings, LLC, K&T Marine, LLC and the other parties named therein.

"**Merger**" means the consummation of the mergers contemplated under the Merger Agreement;

"**Prior Employment Agreement**" means the employment agreements between the Parties dated 1 August 2019;

"**Relevant Stock Exchange**" means the New York Stock Exchange and/or any other stock exchange, recognized investment exchange or automated quotation system on which any Group Company or any of their securities, as applicable, is listed, dealt in or admitted for trading;

"**Stock Incentive Plan**" means any outstanding equity incentive plan maintained by a Group Company;

"**Subsidiary Company**" means any Group Company other than the Company and the Listed Company;

"**Termination Date**" means the date of the termination of the employment of the Executive hereunder, howsoever caused;

1.2 In this Agreement (unless the context otherwise requires):

(A) any reference to any statute or statutory provision shall be construed as including a reference to any modification, re-enactment or extension of such statute or statutory provisions of Greek labour law or the law of any other state as may be applicable in the context of the Executive's employment, for the time being in force or to any subordinate legislation made under the same;

(B) any reference to a clause is to a clause of this Agreement;

(C) the expression "directly or indirectly" means (without prejudice to the generality of the expression) either alone or jointly with or on behalf of any other person, firm or body corporate and whether on his own account or in partnership with another or others or as the holder of any interest in or as officer, employee or agent of or consultant to any other person, firm or body corporate.

1.3 The headings contained in this Agreement are for convenience only and do not form part of and shall not affect the construction of this Agreement or any part of it.

2. **APPOINTMENT**

2.1 The Company has appointed the Executive and the Executive agrees to serve the Company as director and Vice-President of the Company and shall report to the Board of the Listed Company. The Executive has also been appointed as the Chief Financial Officer and Treasurer of the Listed Company as of 20 November 2018.

2.2 The Executive warrants that by virtue of entering into this Agreement he will not be in breach of any express or implied terms of any contract with or of any other obligation to any third party which are binding upon him.

3. **TERM AND NOTICE**

3.1 The terms of this Amended and Restated Employment Agreement shall be deemed effective as of the Effective Date but the employment relationship between the Parties has commenced as of the date of the Prior Employment Agreement. Subject to the provisions of clause 17, this Agreement shall continue to be effective for an indefinite term unless and until terminated by:

(A) the Company giving to the Executive not less than 12 months' written notice; or

(B) the Executive giving to the Company not less than 6 months' written notice, unless Executive's resignation is for Good Reason in which case the Executive shall have given to the Company not less than 14 days' written notice.

3.2 The Executive's employment may only be terminated by the Company under clauses 3.1(A) and 17 or otherwise, or placed on paid leave under clause 19.3, with (a) the affirmative vote of the majority of the members of the Board of the Listed Company; or (b) a decision of the Executive Chairman of the Listed Company.

3.3 The Company reserves the right at any time, in its absolute discretion but always subject to clause 3.2, to terminate the Executive's employment by paying to the Executive a sum equal to his salary and contractual benefits for the relevant period of notice specified in clause 3.1, simultaneously with the Severance Payment provided in clause 16.1(A) and the payment of any other amount as provided in clause 16.2.

3.4 It is expressly agreed that the terms of this Agreement relating to the termination of the employment (including without limitation under clauses 3.1(A), 3.2, 3.3 and 17) shall apply in addition to any rights or benefits provided by the applicable provisions of Greek labour law as in force from time to time (including Law 2112/1920 in conjunction with Law 3198/1955 as may be amended or replaced).

4. **DUTIES**

4.1 The Executive shall during the continuance of his employment:

(A) exercise such powers and perform such duties in relation to the ship-brokerage business of the Company and mainly exercise such powers and perform such duties pertaining to the provision of ship-brokerage services by the Company's branch office in Greece, always in accordance with its establishment license under Law 27/1975;

(B) exercise such powers and perform such duties in relation to the business of the Company, of the Listed Company or of any Subsidiary Company as may from time to time be vested in or assigned to him by the Board, provided always that such new assignments do not constitute a unilateral adverse/unfavourable variation of the employment terms;

(C) well and faithfully serve the Company, the Listed Company and any relevant Subsidiary Companies to the best of his ability and carry out his duties with all due care, skill and ability, and use his best endeavors to promote and maintain their interests and reputation;

(D) be a director of the Company and act as Vice-President thereof, and remain in such capacities without any additional remuneration, (other than the amounts specified in this Agreement);

(E) act as Chief Financial Officer and Treasurer of the Listed Company, and remain in such capacities without any additional remuneration, (other than the amounts specified in this Agreement);

(F) become a director of Global Ship Lease Services Limited and remain in such capacity without any additional remuneration, (other than the amounts specified in this Agreement); and

(G) have responsibility for the duties set forth on Exhibit A hereto.

4.2 The Executive will serve the Company, the Listed Company and any Subsidiary Company in such capacity as the Board shall determine from time to time. In performance of his duties the Executive shall:

(A) normally perform his duties in 3-5 Menandrou Street, Kifissia, Athens, 14561 Greece or in 9, Irodou Attikou Street, Kifisia, Athens, 14561 Greece where the Company has an established ship-brokerage office pursuant to the provisions of art. 25 of Law 27/1975 (former law 89/67). However, due to the nature of the business of the Company and the Listed Company and the Executive's managerial position, the Executive agrees that he shall be required to travel and he may be required from time to time to work at other locations possibly in other countries for temporary periods as the position of the Executive may from time to time reasonably require, without such requirement constituting a unilateral adverse variation of the employment terms. The Company shall give reasonable notice of such temporary changes of place of work to the Executive;

(B) in all respects conform to and comply with lawful directions and regulations given and made by the Board; and

(C) in all respects conform to and comply with all relevant rules and/or codes issued by or on behalf of any Relevant Stock Exchange.

4.3 The Executive shall immediately upon the Company's request supply any and all information which the Listed Company or any other Group Company may reasonably require in order to be able to comply with any statutory or regulatory provision or stock exchange rule or requirement of any Relevant Stock Exchange.

4.4 The Executive shall comply with the Company's, the Listed Company's or any other Group Company's health and safety procedure from time to time in force.

