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, 2022

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***

* 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.

35,990,288 Class A common shares, par value of $0.01 per share
43,592 Series B Cumulative Redeemable Perpetual Preferred Shares, par value of $0.01 per share

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

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

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

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

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

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

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

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

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

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

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b) ☐

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.

INDEX TO ANNUAL REPORT ON FORM 20-F

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., "Technomar" refers to Technomar Shipping Inc., our principal ship technical manager and "Conchart" refers to Conchart Commercial Inc., our commercial ship manager, "Managers" refers to Technomar and Conchart, together. 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. All share and per share amounts disclosed in this Annual Report give retroactive effect, for all periods presented, to the one-for-eight reverse stock split of our Class A common shares effected on March 25, 2019.

Item 1. Identity of Directors, Senior Management and Advisers

Not applicable.

Item 2. Offer Statistics and Expected Timetable

Not applicable.

Item 3. Key Information

A. [Reserved]

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

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

Risk Factor Summary

- We are dependent on our charterers and other counterparties fulfilling their obligations under agreements with us, and their inability or unwillingness to honor these obligations could significantly reduce our revenues and cash flow.
- Our growth depends on continued growth in the demand for containerships, our ability to purchase additional vessels and obtain new charters. We may require additional financing to be able to grow and will face substantial competition to purchase vessels.
- Should we expand our business or provide additional services to third parties, we may need to improve our operating and financial systems, expand our commercial and technical management staff, and recruit suitable employees and crew for our vessels.
- Our third-party ship technical and commercial managers, including Technomar, and Conchart are privately held companies and there is little or no publicly available information about them.
- Due to our lack of diversification, adverse developments in the containership business could harm our business, results of operations and financial condition.
- The volatile container shipping market and difficulty finding profitable charters for our vessels upon their expiry.
- Our indebtedness could adversely affect our ability to raise additional capital to fund our operations or pursue other business opportunities and limit our ability to react to changes in the economy or our industry.
- Despite our indebtedness levels, we may be able to incur substantially more indebtedness. This could further exacerbate the risks associated with our substantial indebtedness.
- Our ability to comply with various financial and collateral covenants in our credit facilities.
- Vessel values may fluctuate, which may adversely affect our financial condition, result in the incurrence of a loss upon disposal of a vessel or increase the cost of acquiring additional vessels.
- We must make substantial expenditures to maintain our fleet, meet new regulatory requirements, meet commercial requirements or to acquire vessels.
- As our fleet ages, we may incur increased operating costs beyond normal inflation, which would adversely affect our results of operations.
- Volatility in the London Interbank Offered Rate (“LIBOR”), the cessation of LIBOR and replacement of our interest rate in our debt agreements could affect our profitability, earnings and cash flow.
- Our insurance may be insufficient to cover losses that may occur to our property or result from our operations.
- We are incorporated in the Republic of the Marshall Islands, which does not have a well-developed body of corporate law.
- It may not be possible for investors to serve process on or enforce U.S. judgments against us.
- We rely on our information systems to conduct our business, and failure to protect these systems against security breaches, or the failure or unavailability of these systems, could adversely affect our business and results of operations.
- Our growth and long-term profitability depend mainly upon growth in demand for containerships, the condition of the charter market and the availability of capital. The container shipping industry is cyclical and volatile.
- Our financial and operating performance may be adversely affected by global public health threats, such as and including the outbreak of COVID-19.
- A decrease in the export of goods or an increase in trade protectionism will harm our customers’ business and, in turn, harm our business, results of operations and financial condition.
- The current state of the world financial markets, and economic and geopolitical conditions and conflicts could have a material adverse impact on our results of operations, financial condition and cash flows.
- Increased competition in technology and innovation could reduce our charter hire income and our vessels’ values.
- If our vessels call on ports located in countries or territories that are the subject of sanctions or embargoes imposed by the United States government, the European Union, the United Nations, or other governments, it could lead to monetary fines or penalties and have a material adverse effect on the market for our securities.
- Governments could requisition our vessels during a period of war or emergency without adequate compensation, which under most of our time charter agreements would permit the customer to terminate the charter agreement for that vessel.
- Compliance with safety and other vessel requirements imposed by classification societies may be costly and may adversely affect our business and operating results.

- We are subject to regulation and liability under environmental laws, including - while not being limited to - those related to emissions, decarbonization and the climate emergency, that continue to develop and could require significant expenditures and affect our cash flows and net income.
- Increased inspection procedures, tighter import and export controls and new security regulations could cause disruption of our containership business.
- 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.
- Future sales of our common stock could cause the market price of our common stock to decline.
- Our operating income could fail to qualify for an exemption from U.S. federal income taxation, which would reduce our cash flow.

Risks Relating to Our Business

Operating Revenue Risk

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

Payments to us by our charterers under time charters are, and will continue to be, our sole source of operating cash flow. We are consequently dependent on the performance by our charterers of their obligations under the charters. The container shipping industry is cyclical and, whilst financial performance improved from time to time, suffered an extended cyclical downturn lasting from the Global Financial Crisis in 2008/2009 through 2016, with freight rates, charter rates, asset values, and liner operator earnings under pressure due to oversupply of container ship capacity. Industry conditions improved from 2017 through 2019, albeit with some weakness in short term market charter rates in the second half of 2018. The compound annual growth rate ("CAGR") of containerized trade volumes from 2010 through 2019 was 3.8%. From 2010 through 2022, incorporating the impact of negative growth in 2020 (COVID-19), the rebound in 2021, and further negative growth in 2022 (Russia-Ukraine conflict), CAGR was 3.1%. However, significant uncertainty remains concerning the longer-term impact of COVID-19 upon container shipping and the macro-economic environment in general. Similar uncertainty exists regarding the broader impact of the conflict in Ukraine, including the effect of sanctions imposed against Russia, and other geopolitical tensions, such as those surrounding Taiwan. Such uncertainty may adversely impact our business, and any escalation or spillover effects from the conflict between Russia and Ukraine may lead to further regional and international conflicts or armed action. It is possible that such conflict could disrupt supply chains and cause instability in the global economy. Equally unpredictable is the impact these uncertainties may have upon our charterers' operations and cash flows, and their payment of charterhire to us. If we lose a time charter because the charterer is unable to pay us or for any other reason, we may be unable to re-deploy the related vessel on similar terms or at all. Also, we will not receive any revenues from such a vessel while it is un-chartered, but we will be required to pay expenses necessary to maintain and insure the vessel and service any indebtedness on it.

Whilst there were no delays in receiving charterhire payments in 2021 or 2022, we have previously experienced, from time to time, delays in receiving charterhire payments from some of our charterers, which under the charter contracts are due to be paid two weeks or one month in advance. As of December 31, 2022, no charterhire payments were outstanding.

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

Operational Growth Risk

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

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

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

One of our objectives is to grow by acquiring additional vessels and chartering them out to container shipping companies. The opportunity to acquire additional containerships will in part depend on the state of and prospects for container shipping. The container shipping industry is both cyclical and volatile in terms of supply demand balance, freight rates, charter rates, vessel values and overall profitability. Although supply-side fundamentals have generally been improving since 2017. The industry remains vulnerable to an excess of supply of containership capacity and mediocre demand growth. As at December 31, 2022, idle capacity of the global containership fleet was 1.9%, and the global containership orderbook to fleet ratio was 29.4% - weighted heavily towards containerships larger than 10,000 TEU. The factors affecting the supply and demand for containerships, and the nature, timing and degree of changes in industry conditions are unpredictable.