5. **SALARY**

5.1 The Company shall pay to the Executive by way of remuneration for his services under this Agreement a basic net salary per annum of US Dollars Eighty Thousand ($80,000) or the equivalent amount in Euros, at the option of the Executive (the "**Basic Net Annual Salary**") inclusive of any director's fees payable to him by the Company or any other Group Company. If the Company is required to deduct or withhold Employment Taxes (as defined below) with respect to the Basic Net Annual Salary, then the Company shall pay to the Executive, in addition to the Basic Net Annual Salary payment, such additional amount as is necessary to ensure that the net amount actually received by the Executive (after the deduction or withholding of Employment Taxes) equals the Basic Net Annual Salary. As used herein, **"Employment Taxes"** means any applicable withholdings or deductions for, or on account of, any present or future income taxes, employee national insurance or social security contributions or other statutory payments of any nature due in respect of his Basic Net Annual Salary and any other benefits provided to him by the Company, the Listed Company or any other Group Company provided such withholdings or deductions are required by applicable law. The Basic Net Annual Salary shall accrue from day to day and shall be payable in arrears on a 14-month basis in accordance with the applicable provisions of Greek employment law (and shall be paid pro rata where the Executive is only employed during part of a month). The Basic Net Annual Salary shall be reviewed by (with the outcome of such review being at the absolute discretion of) the Board of the Listed Company on or about 1 January in each calendar year without commitment to increase. The Executive's Basic Net Annual Salary shall not be decreased.

5.2 The Company shall be entitled to deduct from any sums payable to the Executive (including salary) such sums as the Executive notifies the Company in writing to pay directly into any personal pension scheme of the Executive which is additional to the State's pension scheme through national insurance contributions.

5.3 The Executive due to his senior managerial position, is not subject to the provisions of Greek labour law which are incompatible with the special position of supervision, management and trust he possesses. More specifically, he is not subject to the provisions relating to and will not be entitled to any additional remuneration or payment (unless as and to the extent otherwise provided in this Agreement including in particular without limitation clauses 5, 6, 7 and 11) in respect of working hours, overtime (yperergasia), overtime exceeding maximum working hours (yperoria), work at night, work on any banking or public holiday, work on the sixth day of the week or on Sundays, Christmas or Easter bonuses, annual leave allowance etc. In any event, if any claim in respect of the above exists or arises, or if there is any additional right, amount or benefit provided by any collective bargaining agreement, such right or claim shall be set off with the amounts that the Executive receives under this Agreement to the fullest extent permitted by the law.

6. EXPENSES

The Company shall reimburse the Executive all reasonable traveling, hotel, entertainment and other out of pocket expenses incurred by him in or about the performance of his duties under this Agreement subject to his compliance with the Company's and the Listed Company's then current guidelines, if any, relating to expenses and to the production, if required, of receipts, vouchers or other supporting documents.

7. BONUS SCHEME

The Executive will be entitled to participate in any contractual bonus scheme or schemes established from time to time by the Company, the Listed Company or any other Group Company for executives of equivalent status to the Executive, subject always to the rules of those schemes. Any agreement which shall contractually determine the terms pursuant to which the Executive shall be entitled to bonus payments out of the profits of the Company in accordance with the provisions of Law 4111/2013, art. 43 para.5 shall be hereafter referred to as the "**Bonus Scheme Agreement**".

8. SHARE SCHEMES

The Executive will be entitled to participate in such share schemes as the Company or the Listed Company or any other Group Company may operate upon such terms as the Board may from time to time determine and subject always to the rules and eligibility requirements of the scheme or schemes from time to time in force.

9. HEALTH, LIFE AND MEDICAL INSURANCE

9.1 The Executive shall during his employment be entitled to participate in any Group Company's:

(A) permanent health insurance scheme; and

(B) arrangements for private medical treatment or medical health insurance including spouse or partner or anyone living as such and dependent children under the age of 21 years; and

(C) life assurance (together the "**Insurance Schemes**"**)**

operated from time to time by or for the Listed Company for the benefit of employees of the Listed Company or any other Group Company of equivalent status to the Executive, subject to any applicable rules and conditions of the Insurance Schemes. To the extent that there is any disparity between the rules and conditions of the relevant Insurance Scheme and the terms of this Agreement the relevant scheme rules and conditions shall prevail. The Listed Company shall not have any liability to pay any benefit to the Executive (or any family member) under any Insurance Scheme unless it receives payment of the benefit from the insurer under the scheme and shall not be responsible for providing the Executive (or any family member) with any benefit under an Insurance Scheme in the event that the relevant insurer refuses for whatever reason to pay or provide or to continue to pay or provide that benefit to the Executive (or family member).

9.2 Any Insurance Scheme which is provided for the Executive is also subject to the Listed Company's right to alter the cover provided or any term of that scheme or to cease to provide (without replacement) the scheme at any time if in the opinion of the Board (after the Executive has been examined by a medical practitioner nominated by the insurers or by the Listed Company) the state of the Executive's health is or becomes such that the Listed Company is unable to insure the benefits under the scheme at the normal premiums applicable to a person of the Executive's age.

9.3 No contracting out certificate is in force in relation to this employment.

10. **ILLNESS**

10.1 In the event of illness or other incapacity beyond his control as a result of which he is unable to perform his duties, the Executive shall remain entitled to receive his salary in full for any continuous period of 3 months or an aggregate period of 90 days' absence in any consecutive 12 month period subject to:

(A) compliance with the Company's procedures relating to sickness notification, statutory sick pay and self-certification to cover absence from work due to sickness or other incapacity and to the provision of medical certificates and/or (at the Company's discretion) undergoing a medical examination by a doctor appointed by the Company. The Executive shall co-operate in ensuring the prompt delivery of such report to the Company and authorize his own medical practitioner to supply all such information as may be required by that doctor and, if so requested by the Company, authorize his medical practitioner to disclose to the Company his opinion of the Executive's state of health;

(B) a deduction (at the Company's discretion) from his salary of an amount or amounts equal to any statutory sick pay or social security benefits to which the Executive is entitled; and

(C) a deduction (at the Company's discretion) from his salary of an amount or amounts equal to any payment made to the Executive under any health insurance arrangements effected from time to time by the Company and/or any Group Company on his behalf.

11. **VACATION DAYS**

11.1 The Executive, despite his senior management position, shall be entitled to 25 working days of vacation (in addition to the official public holidays in Greece) in each calendar year commencing on 1 January in each year (which shall accrue on a monthly basis). Holidays shall be taken at such times as are reasonable and convenient having regard to the requirements of the Company's business.

11.2 If at the end of the calendar year the Executive has accrued vacation entitlement which he has not used he shall be entitled to carry forward an absolute maximum of up to 10 days into the following calendar year.

11.3 The Company reserves the right, at its absolute discretion, to require the Executive to take any outstanding vacation days during any notice period.