Acquisition of vessels will be challenging as, among other things, we may need to obtain additional financing in order to complete vessel purchases. In recent years, financing for investment in containerships, whether newbuildings or existing vessels, has been severely limited. Further, the cost of available financing may increase significantly in the future. In addition, the number of lenders for shipping companies has fluctuated 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;
- construction management experience, including the ability to obtain on-time delivery of new vessels according to customer specifications; and
- the energy efficiency and carbon profile of our ships.

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

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

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

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

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

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

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

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

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

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

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

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

Third Parties' Performance Risk

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

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

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

The fees and expenses payable pursuant to our technical and commercial ship management agreements will be payable without regard to our business, results of operation and financial condition and we have limited rights to terminate our management agreements. The payment of fees to our managers could adversely affect our results of operations and ability to pay dividends. See "Item 4. Information on the Company — B. Business Overview — Management of our Fleet".

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

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

Related Parties' Risks

Our Executive Chairman and our Managers may have conflicts of interest with us which may make them favor their own interests to our detriment.

Our Executive Chairman is the Founder, Managing Director, and majority beneficial owner of Technomar and the sole beneficial owner of Conchart, our third-party ship technical and commercial manager, respectively. Our Executive Chairman also beneficially owns approximately 5.9% of our Class A common shares. Accordingly, Technomar, Conchart, and our Executive Chairman (including their affiliates) have the power to exert considerable influence over our actions. These relationships could create conflicts of interest between us and our Managers. Such conflicts of interest 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 Class A common shares.

Under our amended and restated bylaws, in order for the approval of contracts or transactions involving a related party not to be voidable (1) any interested director's relationship or interest as to the contract or transaction must be disclosed to our Board of Directors, and such contract or transaction must be authorized by a majority of the disinterested directors (or, in certain cases, all of the disinterested directors) or (2) the contract or transaction must be specifically approved in good faith by vote of the shareholders. Furthermore, our corporate governance guidelines require a director with a personal interest in a matter being approved by our Board of Directors to disclose the interest, to recuse himself or herself from participation in the discussion and to not vote on the matter.

Such conflicts of interest may arise in connection with the chartering, purchase, sale and operations of the vessels in our fleet versus vessels managed or owned by other companies affiliated with our Managers. As a result of these conflicts, our Managers may favor their own or their affiliates' interests over our interests. These conflicts may have unfavorable consequences for us. Although our Executive Chairman and Conchart have entered into a non-competition agreement with us, conflicts of interest may arise between us and our Managers, 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.

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.

In addition, 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.

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, 2022 idle capacity of the global containership fleet was 1.9%, and the overall orderbook-to-fleet ratio stood at 29.4%. 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). 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, 2022, but adjusted to include charters agreed through March 10, 2023, the charters for five of our containerships, including GSL Amstel which in February 2023 we agreed to sell, either have expired or could expire before the end of the first half of 2023 and a further seven vessels have charters which may expire during the second half of 2023.

We cannot be assured that we will be able to obtain new time charters for our vessels on expiry of existing charters or that if we do, the new rates will be favorable. If we are unable to obtain new time charters for our containerships at favorable rates or are unable to secure new charters promptly, or at all, the vessels would be idle. We would continue to incur certain operating costs but earn no revenue, which would have a material adverse effect on our business, financings, results of operations and financial condition. Please also see "—We are dependent on our charterers and other counterparties fulfilling their obligations under agreements with us, and their inability or unwillingness to honor these obligations could significantly reduce our revenues and cash flow" above.

Technological developments which affect global trade flows and supply chains may affect the demand for our vessels.

By reducing the cost of labor through automation and digitization and empowering consumers to demand goods whenever and wherever they choose, technology is changing the business models and production of goods in many industries. Consequently, supply chains are being pulled closer to the end-customer and are required to be more responsive to changing demand patterns. As a result, fewer intermediate and raw inputs are traded, which could lead to a decrease in shipping activity. If automation and digitization become more commercially viable and/or production becomes more regional or local, total containerized trade volumes would decrease, which would adversely affect demand for our services. Supply chain disruptions caused by COVID-19, rising tariff barriers and environmental concerns may also accelerate these trends.

Financing/Debt Risks

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

As of December 31, 2022, we had $949.5 million of outstanding indebtedness, being $336.9 million of privately rated/investment grade 5.69% Senior Secured Notes due 2027 (the "2027 Secured Notes"), $141.7 million of finance leases and $470.9 million of secured credit facilities.

Our 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 and amortization payments for our indebtedness, therefore reducing our ability to use our cash flows to fund operations, capital expenditure and future business opportunities;
- making it more difficult for us to satisfy our obligations with respect to our indebtedness, and any failure to comply with the obligations of any of our debt instruments, including restrictive covenants and borrowing conditions, could result in an event of default under our 2027 Secured Notes and the agreements governing our other indebtedness;
- restricting us from making strategic acquisitions or causing us to make non-strategic divestitures;
- limiting our ability to obtain additional financing for working capital, capital expenditures, debt service requirements, acquisitions and general corporate or other purposes; and
- limiting our flexibility in planning for, or reacting to, changes in our business or market conditions and placing us at a competitive disadvantage compared to our competitors who are less highly leveraged and who, therefore, may be able to take advantage of opportunities that our leverage may prevent us from exploiting.

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

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

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

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

- incurring additional indebtedness;
- making any substantial change to the nature of our business;
- paying dividends;
- redeeming or repurchasing capital stock;
- selling the collateral vessel, if applicable;
- entering into certain transactions other than arm's length transactions;
- acquiring a company, shares or securities or a business or undertaking;
- effecting a change of control of us, entering into any amalgamation, demerger, merger, consolidation or corporate reconstruction, or selling all or substantially all of our assets;
- changing the flag, class or technical or commercial management of the applicable collateral vessel or terminating or materially amending the management agreements relating to such vessel; and
- experiencing any change in the position of our Executive Chairman.

In addition, certain of our debt agreements require us and our subsidiaries to satisfy certain financial covenants, including on minimum liquidity, minimum net worth, and value adjusted leverage ratio. Our ability to meet those financial covenants and other 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 certain 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 with Technomar and Conchart 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 we believe 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 these covenants could result in a default under one or more of our debt agreements, including as a result of cross default provisions, and may permit the lenders (and other similar counterparties) to cease making loans to us. Upon the occurrence of an event of default under our debt agreements, the lenders (or other similar counterparties) could elect to declare all amounts outstanding under the loan to be immediately due and payable. Such actions by the lenders (or other similar counterparties) could cause cross defaults under our other debt agreements.

All but five of the vessels 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 our lenders (and other similar counterparties) to avoid default thereunder. If we are not able to obtain such waivers, our lenders (and other similar counterparties) could exercise their rights upon default and we could be forced into bankruptcy or liquidation.

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

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

Assets' Fair Value Risks

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

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

- general economic and market conditions affecting the shipping industry;
- the types, sizes and demand for available vessels;
- the availability of other modes of transportation;
- increases in the supply of vessel capacity;

- the cost of newbuildings;
- governmental or other regulations; and
- the need to upgrade second hand and previously owned vessels as a result of changes in regulations, charterer requirements, technological advances in vessel design or equipment, or otherwise.