11.4 On termination of the Executive's employment (howsoever occasioned), if the Executive has taken more or less than his annual vacation entitlement an appropriate adjustment shall be made to any payment of salary or benefits from the Company to the Executive. In this event the calculation shall be made on the basis that each day of vacation is worth 1/260 of his basic salary as set out in clause 5.1.

12. **[INTENTIONALLY OMITTED]**

13. **CONFIDENTIAL AND BUSINESS INFORMATION**

13.1 In addition to and without prejudice to the Executive's obligations to keep information secret under applicable law, the Executive shall not (except for the purpose of performing his duties hereunder or unless ordered to do so by a court of competent jurisdiction) either during his employment or after its termination directly or indirectly use, disclose or communicate Confidential and Business Information and he shall use his best endeavors to prevent the improper use, disclosure or communication of Confidential and Business Information:

(A) concerning the business of the Company, the Listed Company or any other Group Company and which comes to the Executive's attention during the course of or in connection with his employment or provision of services to the Company, the Listed Company or any other Group Company from any source within the Company, the Listed Company or any other Group Company; or

(B) concerning the business of any person having dealings with the Company, the Listed Company or any other Group Company and which is obtained in circumstances in which the Company, the Listed Company or any other Group Company is subject to a duty of confidentiality in relation to that information.

13.2 For the purposes of clause 13.1, Confidential and Business Information means:

(A) any information of a confidential nature (whether trade secrets, other private or secret information including secrets and information relating to corporate strategy, business development plans, product designs, intellectual property, business contacts, terms of business with customers and potential customers and/or suppliers, annual budgets, management accounts and other financial information); and/or

(B) any confidential report or research undertaken by or for the Company, the Listed Company or any other Group Company before or during the course of the Executive's employment; and/or

(C) lists or compilations of the names and contact details of the individuals or clients and counterparts with whom the Company, the Listed Company or any other Group Company transacts business; and/or

(D) the previous 18 months' financial results of any individual part of the business of the Company, the Listed Company or any other Group Company; and/or

(E) details of all computer systems and/or data processing or analysis software developed by the Company, the Listed Company or any other Group Company; and/or

(F) details of the requirements, financial standing, terms of business and dealings with any Company, the Listed Company or any other Group Company of any client of the Company, the Listed Company or any other Group Company; and/or

(G) contact details of all employees and directors of the Company, the Listed Company or any other Group Company together with details of their remuneration and benefits; and/or

(H) information so designated by the Company, the Listed Company or any other Group Company or which to the Executive's knowledge has been supplied to the Company, the Listed Company or any other Group Company subject to any obligation of confidentiality.

13.3 The restrictions contained in this clause 13 shall cease to apply with respect to any information which would otherwise have been Confidential and Business Information but which comes into the public domain or is otherwise in the possession of Executive's affiliates other than through an unauthorized disclosure by the Executive or a third party.

13.4 The obligations of the Executive under this clause 13 shall continue to apply after the termination of the Executive's employment (howsoever terminated).

14. **DATA PROTECTION**

14.1 The Parties hereby confirm and agree that they are committed to complying with the principles and requirements of the EU General Data Protection Regulation (GDPR).

14.2 The Executive hereby acknowledges that:

(A) the Company will collect and process information about the Executive, such as the Executive's name and contact details as well as more sensitive information, for various purposes in connection with the Executive's employment, including to manage benefits and payments, to manage expenses, to manage recruitment and on-boarding, to manage absences, for security purposes, to handle claims and disciplinary actions, to monitor performance and use of the IT systems, to conduct certain background checks and to comply with the Company's legal obligations;

(B) the Company will collect from the Executive and store personal data about the Executive's next of kin, such as their name and contact details, for use in emergency situations, and the Executive agrees that he has informed such individuals that their details have been provided to the Company;

(C) the Company may pass the Executive's information to third parties such as the Executive's previous employers, companies for which the Executive provided services, public authorities, law enforcement agencies, fraud prevention agencies and regulators who use it in connection with the purposes set out above. The Company may also pass the Executive's information to third party agents who handle it on behalf of the Company; and/or

(D) depending on the circumstances, the Company's use of personal data may involve a transfer of data outside the EU (and the European Economic Area).

14.3 The Listed Company's privacy notice, which shall also be applicable to the employment of the Executive by the Company gives more details of the personal information about the Executive and the Executive's next of kin that the Company collects and processes. The Executive confirms that the he has read the notice. The privacy notice does not form part of the terms and conditions of the Employment, and the Company reserves the right to amend it from time to time and to update the uses of personal data listed above and in the privacy notice.

14.4 The Executive shall comply with Company, the Listed Company and other Group Company policies relating to data privacy when handling personal data in the course of the employment, including personal data relating to any employee, customer, client, supplier or agent of the Company. The Executive will also comply with the Company, the Listed Company and other Group Company policies from time to time in place relating to IT and communications systems, use of social media and other policies as included from time to time.

14.5 Failure to comply with Company, the Listed Company and other Group Company policies relating to data privacy or any of the policies listed above in clause 14.3 may be dealt with under the Company's disciplinary procedure and, in serious cases, may be treated as gross misconduct leading to summary dismissal.

15. **[INTENTIONALLY OMITTED]**

16. **TERMINATION**

16.1 If the Executive resigns for Good Reason, or the Company terminates Executive's employment for any reason whatsoever other than for Cause (as defined below in clause 17.1):

(A) the Executive will (subject to clause 16.3), be entitled to receive within 7 days of the Termination Date a net severance payment (the "**Severance Payment**") of an amount equal to:

(i) his latest Basic Net Annual Salary; and

(ii) the "Performance Bonus" (as defined in the applicable Bonus Scheme Agreement); and

(iii) any "Additional Bonus" (as defined in the applicable Bonus Scheme Agreement) that the Executive had been awarded for the year preceding the termination of the Executive's employment under this clause 16.1, prorated daily on the basis of the days for which the Executive was employed during the year of his termination; and

(iv) the cost of the Company of the provision of contractual benefits to the Executive for 12 months following the Termination Date.

To the extent that the above amounts exceed and cover the statutory severance payment provided by Greek labour law (pursuant to Law 2112/1920 in conjunction with Law 3198/1955), it is clarified that the Executive shall not be entitled to receive such statutory severance payment. In any event, it is expressly agreed and accepted by the Executive that any statutory severance entitlement under Greek labour law shall be set-off against the Severance Payment agreed in this clause 16.1.

(B) In addition, the Company shall use reasonable endeavors to procure that (i) the Executive receives the full benefit of any awards under the Stock Incentive Plan and/or any Cash Award Agreement (including, without limitation, any acceleration of vesting or extension of the post-termination

exercise term of the Executive's awards as provided for in the applicable award agreement) and (ii) he is treated as being a "Good Leaver" (as defined in the relevant scheme(s) and subject always to the rules and provisions of such scheme(s)) for the purposes of any other applicable bonus or incentive scheme (besides the Stock Incentive Plan) which is operated by the Company, the Listed Company or any other Group Company from time to time and in which the Executive is participating as at the Termination Date.

16.2 For the avoidance of doubt, any Severance Payment payable under clause 16.1 shall be in addition to any payments, rights or benefits accrued in respect of services already provided, including, without limitation, (**a**) any Basic Net Annual Salary paid, and provision of contractual benefits, to the Executive up to the Termination Date, including any Basic Net Annual Salary paid, and provision of contractual benefits, to the Executive during any part of his contractual notice period which he is required to work or during which he is placed on garden leave; and (**b**) the payment of a pro-rated portion of the Executive's "Performance Bonus" (as defined in the applicable Bonus Scheme Agreement) on the basis of the days of the calendar year during which the Executive was employed up to the Termination Date; and (**c**) any other unpaid bonus in accordance with the terms of the Bonus Scheme Agreement or otherwise; and (**d**) any payment in lieu of notice made to the Executive pursuant to clause 3.3. If the Company is required to deduct or withhold Employment Taxes with respect to amounts paid under clauses 16.1 and 16.2, then the Company shall pay to the Executive, in addition to the Severance Payment and the amounts under this clause 16.2, such additional amount as is necessary to ensure that the net amount actually received by the Executive (after the deduction or withholding of Employment Taxes) equals the Severance Payment and the amounts in this clause 16.2.

16.3 The Company's obligations under clause 16.1 are subject to and conditional on:

(A) the Executive entering into, and complying with the terms of, a settlement agreement with the Company in a form reasonably satisfactory to the Company and the Executive pursuant to which the Executive will waive all claims that he may have against the Company, the Listed Company or any other Group Company arising from his employment or its termination and any directorships or other offices and their termination; and

(B) the Executive's compliance with his material obligations under this Agreement (including, but not limited to, his obligations under clause 13). In the event that the Executive commits any breach of such material obligations, the Company shall be released from its obligations under clause 16.1, and in the event that the Executive commits any such breach following receipt of any payment pursuant to clause 16.1, or the Company becomes aware of any such breach following the Executive having received a payment under clause 16.1, an amount equal to the payment made under clause 16.1 shall be immediately repayable by the Executive to the Company as a debt.

16.4 In the event of a dispute between the Parties as to whether there was Cause to terminate Executive's employment or there was Good Reason for Executive to resign, the full amount of termination payments under clause 16.1 shall be placed into escrow until such time that there is a judgment by a court of competent jurisdiction that Cause or Good Reason existed, or the Parties otherwise agree in writing that the amount may be released.

16.5 In the event of death of the Executive, the Company's obligations hereunder shall automatically cease and terminate; provided, however, that within fifteen (15) days the Company shall pay to the Executive's heirs or personal representatives the Executive's basic salary and any unpaid bonuses (in accordance with the terms of the applicable Bonus Scheme Agreement) accrued to the date of death including, for the avoidance of doubt, the Severance Payment and any other amounts payable to the Executive under this Agreement as if the Executive had resigned for Good Reason; until the final determination of the identity of the heirs, the Company shall have the right to deposit any such amount with a third party escrow agent appointed by the Company or with the Greek Deposits and Loans Fund.

17. **SUMMARY TERMINATION**

17.1 The employment of the Executive may be terminated by the Company without notice or payment (to the fullest extent permitted under the law, in which case, for the avoidance of doubt, the provision of art. 5(1) second sentence of Law 3198/1955 shall be applicable) for "**Cause**", which shall mean:

(A) the Executive is guilty of misconduct or commits any serious breach or non-observance of any of the provisions of this Agreement or of his obligations to the Company, the Listed Company or any other Group Company (whether under this Agreement or otherwise) or of any lawful acts or directions of the Board or relevant rules and/or codes issued by or on behalf of any Relevant Stock Exchange or is guilty of any continued or successive breaches or non-observance of any of such provisions, obligations, acts or directions, rules and/or codes, in spite of written warning to the contrary by the Board;

(B) the Executive is in the reasonable opinion of the Board of the Listed Company or the Executive Chairman negligent or incompetent in the performance of his duties;

(C) the Executive is adjudged bankrupt;

(D) the Executive is guilty of any fraud or dishonesty or acts in any manner which in the reasonable opinion of the Board of the Listed Company or the Executive Chairman brings or is likely to bring the Company, the Listed Company or any other Group Company into disrepute or is materially adverse to the interests of the Company, the Listed Company or any other Group Company;

(E) the Executive performs any act or omission which in the reasonable opinion of the Board of the Listed Company or the Executive Chairman may seriously damage the interests of the Company, the Listed Company or any other Group Company or willfully or negligently breaches any legislation or any regulation to which the Company, the Listed Company or other Group Company may be subject, which may result in any penalties being imposed on him or any Directors of the Company, the Listed Company or other Group Company.

(F) the Executive becomes prohibited by law or is disqualified from being a director or officer of a company;

(G) the Executive is convicted of any criminal offense by a court of competent jurisdiction (other than a minor offense for which a fine or other noncustodial penalty is imposed);

(H) the Executive commits any act of deliberate discrimination or harassment on grounds of race, sex, disability, sexual orientation, religion or belief or age;

(I) the Executive is adjudged of unsound mind or a patient for the purpose of any statute relating to mental health; or

(J) the Executive commits any other act warranting summary termination under applicable including (but not limited to) any act justifying dismissal without notice in the terms of the Company's generally-applicable Disciplinary Rules in place from time to time.

17.2 The Company shall not terminate Executive's employment for Cause unless Executive is provided written notice of the alleged grounds for Cause under sub-clauses (A), (B), (C), (E), or (J) and a thirty (30) day period to cure.

17.3 The termination of the Executive's employment hereunder for whatsoever reason shall not affect those terms of this Agreement which are expressed to have effect after such termination and shall be without prejudice to any accrued rights or remedies of the Parties.

17.4 On the termination of the Executive's employment either summarily or otherwise, or at any other time in accordance with instructions given to him by the Board of the Listed Company or the Executive Chairman, the Executive will immediately return to the Company all equipment, correspondence, records, specifications, software, models, notes, reports and other documents and any copies thereof and any other property belonging to the Company, the Listed Company or any other Group Company (including but not limited to credit cards, keys and passes) which are in the Executive's possession or under his control.