In addition, as vessels grow older, they generally decline in value. If a charter terminates, we may be unable to re-deploy the vessel at attractive rates, or at all and, rather than continue to incur costs to maintain and finance the vessel, may seek to dispose of it. Our inability to dispose of the containership at a reasonable price, or at all, could result in a loss on its sale and harm our business, results of operations and financial condition. Additionally, pursuant to the terms of the one remaining initial time charter with CMA CGM, the charterer 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 the vessel to owners whose business or shareholding is determined to be detrimental or contrary to its interest. Under two other charters, CMA CGM has the right to participate in any competitive sales process for the underlying vessels undertaken either during, or at the end of, the corresponding charter period. We may be forced to sell some of 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, vessel values and inflation in expenses. We believe that the assumptions used to estimate future cash flows of our vessels are reasonable at the time they are made. We can provide no assurances, however, as to whether our estimates of future cash flows, particularly future vessel charter revenues or vessel values, will be accurate. Vessels that currently are not considered impaired may become impaired over time if the future estimated undiscounted cash flows decline at a rate that is faster than the depreciation of our vessels. Future fluctuations in charter rates and vessel values may trigger a possible impairment of our vessels as described in "Item 5. Operating and Financial Review and Prospects— A. Results of Operations—Management's Discussion and Analysis of Financial Conditions and Results of Operations—Critical Accounting Estimates".

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

If impairment testing is required, we may need to recognize impairment charges. The determination of the fair value of vessels will depend on various market factors, including charter and discount rates, ship operating costs and vessel trading values, and our reasonable assumptions at that time. For example, we recorded an impairment loss of $3.0 million during the fourth quarter of 2022 on one vessel. The amount, if any, and timing of any impairment charges we may need to recognize in the future will depend upon the then current and expected future charter rates, vessel utilization, operating and dry-docking expenditures, vessel residual values, inflation and the remaining expected useful lives of our vessels, which may differ materially from those used in our assessments as of December 31, 2022.

Loss of Income Risks

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

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

- any drydocking for repairs, maintenance or classification society inspection;
- any time out of service necessary for owner to upgrade vessels to meet new regulatory requirements, such as ballast water treatment or emission control or to improve the specification and commercial characteristics of our vessels;
- any damage, defect, breakdown or deficiency of the ship's hull, machinery or equipment or repairs or maintenance thereto;

- any deficiency of the ship's master, officers and/or crew, including the failure, refusal or inability of the ship's master, officers and/or crew to perform the service immediately required, whether or not within its control;
- its deviation, other than to save life or property, which results in charterer's lost time;
- crewing labor boycotts or certain vessel arrests;
- our failure to maintain the vessel in compliance with the charter's requirements, such as maintaining operational certificates;
- the vessel's declared performance speed is reduced or fuel consumption is increased by more than 5% over a specified period of time; or
- the vessel is requisitioned by any government or governmental authority.

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

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

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

Vessels' Operational Risks

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

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

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

In general, the day-to-day cost of operating and maintaining a vessel increases with age. In addition, older vessels are typically less fuel efficient and may attract lower charter rates compared to modern, more fuel-efficient vessels. Governmental regulations and safety or other equipment standards may also require expenditures for modifications or the addition of new equipment and may restrict the type of activities in which our vessels may engage. We cannot assure you that, as our vessels age, market conditions will justify any such expenditures or expenditures to otherwise improve their operating characteristics, such as fuel efficiency to enable us to operate our vessels profitably during the remainder of their useful lives, which could adversely affect our results of operations. Our fleet of 65 vessels as of December 31, 2022 had an average age weighted by TEU capacity of 15.9 years.

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

Our fleet of 65 vessels as of December 31, 2022 had an average age weighted by TEU capacity of 15.9 years. Unless we maintain reserves or are able to borrow or raise funds for vessel replacement, we will be unable to replace the older vessels in our fleet. Our cash flows and income are dependent on the revenues earned by the chartering of our containerships. The inability to replace the vessels in our fleet upon the expiration of their useful lives could have a material adverse effect on our business, results of operations and financial condition. Any reserves set aside by any of our subsidiaries for vessel replacement will not be available for servicing our indebtedness.

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

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

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

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

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

The cost of fuel is a significant factor in negotiating charter rates and can affect us both directly and indirectly. The cost of fuel is borne by us when our vessels are off-hire, 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. Voyage charter contracts generally provide that the vessel owner bears the cost of fuel in the form of bunkers, which is a material operating expense. In such case, we cannot guarantee that we will hedge our fuel costs on any prospective future voyage charters, and, therefore, an increase in the price of fuel may affect in a negative way our profitability and our cash flows. 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. Upon redelivery of any vessels at the end of a time charter, we may be obligated to repurchase bunkers on board at prevailing market prices, which could be materially higher than fuel prices at the inception of the charter period.

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

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

Interest Rate Risk

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

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

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

In order to manage our exposure to interest rate fluctuations under LIBOR, SOFR or any other alternative rate, we 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. The use of alternative rates or the transition of our existing loan agreements from U.S. Dollar LIBOR could significantly increase our lending costs, which would 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 and Litigation 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.

We may be subject to litigation that, if not resolved in our favor and not sufficiently insured against, could have a material adverse effect on us.

We may be, from time to time, involved in various litigation matters. These matters may include, among other things, contract disputes, personal injury claims, environmental claims or proceedings, asbestos and other toxic tort claims, employment matters, governmental claims for taxes or duties, and other litigation that arises in the ordinary course of our business. Although we intend to defend these matters vigorously, we cannot predict with certainty the outcome or effect of any claim or other litigation matter, and the ultimate outcome of any litigation or the potential costs to resolve them may have a material adverse effect on us. Insurance may not be applicable or sufficient in all cases and/or insurers may not remain solvent which may have a material adverse effect on our financial condition. Please see "Item 8. Consolidated Statements and Other Financial Information—A. Legal Proceedings".

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.

Additionally, the Republic of the Marshall Islands does not have a legal provision for bankruptcy or a general statutory mechanism for insolvency proceedings. As such, in the event of a future insolvency or bankruptcy, our shareholders and creditors may experience delays in their ability to recover for their claims after any such insolvency or bankruptcy. Further, in the event of any bankruptcy, insolvency, liquidation, dissolution, reorganization or similar proceeding involving us or any of our subsidiaries, bankruptcy laws other than those of the United States could apply. If we become a debtor under U.S. bankruptcy law, bankruptcy courts in the United States may seek to assert jurisdiction over all of our assets, wherever located, including property situated in other countries. There can be no assurance, however, that we would become a debtor in the United States, or that a U.S. bankruptcy court would be entitled to, or accept, jurisdiction over such a bankruptcy case, or that courts in other countries that have jurisdiction over us and our operations would recognize a U.S. bankruptcy court's jurisdiction if any other bankruptcy court would determine it had jurisdiction.