17.5 On the termination of the Executive's employment either summarily or otherwise, or at any other time in accordance with instructions given to him by the Board of the Listed Company or the Executive Chairman, the Executive will immediately irretrievably delete any information relating to the business of the Company, the Listed Company or any other Group Company stored on any magnetic or optical disk or memory and all matter derived from such sources which is in his possession or under his control outside the premises of the Company, the Listed Company or any other Group Company.

17.6 Upon the request of the Board of the Listed Company, the Executive will provide a signed written statement that he has fully complied with his obligations under clauses 17.4 and/or 17.5 and the Company may withhold any sums owing to the Executive on the Termination Date until the obligations in clause 17.4 and/or 17.5 have been complied with.

18. **INVENTIONS AND IMPROVEMENTS**

18.1 For the purposes of this clause 18 the following words and expressions shall have the following meanings:

"**Intellectual Property Rights**" means (i) copyright, patents, know-how, confidential information, database rights, and rights in trademarks and designs (whether registered or unregistered), (ii) applications for registration, and the right to apply for registration, for any of the same, and (iii) all other intellectual property rights and equivalent or similar forms of protection existing anywhere in the world;

"**Invention**" means any method, idea, concept, experimental work, theme, invention, discovery, process, model, formula, prototype, sketch, drawing, plan, composition, design, configuration, improvement or modification of any kind conceived, developed, discovered, devised or produced by the Executive alone or with one or more other employees of the Company (or the Listed Company or any other Group Company) during his employment and which pertains to or is actually or potentially useful to the activities from time to time of the Company (or the Listed Company or any other Group Company) or any product or service of the Company (or the Listed Company or any other Group Company).

18.2 The Executive shall promptly disclose and deliver to the Company in confidence full details of each Invention (whether or not it was made, devised or discovered during normal working hours or using the facilities of the Company or the Listed Company), to enable the Company to determine whether rights to such Invention vest in the Company, upon the making, devising or discovering of the same and shall at the expense of the Company give all such explanations, demonstrations and instructions as the Company may deem appropriate to enable the full and effectual working, production and use of the same.

18.3 The Executive hereby assigns (in so far as title has not automatically vested in the Company through the Executive's employment) to the Company with full title guarantee by way of future assignment all copyright, database right, design right and other similar rights for the full terms (including any extension or renewals thereof) thereof throughout the world in respect of all works, designs or materials (including, without limitation, source code and object code for software) originated, conceived, written or made by the Executive during the period of his employment (except only

those works or designs originated, conceived, written or made by the Executive wholly outside his normal working hours which are wholly unconnected with any business activity undertaken or planned to be undertaken by the Company, the Listed Company or any other Group Company) to hold unto the Company absolutely. The aforementioned assignment shall include the right to sue for damages and/or other remedies in respect of any infringement (including prior to the date hereof).

18.4 The Executive hereby irrevocably and unconditionally waives in favor of the Company for any work in which copyright or design right is vested in the Company whether by this clause 18 or otherwise.

18.5 The Executive shall, without additional payment to him (except to the extent provided by applicable law) at the request and expense of the Company and whether or not during the continuance of his employment, promptly execute all documents and do all acts, matters and things as may be necessary or desirable to enable the Company or its nominee to obtain, maintain, protect and enforce any Intellectual Property Right vested in the Company in any or all countries relating to the Intellectual Property Right and to enable the Company to exploit any Intellectual Property Right vested in the Company.

18.6 The Executive shall not do anything (whether by omission or commission) during his employment or at any time thereafter to affect or imperil the validity of any Intellectual Property Right obtained, applied for or to be applied for by the Company, the Listed Company or their nominees, and in particular the Executive shall not disclose or make use of any Invention which is the property of the Company or the Listed Company without the prior written consent of the Company. The Executive shall during or after the termination of his employment with the Company, at the request and expense of the Company, provide all reasonable assistance in obtaining, maintaining and enforcing such Intellectual Property Right or in relation to any proceeding relating to the Company's or the Listed Company's right, title or interest in any such Intellectual Property Right.

18.7 Without prejudice to the generality of the above clauses, the Executive hereby irrevocably authorizes the Company to appoint a person to be his attorney in his name and on his behalf to execute any documents and do any acts, matters or things as may be necessary for or incidental to grant the Company the full benefit of the provisions of this clause 18.

18.8 The obligations of the Executive under this clause 18 shall continue to apply after the termination of his employment (howsoever terminated).

18.9 For the avoidance of doubt, nothing in this Agreement shall oblige the Company (or the Listed Company or any other Group Company) to seek protection for or exploit any Intellectual Property Right.

19. **GRIEVANCE AND DISCIPLINARY PROCEDURES**

19.1 In the event of the Executive wishing to seek redress of any grievance relating to his employment he should lay his grievance before the Board or the board of directors of the parent company of any group of which the Company or the Listed Company is a member from time to time (in this clause 19, "Ultimate Board") in writing, who will afford the Executive the opportunity of a full hearing before the board or a committee of the board or the Ultimate Board (as appropriate) whose decision on such grievance shall be final and binding.

19.2 The Company's and the Listed Company's usual disciplinary procedures do not apply to the Executive. In the event that any disciplinary action is to be taken against the Executive, any hearing in respect thereof will be conducted by such director of the Company, the Listed Company or the parent company of any group of which the Company or the Listed Company is a member from time to time as the Board or the Ultimate Board may in its reasonable discretion nominate. If the Executive seeks to appeal against any disciplinary action taken against him he should do so to the Ultimate Board submitting full written grounds for his appeal to the Chairman of the Ultimate Board within 7 days of the action appealed against. The decision of the Ultimate Board or a delegated committee thereof shall be final and binding. For the avoidance of doubt, the Executive has no contractual right to either a disciplinary hearing or appeal.

19.3 The Company may in its absolute discretion suspend the Executive from some or all of his duties (and if applicable, from the Board) and/or require him to remain away from work during any investigation conducted into an allegation relating to the Executive's conduct or performance. During such period, the Executive's salary will continue to be paid and he will continue to be entitled to all benefits provided to him, including participating in any relevant bonus or share option schemes subject always to the rules of those schemes.

20. **GENERAL**

20.1 No failure or delay by either party in exercising any right, power or privilege under this Agreement shall operate as a waiver thereof nor shall any single or partial exercise by either party of any right, power or privilege hereunder preclude any further exercise thereof or the exercise of any other right, power or privilege.