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

We and most of our directors and officers and those of our subsidiaries are residents of countries other than the United States. Substantially all of our and our subsidiaries' assets and a substantial portion of the assets of our directors and officers are located outside the United States. As a result, it may be difficult or impossible for United States investors to effect service of process within the United States upon us, our directors or officers, or our subsidiaries or to realize against us or them judgments obtained in United States courts, including judgments predicated upon the civil liability provisions of the securities laws of the United States or any state in the United States. In addition, you should not assume that courts in the country in which we or our subsidiaries are incorporated or where our assets or the assets of our subsidiaries are located (1) would enforce judgments of U.S. courts obtained in actions against us or our subsidiaries based upon the civil liability provisions of applicable U.S. federal and state securities laws or (2) would enforce, in original actions, liabilities against us or our subsidiaries based on those laws.

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.

The container shipping industry is both seasonal and cyclical but has shown positive demand growth in every year of its history except 2009 (the Global Financial Crisis) and 2020 (the COVID-19 pandemic). According to MSI, between 2000 and 2008, which included a period of super-cyclical growth partly fueled by a significant increase in trade with China, containerized trade grew at an annual compound rate of 9.9%. The Global Financial Crisis, from late 2008, prompted a contraction of demand, with 2009 volumes falling by around 8.0%. In 2010, demand rebounded, with volume growth of 15.3%. From 2010 through 2022, incorporating the impact of negative growth in 2020 (COVID-19), the rebound in 2021, and further negative growth in 2022 (Russia-Ukraine conflict), CAGR was 3.1%. On the supply side, between 1995 and 2008, the nominal carrying capacity of the industry-wide fully cellular fleet grew by a compound annual rate of 11.4%; and from 2009 through 2020 at 5.7%, as the industry digested the legacy, pre-financial crisis orderbook. In 2022, net supply is estimated to have expanded by 4.1% and, as of December 31, 2022, the containership fleet was estimated to be 5,643 ships, with an aggregate capacity of approximately 25.8 million TEU.

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

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

The factors that influence demand for containership capacity include:

- supply and demand for products suitable for shipping in containers;
- changes in the patterns of global production and consumption of products transported by containerships;
- the changing dynamics of globalization, regionalization, or re-shoring 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. As at December 31, 2022, but adjusted to include all charters agreed through March 10, 2023, the charter for five of our containerships, including GSL Amstel which in February 2023 we agreed to sell, either have expired or could expire before the end of the first half of 2023 and a further seven vessels have charters which may expire during the second half of 2023.

Charter rates receivable under any renewal or replacement charters will depend upon, among other things, the prevailing state of the containership charter market. If the charter market is depressed when our charters expire, we may be forced to recharter our containerships at reduced or even unprofitable rates, or we may not be able to recharter them at all, which may reduce or eliminate our results of operations or make our results of operations volatile. The same issues will exist in respect of any additional vessels we may acquire either when obtaining the initial charters or on rechartering at their expiry.

Public Health Threats Risk

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

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

Although the incidence and severity of COVID-19 and its variants have diminished over time, periodic spikes in incidence occur. Many nations worldwide have significantly eased or eliminated restrictions that were enacted at the outset of the outbreak of COVID-19. The United States has announced that it will terminate the COVID-19 national emergency and public health emergency that was put in place in 2020. Notably, the Chinese government removed its zero-COVID policy in December 2022, although China is now facing a sudden surge in COVID-19 cases after easing the lockdown restrictions nationwide. WHO officials had expressed hope that COVID-19 might be entering an endemic phase by early 2023, but the continued uncertainties associated with the COVID-19 pandemic worldwide may cause an adverse impact on the global economy and the rate environment for our vessels may deteriorate and our operations and cash flows may be negatively impacted.

The occurrence of epidemics or an increase or resurgence in the severity or duration of COVID-19 or other epidemics could have a material adverse effect on our business, results of operations, cash flows, financial condition, value of our vessel and other vessels we may acquire, and ability to pay dividends.

Global Financial Market Risks

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

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

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

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

We anticipate a significant number of the port calls made by our vessels will involve the loading or discharging of containerships in ports in the Asia Pacific region. Consequently, economic turmoil in that region may exacerbate the effect of any economic slowdown on us. Before the global economic financial crisis that began in 2008, China had one of the world's fastest growing economies in terms of gross domestic product, or GDP, which had a significant impact on shipping demand. China's GDP growth rate for the year ended December 31, 2022 was approximately 3.0%, one of its lowest rates in 50 years, thought to be mainly caused by the country's zero-COVID policy and strict lockdowns, which was a marked decline from 8.1%. for the year ended December 31, 2021. It is possible that China and other countries in the Asia Pacific region will continue to experience volatile, slowed or even negative economic growth in the near future.

The United States has also implemented more protectionist trade measures in an effort to protect and enhance its domestic economy. Additionally, the European Union, or the EU, and certain of its member states are facing significant economic and political challenges, including a risk of increased protectionist policies and the withdrawal of the United Kingdom from the European Union. Our business, results of operations and financial condition will likely be harmed by any significant economic downturn in the Asia Pacific region, including China, or in the EU or the United States.

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

The 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.

The world economy is facing a number of actual and potential challenges, including the war between Ukraine and Russia, current trade tension between the United States and China, political instability in the Middle East and the South China Sea region and other geographic countries and areas, terrorist or other attacks, war (or threatened war) or international hostilities, such as those between the United States and North Korea or Iran, and epidemics or pandemics, such as COVID-19, and banking crises or failures, such as the recent Silicon Valley Bank failure. For example, due in part to fears associated with the spread of COVID-19 (as more fully described above), global financial markets experienced significant volatility which may continue as the pandemic evolves or a new COVID-19 variant emerges. The recent lockdowns in certain cities in China resulted in port congestion, delays, temporary closures of shipyards and further continuation or expansion of these lockdowns may cause disruptions in the global economy. In addition, the continuing conflict in Ukraine led to increased economic uncertainty amidst fears of a more generalized military conflict or significant inflationary pressures, due to the increases in fuel and grain prices following the sanctions imposed on Russia. Whether the present dislocation in the markets and resultant inflationary pressures will transition to a long-term inflationary environment is uncertain, and the effects of such a development on charter rates, vessel demand and operating expenses in the sector in which we operate are uncertain. These issues, along with the re-pricing of credit risk and the difficulties currently experienced by financial institutions have made, and will likely continue to make, it difficult to obtain financing. As a result of the disruptions in the credit markets, many lenders have increased margins, enacted tighter lending standards, required more restrictive terms (including higher collateral ratios for advances, shorter maturities and smaller loan amounts), or refused to refinance existing debt at all or on terms similar to our current debt. Furthermore, certain banks that have historically been significant lenders to the shipping industry have announced an intention to reduce or cease lending activities in the shipping industry. New banking regulations, including larger capital requirements and the resulting policies adopted by lenders, could reduce lending activities. We may experience difficulties obtaining financing commitments in the future if current or future lenders are unwilling to extend financing to us or unable to meet their funding obligations due to their own liquidity, capital or solvency issues. The current state of global financial markets and current economic conditions might adversely impact our ability to issue additional equity at prices that will not be dilutive to our existing shareholders or preclude us from issuing equity at all.

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

Further, we may not be able to access our existing cash due to market conditions. For example, on March 10, 2023, the Federal Deposit Insurance Corporation (FDIC) took control and was appointed receiver of Silicon Valley Bank (a bank unrelated to us and our activities). If other banks and financial institutions enter receivership or become insolvent in the future in response to financial conditions affecting the banking system and financial markets, our ability to access our existing cash may be threatened and could have a material adverse effect on our business and financial condition.

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

In June 2016, a majority of voters in the U.K. elected to withdraw from the EU in a national referendum, a process that the government of the U.K. formally initiated in March 2017 ("Brexit"). The U.K. and the EU negotiated the terms of a withdrawal agreement, which was approved in October 2019 and ratified in January 2020. The U.K. formally exited the EU on January 31, 2020, although a transition period was in place until December 2020, during which the U.K. remained subject to the rules and regulations of the EU while continuing to negotiate the parties' relationship going forward, including trade deals. The EU-UK Trade and Cooperation Agreement ("Cooperation Agreement") was agreed on December 24, 2020, ratified by the UK Parliament on December 30, 2020 and has been provisionally applied by the EU from December 31, 2020. There is still uncertainty as to the practical consequences of the Cooperation Agreement and its impact on the future relationship between the U.K. and the EU over the short-, medium, and long term. These developments and uncertainties 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 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, 2022 represented approximately 29.4% of the total on the water fleet capacity. Further containerships are likely to be ordered. Notwithstanding scrapping, delivery of newly built containerships will likely result in an increase in the size of the world containership fleet over the next few years. An over-supply of containership capacity, combined with any decline in the rate of growth in demand for containerships, would be likely to result in a reduction of charter hire rates. If such a reduction occurs when we seek to charter newbuilding vessels, our growth opportunities may be diminished. If such a reduction occurs upon the expiration or termination of our containerships' current time charters, we may only be able to recharter our containerships for reduced rates or unprofitable rates or we may not be able to recharter our containerships at all, which would have a material adverse effect on our business, financial condition and results of operation.

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

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

Piracy Related Risk

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

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

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

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

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

Vessels' Trading Risks

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

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

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

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

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

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

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

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

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

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

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

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

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

Environmental and Safety Compliance Risks

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Due to concerns over the risks associated with climate change, a number of countries and the IMO have adopted, or are considering the adoption of, regulatory frameworks to reduce greenhouse gas emission from ships. These regulatory measures may include the adoption of cap and trade regimes, carbon taxes, increased efficiency standards, and incentives or mandates for renewable energy.

Maritime shipping will also be included in the Emission Trading Scheme (ETS) as of 2024 with a phase-in period. It is expected that either shipowners or operators (charterers) will need to purchase and surrender emission allowances that represent their MRV-recorded carbon emission exposure for a specific reporting period. As part of the phased approach shipping companies will be required to surrender 40% of their 2024 emissions in 2025; 70% of their 2025 emissions in 2026; and 100% of their 2026 emissions in 2027. The person or organization responsible for the compliance with the EU ETS will be the shipping company, defined as the shipowner or any other organization or person, such as the manager or the bareboat charterer, that has assumed the responsibility for the operation of the ship from the shipowner. An ETS costs clause is also being mandated which enables the shipping company to contractually pass on costs of ETS allowances to commercial operators. Compliance with the Maritime EU ETS will result in additional compliance and administration costs to properly incorporate the provisions of the Directive into our business routines. Additional EU regulations which are part of the EU's Fit-for-55, such as the FuelEU Maritime proposal, could also affect our financial position in terms of compliance and administration costs when they take effect.

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

Emissions of greenhouse gases from international shipping currently are not subject to the Kyoto Protocol to the United Nations Framework Convention on Climate Change, or any amendments or successor agreements. The Paris Agreement adopted under the United Nations Framework Convention on Climate Change in December 2015(which the United States rejoined in February 2021), 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 (such as, for example, the Corporate Sustainability Reporting Directive, which will apply from 2024), 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. 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 57 vessels which have a ballast water management system fitted and eight 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 the U.S. Environmental Protection Agency ("EPA") develop implementation, compliance, and enforcement regulations regarding ballast water. On October 26, 2020, the EPA published a Notice of Proposed Rulemaking for Vessel Incident Discharge National Standards of Performance under VIDA. The new regulations could require the installation of new equipment, which may cause us to incur substantial costs. Under VIDA, all provisions of the 2013 VGP and USCG ballast water regulations remain in force and effect as currently written until the EPA publishes standards and the corresponding Coast Guard regulations are published. 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 VIDA. Several U.S. states have added specific requirements to the Vessel General Permit and, in some cases, may require vessels to install ballast water treatment technology to meet biological performance standards. 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.

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

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

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

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

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

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

- modification or revocation of our dividend policy by our Board of Directors; and
- the amount of any cash reserves established by our Board of Directors.

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

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

The price of our securities may be volatile.

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

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

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

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

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

Certain of these provisions provide for:

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

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

We are subject to certain risks relating to the inability to obtain the minimum quorum established in our Amended and Restated Articles of Incorporation and our Third Amended and Restated Bylaws for the conduct of business at shareholder meetings.

Currently, our Amended and Restated Articles of Incorporation and Third Amended and Restated Bylaws require a quorum of the majority of our common stock outstanding in order to conduct business at any meeting of shareholders (including our annual meetings of shareholders). Due to the increased size and diversified nature of our shareholder base, it has become administratively more difficult to obtain the current quorum at shareholder meetings. Preparing proxy materials, including the printing and mailing of such materials to shareholders, together with proxy solicitation in order to reach the quorum requirement, is costly. Further, adjourning shareholder meetings for failure to obtain the requisite quorum also leads to increased costs. If we are unable to obtain the minimum quorum requirement to conduct business at shareholder meetings, we may be unable to take effectively conduct certain business.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Risks Related to Tax Matters

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

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

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

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

Based on information that we have as to our shareholders and other matters, we believe that we qualified for the Section 883 exemption for 2009 through 2018 under the "publicly-traded" test. We do not believe that we were able to satisfy the "publicly-traded" test for 2019 and, consequently, we were not exempt from U.S. federal income taxation on our U.S. source gross transportation income for 2019. Based on information that we have as to our shareholders and other matters, we believe that we qualified for the Section 883 exemption for 2020 through 2022, 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 2023 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 time and voyage chartering activities should be classified as 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 U.S. Internal Revenue Service (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.

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 until the year ending March 31, 2023. From April 1, 2023, the main rate increases to 25% for profits above £250,000, with a small profits rate of 19% for companies with profits of £50,000 or less. Companies with profits between £50,000 and £250,000 will pay tax at the main rate, reduced by a marginal relief.

We and our vessel owning subsidiaries are centrally 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 arm's-length price for those services. The appropriate arm's-length price in these circumstances may be subject to discussion with the UK taxing authorities.

We do not believe that we or our vessel owning subsidiaries are residents of the United Kingdom for UK tax purposes, 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 does not outline specific activities that constitute a trade being carried on in the United Kingdom through a permanent establishment, the UK taxing authorities may contend that we or our vessel owning subsidiaries are subject to UK corporate tax on all of our income, or on a greater portion of our income than we currently expect to be taxed. If the UK taxing authorities made such a contention, we could incur substantial legal costs defending our position, and, if we were unsuccessful in our defense, our results of operations would be materially adversely affected.