20.2 The Executive shall have no claim against the Company, the Listed Company or any other Group Company in respect of the termination of his employment hereunder in relation to any provision in any Stock Incentive Plan which has the effect of requiring the Executive to sell, transfer or give up any shares, securities, options or rights issued to him thereunder at any price or which causes any options or other rights granted to him thereunder to become prematurely exercisable or to lapse by reason of his termination or because he has given or received notice of termination.

20.3 Any term of any collective agreements which may affect adversely (against the Executive) the terms and conditions of the employment of the Executive hereunder shall not be applicable.

20.4 For the avoidance of doubt any payments made to or other benefits provided to the Executive or his family which are not expressly referred to in this Agreement shall be regarded as payments or benefits provided in the ordinary course of business of the Company and, unless express notice of revocation of such payments or benefits is given to the Executive, they shall be deemed to form part of the Executive's contract of employment.

20.5 If any clause or provision in this Agreement is found by a court of competent jurisdiction or other competent authority to be invalid, unlawful or unenforceable then such clause or provision shall be severed from the remainder of the Agreement or clause and that remainder shall continue to be valid and enforceable to the fullest extent permitted by law. In that case, the Parties shall negotiate in good faith to replace any invalid, unlawful or unenforceable clause or provision with a suitable substitute clause or provision which maintains as far as possible the purpose and effect of this Agreement.

20.6 This Agreement may be executed in any number of counterparts, each of which when executed, shall be an original, and all the counterparts together shall constitute one and the same instrument. Delivery of an executed signature page of a counterpart by facsimile transmission or by electronic mail in Adobe TM Portable Document Format (PDF), shall take effect as delivery of an executed counterpart of this Agreement.

20.7 No term of this Agreement is enforceable by a third party who is not a party to this Agreement.

20.8 No amendment, modification or waiver of this Agreement or any of its provisions shall be binding upon the Parties hereto unless made in writing and duly signed by the Parties.

20.9 Any amendment or change on the applicable law including without limitation tax and social security laws occurring after the date of this Agreement which may adversely affect any amount payable to the Executive by the Company under this Agreement, shall be for the Company's account in its capacity as employer which shall be obliged to gross up any such amount payable to the Executive accordingly so that the net amount received by the Executive from time to time remains the same.

21. **NOTICES**

21.1 Without prejudice to any other mode of service provided under the law, any notice or communication given or required under this Agreement may be served by personal delivery or by leaving the same at or by sending the same through the recognized international overnight delivery service in the case of the Company to its registered office from time to time and in the case of the Executive to his aforesaid address or to the address provided from time to time by the Executive to the Company for the purposes of its employment records.

21.2 Any notice sent by recognized international overnight delivery service shall be deemed to have been served 3 business days after the time of depositing such notice with the recognized international overnight delivery service for next day delivery.

21.3 **Process agent (antiklitos)**. The Company irrevocably appoints Ms. Lida Papadi, presently at 3-5, Menandrou Street, Kifisia, Athens, 14561 Greece, to act as its agent to receive and accept on its behalf any process or other document relating to any proceedings in the Greek courts which are connected with this Agreement.

22. **EXTENT AND SUBSISTENCE OF AGREEMENT**

22.1 The Parties hereby agree that, as of the Effective Date, the terms and provisions of the Prior Employment Agreement be and are hereby amended and restated in their entirety by the terms, conditions and provisions of this Agreement, and the terms and provisions of the Prior Employment Agreement are superseded by this Agreement.

22.2 This Agreement supersedes all other agreements other than those expressly referred to in this Agreement whether written or oral between the Company and the Executive relating to the employment of the Executive. The Executive acknowledges and warrants to the Company that he is not entering into this Agreement in reliance upon any representation not expressly set out herein.

23. **GOVERNING LAW AND JURISDICTION**

23.1 This Agreement and any dispute or claim arising out of or in connection with it or its subject matter or formation (including non-contractual disputes or claims) shall be governed by and construed in accordance with Greek law. In case of conflict between the terms of this Agreement and the provisions of Greek law, this Agreement shall prevail to the extent that its terms are more favorable for the Executive.

23.2 The Parties agree to submit to the exclusive jurisdiction of the Courts of Piraeus, Greece as regards any dispute or claim arising out of or in connection with this Agreement or its subject matter or formation (including non-contractual disputes or claims).

IN WITNESS whereof a duly authorized representative of the Company and the Executive have executed this Agreement on the 8th day of May 2020 and hereby confirm that this Agreement is effective as of the Effective Date.

EXECUTED by the Company

acting by Georgios Giouroukos, a Director	)	/s/ Georgios Giouroukos
	)	
the said **Anastasios Psaropoulos**	)	/s/ Anastasios Psaropoulos
	)	

COUNTERSIGNED, AGREED and **ACCEPTED** by the Listed Company

acting by Ian Webber and Thomas Lister	)	/s/ Ian Webber
	)	/s/ Thomas Lister

Exhibit A

Leadership and strategic direction

- To develop a financial strategy and to monitor implementation of such strategy in discussion with the Listed Company Group Executive Chairman, CEO and CCO.
- To prepare strategic recommendations to the Board of the Company and the Listed Company.
- To supervise and control the Company's and the Listed Company's financials, accounting and treasury.
- To establish and develop relations with the Listed Company's senior management, stakeholders (shareholders, analysts, creditors) and external parties (future investors, lawyers, advisors).
- To provide leadership, direction and management of the Listed Company's finance and accounting team.
- To manage the processes for financial forecasting, controls and budgets, and oversee the preparation of all financial reporting.
- To undertake long-term planning and establish business objectives, including strategic business plans, financial and other business objectives.
- To represent the Company and the Listed Company at the highest level including to the government, regulatory authorities, the media, prospective investors, company stakeholders and the general public.

Operations and controls

- To work with the Listed Company Group Executive Chairman, CEO and CCO to:
  - Search for possible fixtures for the Group Companies' vessels and negotiate-conclude the relevant charterparties to achieve maximum income and handle any matter relating to the vessels' charterparties always in accordance with the relevant instructions.
  - Search for investments for the company to assist growth and mainly to search for possible acquisitions/selling of vessels and fleets, negotiate the terms of such ship sale and purchase agreements and conclude such and handle any matter relating to the ship sale and purchase agreements always in accordance with the relevant instructions.
  - Negotiate the terms of shipbuilding, retrofitting and repair contracts for the Group Companies' vessels and conclude such contracts, as well as handle any matter relating thereto.