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

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

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

Item 4. Information on the Company

A. History and Development of the Company

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

The mailing address of our principal executive office is c/o Global Ship Lease Services Limited, 25 Wilton Road, London SW1V 1LW, United Kingdom, and our telephone number at that address is +44 (0) 20 3998 0063. Our agent in the United States is Puglisi & Associates, 850 Library Avenue, Suite 204, Newark, Delaware 19711. The SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. The address of the SEC's Internet site is www.sec.gov. 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 pursuant to the Marshall Islands Business Corporations Act 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 and became listed on the NYSE on August 15, 2008.

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

During 2021, we completed a series of vessel purchases, resulting in our acquisition of 23 additional vessels, and as of March 10, 2023, we owned 65 mid-sized and smaller containerships, ranging from 1,118 to 11,040 TEU, with an aggregate capacity of 342,348 TEU. 32 ships are wide-beam Post-Panamax. See "Item 4. Information on the Company-B. Business Overview".

Class A Common Shares

On 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.

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 deducting underwriting discounts and commissions and expenses, were approximately $50.7 million. Certain members of our executive management purchased an aggregate of 168,968 Class A common shares in the October 2019 Equity Offering at the public offering price, for which the underwriter did not receive any discount or commissions.

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

On January 20, 2021, upon the redemption in full of our outstanding 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 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, 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, prior to deducting underwriting discounts, commissions and other offering expenses, 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 deducting underwriting discounts and commissions and expenses, were approximately $67.5 million. Following the closing of the January 2021 Equity Offering, we had 36,283,468 Class A common shares outstanding.

On April 13, 2021, Kelso and Maas Capital Investments B.V. sold an aggregate of 5,175,000 Class A common shares which they held in an underwritten public offering at $12.50 per share (including 675,000 Class A common shares that were sold pursuant to the underwriters' exercise, in full, of their option to purchase additional shares). The Company did not receive any proceeds from this sale of Class A Common Shares.

On May 10, 2021, the Board of Directors initiated a quarterly cash dividend of $0.25 per Class A Common Share, with effect from the first quarter of 2021, which increased to $0.375 per Class A common share, with effect from the first quarter of 2022.

On September 1, 2021, we announced the purchase and retirement of 521,650 Class A common shares for $10.0 million.

During the year ended December 31, 2021, 747,604 Class A common shares were issued under the 2019 Plan.

As at December 31, 2021, there were 36,464,109 Class A common shares outstanding.

In March 2022, our Board of Directors authorized our repurchase of up to $40.0 million common shares, to be utilized on an opportunistic basis (our “Share Repurchase Program). During the year ended December 31, 2022, we repurchased an aggregate of 1,060,640 Class A common shares under the Share Repurchase Program for an average purchase price of $18.87 per share, and during the period from January 1, 2023 through the date of this report, we repurchased an aggregate of 582,178 Class A common shares under the Share Repurchase Program for an average purchase price of $17.16 per share. As of the date of this report, we have remaining approximately $10.00 million available for repurchases under the Share Repurchase Program.

During the year ended December 31, 2022, 586,819 Class A common shares were issued under the 2019 Plan.

As at December 31, 2022, there were 35,990,288 Class A common shares outstanding.

Depositary Shares

On August 20, 2014, we issued 1,400,000 Depositary Shares (the "Depositary Shares"), each of which represents 1/100th of one share of the Company's 8.75% Series B Cumulative Perpetual Preferred Shares ("Series B Preferred Shares") representing an interest in a total of 14,000 Series B 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), priced at $25.00 per Depositary Share (NYSE:GSL-B). 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 our discretion, in whole or in part, at a redemption price of $2,500.00 per share (equivalent to $25.00 per Depositary Share).

On December 29, 2022 we entered into a new At Market Issuance Sales Agreement with B. Riley Securities, Inc. (the “Agent”), pursuant to which we may offer and sell, from time to time, up to $150.0 million of our Depositary Shares (the “New Depositary Shares ATM Program”). The Depositary Shares ATM Program terminated and replaced, in its entirety, the former At Market Issuance Sales Agreement, dated December 10, 2019, that we had in place with the Agent for the offer and sale, from time to time, up to $75.0 million of our Depositary Shares, which was fully utilized (the “Initial Depositary Shares ATM Program”). As of December 31, 2021, we had issued and sold approximately 3.0 million of our Depositary Shares, representing an interest in 29,592 Series B Preferred Shares, under the Initial Depositary Shares ATM Program, and as of December 31, 2022, we have not issued or sold any Depositary Shares under the New Depositary Shares ATM Program.

As at December 31, 2022, 4,359,190 Depositary Shares were outstanding, representing an interest in 43,592 Series B Preferred Shares.

Other Recent Developments

After the period end and up to March 10, 2023, we repurchased and retired a total of 582,178 common shares during January 2023 for a total investment of approximately $10.0 million.

On February 9, 2023, we announced a dividend of $0.375 per Class A common share for the fourth quarter of 2022 to be paid on March 6, 2023 to common shareholders of record as of February 22, 2023. This follows dividends of $0.375 per Class A common share paid for the first, second and third quarters 2022.

In February 2023, we agreed to sell GSL Amstel, a 1,118 TEU feeder and non-core asset with imminent special survey and dry-docking requirements, for approximately its book value as at December 31, 2022.

B. Business Overview

Our Fleet

The table below provides certain information about our fleet of 65 containerships as of December 31, 2022, including charters agreed up to March 10, 2023:

Vessel Name	Capacity in TEUs	Lightweight (tons)	Year Built	Charterer	Earliest Charter Expiry Date	Latest Charter Expiry Date [2]	Daily Charter Rate $
CMA CGM Thalassa	11,040	38,577	2008	CMA CGM	4Q25	2Q26	47,200
ZIM Norfolk (ex UASC Al Khor) [1]	9,115	31,764	2015	ZIM [3]	2Q27 [3]	3Q27 [3]	65,000 [3]
Anthea Y [1]	9,115	31,890	2015	COSCO	3Q23	4Q23	38,000
ZIM Xiamen (ex Maira XL)[1]	9,115	31,820	2015	ZIM [3]	3Q27 [3]	4Q27 [3]	65,000 [3]
MSC Tianjin	8,603	34,325	2005	MSC	2Q24	3Q24	19,000
MSC Qingdao [4]	8,603	34,609	2004	MSC	2Q24	2Q25	23,000
GSL Ningbo	8,603	34,340	2004	MSC	3Q27	4Q27 [5]	22,500 [5]
GSL Eleni	7,847	29,261	2004	Maersk	3Q24	1Q25 [6]	16,500 [6]
GSL Kalliopi	7,847	29,105	2004	Maersk	3Q23	4Q24 [6]	18,900 [6]
GSL Grania	7,847	29,190	2004	Maersk	3Q23	1Q25 [6]	17,750 [6]
Mary [1]	6,927	23,424	2013	CMA CGM [7]	4Q28	1Q31 [7]	25,910 [7]
Kristina [1]	6,927	23,421	2013	CMA CGM [7]	3Q29	3Q31 [7]	25,910 [7]
Katherine [1]	6,927	23,403	2013	CMA CGM [7]	1Q29	2Q31 [7]	25,910 [7]
Alexandra [1]	6,927	23,348	2013	CMA CGM [7]	2Q29	3Q31 [7]	25,910 [7]
Alexis [1]	6,882	23,919	2015	CMA CGM [7]	2Q29	3Q31 [7]	25,910 [7]
Olivia I [1]	6,882	23,864	2015	CMA CGM [7]	2Q29	2Q31 [7]	25,910 [7]
GSL Christen	6,840	27,954	2002	Maersk	3Q23	1Q24	35,000
GSL Nicoletta	6,840	28,070	2002	Maersk	3Q24	1Q25	35,750
CMA CGM Berlioz	6,621	26,776	2001	CMA CGM	4Q25	2Q26	37,750
Agios Dimitrios [4]	6,572	24,931	2011	MSC	4Q23	3Q24	20,000
GSL Vinia	6,080	23,737	2004	Maersk	3Q24	1Q25	13,250
GSL Christel Elisabeth	6,080	23,745	2004	Maersk	2Q24	1Q25	13,250
GSL Dorothea	5,992	24,243	2001	Maersk	3Q24	3Q26	18,600 [8]
GSL Arcadia	6,008	24,858	2000	Maersk	2Q24	1Q26	18,600 [8]
GSL Violetta	6,008	24,873	2000	Maersk	4Q24	4Q25	18,600 [8]
GSL Maria	6,008	24,414	2001	Maersk	4Q24	1Q27	18,600 [8]
GSL MYNY	6,008	24,873	2000	Maersk	3Q24	1Q26	18,600 [8]
GSL Melita	6,008	24,848	2001	Maersk	3Q24	3Q26	18,600 [8]
GSL Tegea	5,992	24,308	2001	Maersk	3Q24	3Q26	18,600 [8]
Tasman	5,936	25,010	2000	Maersk	4Q23	1Q24	20,000 [9]
ZIM Europe	5,936	25,010	2000	ZIM	1Q24	2Q24	24,250
Ian H	5,936	25,128	2000	ZIM	2Q24	4Q24	32,500
GSL Tripoli	5,470	22,259	2009	Maersk	4Q24	4Q27	36,500 [10]
GSL Kithira	5,470	22,108	2009	Maersk	4Q24	1Q28	36,500 [10]
GSL Tinos	5,470	22,067	2010	Maersk	4Q24	4Q27	36,500 [10]
GSL Syros	5,470	22,098	2010	Maersk	4Q24	4Q27	36,500 [10]
Dolphin II	5,095	20,596	2007	OOCL	1Q25	3Q25	53,500
Orca I	5,095	20,633	2006	Maersk	2Q24	4Q25	21,000 [11]
CMA CGM Alcazar	5,089	20,087	2007	CMA CGM	3Q26	1Q27	35,500
GSL Château d'If	5,089	19,994	2007	CMA CGM	4Q26	1Q27	35,500
GSL Susan	4,363	17,309	2008	CMA CGM	3Q27	1Q28	Confidential [12]
CMA CGM Jamaica	4,298	17,272	2006	CMA CGM	1Q28	2Q28	25,350 [12]
CMA CGM Sambhar	4,045	17,429	2006	CMA CGM	1Q28	2Q28	25,350 [12]
CMA CGM America	4,045	17,428	2006	CMA CGM	1Q28	2Q28	25,350 [12]
GSL Rossi	3,421	16,420	2012	ZIM	1Q26	3Q26	38,875
GSL Alice	3,421	16,543	2014	CMA CGM	1Q23	2Q23	21,500
GSL Eleftheria	3,404	16,642	2013	Maersk	3Q25	4Q25	37,975
GSL Melina	3,404	16,703	2013	Maersk	2Q23	3Q23	24,500
GSL Valerie	2,824	11,971	2005	ZIM	1Q25	3Q25	35,600 [13]
Matson Molokai	2,824	11,949	2007	Matson	2Q25	3Q25	36,500
GSL Lalo	2,824	11,950	2006	ONE (14)	1Q24	2Q24	18,500 [14]
GSL Mercer	2,824	11,970	2007	ONE	4Q24	2Q25	35,750
Athena	2,762	13,538	2003	Hapag-Lloyd	2Q24	3Q24	21,500
GSL Elizabeth	2,741	11,507	2006	ONE	2Q23	3Q23	18,750 [15]
Beethoven tbr GSL Chloe	2,546	12,212	2012	ONE	4Q24	1Q25	33,000
GSL Maren	2,546	12,243	2014	Westwood (Swire)	1Q24	2Q24	19,250 [16]
Maira	2,506	11,453	2000	Hapag-Lloyd	3Q23	4Q23	14,450 [17]
Nikolas	2,506	11,370	2000	CMA CGM	1Q24	1Q24	16,000[18]
Newyorker	2,506	11,463	2001	CMA CGM	1Q24	3Q24	20,700
Manet	2,272	11,727	2001	OOCL	4Q24	2Q25	32,000
Keta	2,207	11,731	2003	CMA CGM	1Q25	1Q25	25,000
Julie	2,207	11,731	2002	Sea Consortium	1Q23	2Q23	20,000
Kumasi	2,207	11,791	2002	Wan Hai	1Q25	2Q25	38,000
Akiteta	2,207	11,731	2002	OOCL	4Q24	1Q25	32,000
GSL Amstel*	1,118	5,167	2008	CMA CGM	3Q23	3Q23	11,900

* *Vessel sold.*

(1) Modern design, high reefer capacity, fuel-efficient vessel.
(2) In many instances charterers have the option to extend a charter beyond the nominal latest expiry date by the amount of time that the vessel was off hire during the course of that charter. This additional charter time ("Off-hire Extension") is computed at the end of the initially contracted charter period. The Latest Charter Expiry Dates shown in this table have been adjusted to reflect offhire accrued up to the date of issuance of this release plus estimated offhire scheduled to occur during the remaining lifetimes of the respective charters. However, as actual offhire can only be calculated at the end of each charter, in some cases actual Offhire Extensions – if invoked by charterers – may exceed the Latest Charter Expiry Dates indicated.
(3) ZIM Norfolk (ex UASC Al Khor) & ZIM Xiamen (ex Maira XL). On November 22, 2021 we announced the forward fixture of these two ships, upon the expiry of their then-existing charters in the second and third quarters of 2022, respectively, for approximately five years each at a charter rate of $65,000 per day.
(4) MSC Qingdao & Agios Dimitrios are fitted with Exhaust Gas Cleaning Systems ("scrubbers").
(5) GSL Ningbo chartered to MSC at $22,500 per day to July 2023. Thereafter, the charter has been extended by 48 to 52 months, at a confidential rate.
(6) GSL Eleni (delivered 2Q 2019) is chartered for five years; GSL Kalliopi (delivered 4Q 2019) and GSL Grania (delivered 3Q 2019) are chartered for three years plus two successive periods of one year each, at the option of the charterer. For GSL Kalliopi and GSL Grania the first option periods were exercised in May 2022. During the option periods the charter rates for GSL Kalliopi and GSL Grania are $18,900 per day and $17,750 per day respectively. These new rates were applied from 3Q 2022 for GSL Grania and 4Q 2022 for GSL Kalliopi.
(7) Mary, Kristina, Katherine, Alexandra, Alexis, Olivia I were forward fixed to Hapag-Lloyd for five years, followed by two periods of 12 months each at the option of the charterer. The new charters are scheduled to commence as each of the existing charters expire, on a staggered basis, between approximately late 2023 and late 2024, at a confidential rate.
(8) GSL Maria, GSL Violetta, GSL Arcadia, GSL MYNY, GSL Melita, GSL Tegea and GSL Dorothea. Contract cover for each ship is for a firm period of at least three years from the date each vessel was delivered, with charterers holding a one-year extension option on each charter (at a rate of $12,900 per day), followed by a second option (at a rate of $12,700 per day) with the period determined by – and terminating prior to – each vessel's 25th year drydocking & special survey.
(9) Tasman. 12-month extension at charterer's option was declared in May 2022, at an increased rate of $20,000 per day. The new rate applied from 3Q 2022.
(10) GSL Tripoli, GSL Kithira, GSL Tinos, and GSL Syros. Ultra-high reefer ships of 5,470 TEU each. Contract cover on each ship is for a firm period of three years at a rate of $36,500 per day, with a period of an additional three years (at $17,250 per day) at charterers' option.
(11) Orca I. Chartered at $21,000 per day through to the median expiry of the charter in 2Q2024; thereafter the charterer has the option to charter the vessel for a further 12-14 months at the same rate.
(12) GSL Susan, CMA CGM Jamaica, CMA CGM Sambhar and CMA CGM America. In July 2022, these four vessels were each forward fixed for five years +/- 45 days at confidential charter rates. The new charter for GSL Susan commenced in 4Q 2022, while the remaining charters are scheduled to commence towards the end of 1Q 2023.
(13) GSL Valerie. Chartered to ZIM at an average rate of $35,600 per day-$40,000 for the first 12 months, $36,000 for the next 12 months and $32,000 for the remaining period.
(14) GSL Lalo. Chartered to MSC at $17,500 per day for a period of 14 to 16 months, upon expiry of the preceding charter in 1Q 2023;
(15) GSL Elizabeth. Charter extended to ONE at $18,750 per day for a period of four to seven months, commencing late 4Q 2022;
(16) GSL Maren. Charter extended to Westwood (Swire) for a period of 11 to 14 months, commencing at the end of 1Q 2023 at a rate of $17,200 per day for the first 2 months and for the remaining period at a rate of $18,200.
(17) Maira. Charter extended for four to 6.5 months, commencing at the end of 2Q 2023 at a rate of $17,750 per day.
(18) Nikolas. Charter extended for 10 to 12 months, at a daily rate of $16,750, commencing 1Q23.