- Monitor the collection of charter-hires payable in accordance with the Group Companies' vessels charterparties and the payment of any amount due under the Group Companies' vessels shipbuilding, retrofitting and repair contracts.
- Search for possible M&As.
- Search for finance of new acquisitions or refinance of existing indebtedness.
- Initiate equity or debt raising.
- Perform meetings with investors in respect of equity/debt raisings.
- Perform non-deal roadshows with respect to investor relations.
- Participate in Company and Listed Company quarterly result conference calls and investor calls.
- Present the Company and Listed Company in industry events.
- Communicate with shareholders.
- Monitor budget and performance of the Company and the Listed Company.
- Monitor cash balances and cash forecasts of the Company and the Listed Company.
- Monitor the efficient operation of the Company and the Listed Company.
- Review the Listed Company's public filings.
- Prepare the financial statements for the Company and the Listed Company in accordance with all regulatory requirements.
- Perform risk management by analyzing the Company's and the Listed Company's liabilities and investments.
- Ensure compliance with tax law and coordinate and produce all tax documentation as required.

Reporting

- To supervise with the Listed Company Group Executive Chairman, CEO, and CCO to:
  - Report to the board regularly on the operation of the Company's and Listed Company's businesses both at board meetings and at other times.
  - Provide such information to the board as they may require in order for the board to assess the performance of the business and the achievement of the agreed strategy and budget.

Exhibit 8.1

LIST OF SUBSIDIARIES OF GLOBAL SHIP LEASE, INC.

No.	Name	Business	Jurisdiction of Incorporation
1	Global Ship Lease, Inc.	Holding	Republic of Marshall Islands
2	GSL Rome LLC	Sub-holding	Republic of Marshall Islands
3	Poseidon Containers Holdings LLC	Sub-holding	Republic of Marshall Islands
4	K&T Marine LLC	Sub-holding	Republic of Marshall Islands
5	GSL Enterprises Ltd.	Service company	Republic of Marshall Islands
6	GSL Legacy Holding LLC	Sub-holding	Republic of Marshall Islands
7	Knausen Holding LLC	Sub-holding	Republic of Marshall Islands
8	GSL Alcazar Inc.	Owns CMA CGM Alcazar	Republic of Marshall Islands
9	GSL Holdings, Inc.	Sub-holding	Republic of Marshall Islands
10	Global Ship Lease Investments, Inc.	Sub-holding	Republic of Marshall Islands
11	Aris Marine LLC	Owns Maira	Republic of Marshall Islands
12	Aphrodite Marine LLC	Owns Nikolas	Republic of Marshall Islands
13	Athena Marine LLC	Owns Newyorker	Republic of Marshall Islands
14	Hephaestus Marine LLC	Owns Dolphin II	Republic of Marshall Islands
15	Pericles Marine LLC	Owns Athena	Republic of Marshall Islands
16	Zeus One Marine LLC	Owns Orca I	Republic of Marshall Islands
17	Leonidas Marine LLC	Owns Agios Dimitrios	Republic of Marshall Islands
18	Odysseus Marine LLC	Sub-holding	Republic of Marshall Islands
19	Alexander Marine LLC	Owns Mary	Republic of Marshall Islands
20	Hector Marine LLC	Owns Kristina	Republic of Marshall Islands
21	Ikaros Marine LLC	Owns Katherine	Republic of Marshall Islands
22	Tasman Marine LLC	Owns Tasman	Republic of Marshall Islands
23	Hudson Marine LLC	Owns Dimitris Y	Republic of Marshall Islands
24	Drake Marine LLC	Owns Ian H	Republic of Marshall Islands
25	Marine Treasurer LLC	Treasury	Republic of Marshall Islands
26	Triton Containers Holdings LLC	Sub-holding	Republic of Marshall Islands
27	Triton NB LLC	Sub-holding	Republic of Marshall Islands
28	Philippos Marine LLC	Owns Alexandra	Republic of Marshall Islands
29	Aristoteles Marine LLC	Owns Alexis	Republic of Marshall Islands
30	Menelaos Marine LLC	Owns Olivia I	Republic of Marshall Islands
31	Odyssia Containers Holdings LLC	Sub-holding	Republic of Marshall Islands

32	Odyssia NB LLC	Sub-holding	Republic of Marshall Islands
33	Argos Marine LLC	Inactive	Republic of Marshall Islands
34	Laertis Marine LLC	Owns UASC Al Khor	Republic of Marshall Islands
35	Penelope Marine LLC	Owns Maira XL	Republic of Marshall Islands
36	Telemachus Marine LLC	Owns Anthea Y	Republic of Marshall Islands
37	Global Ship Lease 30 LLC	Owns GSL Eleni	Republic of Marshall Islands
38	Global Ship Lease 31 LLC	Owns GSL Kalliopi	Republic of Marshall Islands
39	Global Ship Lease 32 LLC	Owns GSL Grania	Republic of Marshall Islands
40	Global Ship Lease 33 LLC	Owns GSL Vinia	Liberia
41	Global Ship Lease 34 LLC	Owns GSL Christel Elisabeth	Liberia
42	Global Ship Lease 35 LLC	Owns GSL Nicoletta	Liberia
43	Global Ship Lease 36 LLC	Owns GSL Christen	Liberia
44	Global Ship Lease 37 LLC	Inactive	Liberia
45	Global Ship Lease 38 LLC	Owns Manet	Liberia
46	Global Ship Lease 39 LLC	Inactive	Liberia
47	Global Ship Lease 40 LLC	Owns Keta	Liberia
48	Global Ship Lease 41 LLC	Owns Julie	Liberia
49	Global Ship Lease 42 LLC	Owns GSL Valerie	Liberia
50	Global Ship Lease 43 LLC	Owns GSL Ningbo	Liberia
51	Global Ship Lease 44 LLC	Owns Marie Delmas	Liberia
52	Global Ship Lease 45 LLC	Owns Kumasi	Liberia
53	Global Ship Lease 46 LLC	Owns La tour	Liberia
54	Global Ship Lease 47 LLC	Owns GSL Chateau d ‘If	Liberia
55	Global Ship Lease 48 LLC	Owns CMA CGM Berlioz	Liberia
56	Global Ship Lease 49 LLC	Owns CMA CGM Sambhar	Liberia
57	Global Ship Lease 50 LLC	Owns CMA CGM Jamaica	Liberia
58	Global Ship Lease 51 LLC	Owns CMA CGM America	Liberia
59	Global Ship Lease 52 LLC	Owns MSC Qingdao	Liberia
60	Global Ship Lease 53 LLC	Owns MSC Tianjin	Liberia
61	Global Ship Lease 54 LLC	Owns CMA CGM Thalassa	Liberia
62	Global Ship Lease 1 Limited	Inactive	Cyprus
63	Global Ship Lease 2 Limited	Inactive	Cyprus

64	Global Ship Lease 3 Limited	Inactive	Cyprus
65	Global Ship Lease 4 Limited	Inactive	Cyprus
66	Global Ship Lease 5 Limited	Inactive	Cyprus
67	Global Ship Lease 6 Limited	Inactive	Cyprus
68	Global Ship Lease 7 Limited	Inactive	Cyprus
69	Global Ship Lease 8 Limited	Inactive	Cyprus
70	Global Ship Lease 9 Limited	Inactive	Cyprus
71	Global Ship Lease 10 Limited	Inactive	Cyprus
72	Global Ship Lease 11 Limited	Inactive	Cyprus
73	Global Ship Lease 12 Limited	Inactive	Cyprus
74	Global Ship Lease 13 Limited	Inactive	Cyprus
75	Global Ship Lease 14 Limited	Inactive	Cyprus
76	Global Ship Lease 15 Limited	Inactive	Cyprus
77	Global Ship Lease 16 Limited	Inactive	Cyprus
78	Global Ship Lease 17 Limited	Inactive	Cyprus
79	THD Maritime Co, Limited	Inactive	Cyprus
80	Global Ship Lease 20 Limited	Inactive	Hong Kong
81	Global Ship Lease 21 Limited	Inactive	Hong Kong
82	Global Ship Lease 22 Limited	Inactive	Hong Kong
83	Global Ship Lease 23 Limited	Inactive	Hong Kong
84	Global Ship Lease 24 Limited	Inactive	Hong Kong
85	Global Ship Lease 25 Limited	Inactive	Hong Kong
86	Global Ship Lease 26 Limited	Inactive	Hong Kong
87	Global Ship Lease 27 Limited	Inactive	Hong Kong
88	Global Ship Lease 28 Limited	Inactive	Hong Kong
89	Global Ship Lease 29 Limited	Inactive	Hong Kong
90	Global Ship Lease Services Limited	Service company	UK

Exhibit 12.1

CERTIFICATION

I, Ian J. Webber, Chief Executive Officer of the Company, certify that:

1. I have reviewed this Annual Report on Form 20-F of Global Ship Lease, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Dated: March 19, 2021

By: /s/ Ian J. Webber
Ian J. Webber
Chief Executive Officer
(Principal Executive Officer)

Exhibit 12.2

CERTIFICATION

I, Anastasios Psaropoulos, Chief Financial Officer of the Company, certify that:

1. I have reviewed this Annual Report on Form 20-F of Global Ship Lease, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;

4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Dated: March 19, 2021

By: /s/ Anastasios Psaropoulos
Anastasios Psaropoulos
Chief Financial Officer
(Principal Financial Officer)

Exhibit 13.1

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO SECTION 906

OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Global Ship Lease, Inc. (the "Company") on Form 20-F for the year ended December 31, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Form 20-F"), I, Ian J. Webber, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Form 20-F fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

(2) The information contained in the Form 20-F fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 19, 2021

By: /s/ Ian J. Webber
Ian J. Webber
Chief Executive Officer
(Principal Executive Officer)

Exhibit 13.2

CERTIFICATION PURSUANT TO

18 U.S.C. SECTION 1350,

AS ADOPTED PURSUANT TO SECTION 906

OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Global Ship Lease, Inc. (the "Company") on Form 20-F for the year ended December 31, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Form 20-F"), I, Anastasios Psaropoulos, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Form 20-F fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)); and

(2) The information contained in the Form 20-F fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 19, 2021

By: /s/ Anastasios Psaropoulos
Anastasios Psaropoulos
Chief Financial Officer
(Principal Financial Officer)

Exhibit 15.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form F-3 (Nos. 333-231509, 333-234343 and 333-235305) of Global Ship Lease, Inc. of our report dated March 19, 2021 relating to the consolidated financial statements, which appears in this Form 20-F.

/s/ PricewaterhouseCoopers S.A.

Athens, Greece
March 19, 2021

Exhibit 15.2

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

March 17, 2021

Ladies and Gentlemen:

Reference is made to the Annual Report on Form 20-F of Global Ship Lease, Inc. (the "Company") for the year ended December 31, 2020 (the "Annual Report") and the registration statements on Form F-3 (File Nos. 333-231509, 333-234343 and 333-235305) of the Company, as may be amended, including the prospectuses contained therein (the "Registration Statements"). We hereby consent to all references to our name in the Annual Report and to the use of the statistical information and industry and market data supplied by us as set forth in the Annual Report and to the incorporation by reference of the same into the Registration Statements. We further advise the Company that our role has been limited to the provision of such statistical information and industry and market data supplied by us. With respect to such information and data, we advise you that:

(1) we have accurately described the information and data of the container shipping industry, subject to the availability and reliability of the data supporting the statistical and graphical information presented; and

(2) our methodologies for collecting information and data may differ from those of other sources and does not reflect all or even necessarily a comprehensive set of the actual transactions occurring in the container shipping industry.

We hereby consent to the filing of this letter as an exhibit to the Annual Report, which is incorporated by reference into the Registration Statements.

Yours faithfully,

Maritime Strategies International Ltd.

/s/ Dr A Kent

Dr A Kent
Managing Director

Exhibit 15.3

CONSENT OF SEWARD & KISSEL LLP

Reference is made to the annual report on Form 20-F of Global Ship Lease, Inc. (the "Company") for the year ended December 31, 2020 (the "Annual Report") and the Registration Statements on Form F-3 (Registration Statement Nos. 333-231509, 333-234343 and 333-235305) of the Company including the prospectuses contained therein (together, the "Registration Statements"). We hereby consent to (i) the filing of this letter as an exhibit to the Annual Report, which is incorporated by reference into the Registration Statements and (ii) each reference to us and the discussions of advice provided by us in the Annual Report under the section "Item 10. Additional Information—E. Taxation" and to the incorporation by reference of the same in the Registration Statements, in each case, without admitting we are "experts" within the meaning of the Securities Act of 1933, as amended, or the rules and regulations of the U.S. Securities and Exchange Commission promulgated thereunder with respect to any part of the Registration Statements.

/s/ Seward & Kissel LLP

Seward & Kissel LLP
New York, New York
March 19, 2021