Fleet Development

As of December 31, 2022, our fleet consisted of 65 containerships with an aggregate capacity of 342,348 TEU and a TEU-weighted average age of approximately 15.9 years.

Vessel Acquisitions

In 2021, we purchased a total of 23 vessels.

We purchased seven containerships of approximately 6,000 TEU each (the "Seven Vessels") for an aggregate purchase price of $116,000. At the time of the transaction, we had agreed charters for all seven ships to Maersk Line for a minimum firm period of 36 months each, followed by two one-year extensions at charterer's option; for two vessels these new charters commenced in the fourth quarter 2021, upon completion of pre-existing short charters. Four vessels were delivered in April 2021, two in May 2021 and the seventh vessel in July 2021.

We purchased 12 containerships from Borealis Finance LLC for an aggregate purchase price of $233,890 (the "Borealis Fleet"), of which $35.0 million was paid in the form of debt with the issuance of our 8.00% Senior Unsecured Notes due 2024 ("2024 Notes") to the sellers.

At the time of the transaction, the ships were all on charter with leading liner operators, with remaining charter durations of three to 25 months. The 12 vessels in the Borealis Fleet were delivered to us in July 2021. Four 5,470 TEU Panamax containerships (the "Four Vessels") for an aggregate purchase price of $148,000. On delivery, the ships were chartered to Maersk Line operator for a firm period of three years, followed by a three-year extension at charterer's option. Three vessels were delivered in September 2021 and the fourth vessel in October 2021.

Vessel disposals

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

Time Charters

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

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

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

Daily Charter Rate

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

Operations and Expenses

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

Right of First Refusal

Pursuant to the terms of the one remaining initial time charter with CMA CGM, the charterer 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 the vessel to owners whose business or shareholding is determined to be detrimental or contrary to its interest. Under two other charters, CMA CGM has the right to participate in any competitive sales process for the underlying vessels undertaken either during, or at the end of, the corresponding charter period.

Off-hire

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

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

Ship Management and Maintenance

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

Termination and Withdrawal

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

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

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

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

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

Management of Our Fleet

Our management team supervises the day-to-day technical ship management of our vessels which is provided mainly by Technomar, a company of which our Executive Chairman is the Founder, Managing Director, and majority beneficial owner. The technical management of six vessels is provided by a separate third party ship manager. As of December 31, 2022, all of our vessels were commercially managed by Conchart, a company of which our Executive Chairman is the sole beneficial owner.

Technical Management

Technomar provides us with all day-to-day technical ship management services, pursuant to a technical management agreement with each of our vessel-owning subsidiaries (as amended from time to time, the "TTMA"), for all but six of our vessels, where technical and crew management services are provided by a separate third-party ship manager.

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. 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.

During the year ended December 31, 2022, we paid Technomar a daily management fee of Euro 715 (Euro 750 from January 1, 2023), per vessel, payable in U.S. dollars, which, in addition to the technical ship management services noted above, includes administrative support services provided to us including accounting and financial reporting, treasury management and legal services. Each TTMA has a minimum term of twenty-four months after the later to occur of the expiry of the charter for the applicable vessel or the credit facility (or other debt agreement) for which the applicable vessel serves as collateral, unless terminated earlier in accordance with the provisions of the TTMA. We expect that additional vessels that we may acquire in the future will also be managed under a TTMA on substantially similar terms. Please see "Item 7. Major Shareholders and Related Party Transactions — B. Related Party Transactions—Ship Management Agreements".

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

In addition, each of our vessel-owning subsidiaries for the six Third-Party Managed Vessels has entered into a Supervision Agreement with Technomar, pursuant to which Technomar supervises the third-party manager in order to ensure the services are fulfilled as required under the third party management agreements. In addition, Technomar undertakes the provision of Technical, Drydock, Insurance, Freight and Claims Handling Services as well as accounting, administrative & support services. The terms of the Supervision Agreements are similar in substance, mutatis mutandis, to the terms of our existing Technical Management Agreements with Technomar. Pursuant to the Supervision Agreements, we pay a supervision fee of $150 per day per vessel ($157.5 from January 1, 2023), which, subject to the vessel-owning subsidiary's approval, may be increased every January 1 by not more than 2.5%. The minimum duration is from the delivery date of each vessel to us until the earlier of either (i) the termination of the third party management agreement or (ii) the lapse of 24 calendar months from the delivery date in which case the Supervision Agreement automatically converts to a Technomar technical management agreement under agreed terms as per our existing Technomar management agreements, with a minimum duration until September 30, 2026, and for GSL Suzan where the minimum duration is December 2, 2027, and with the first budget to be agreed on the date of conversion.

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.

The commercial management of all of our vessels is provided by Conchart pursuant to a commercial management agreement with respect to each of our vessels (as amended from time to time, the "CCMA"). Under each CCMA, we have agreed to pay Conchart a commission of 1.25% on all monies earned under each charter fixture. No commission is payable on any charter of a vessel in our fleet to CMA CGM in place as of November 15, 2018, if applicable. However, commission is payable to Conchart for any extension of such charters after March 31, 2021. The CCMA also provides for Conchart to be the named broker in each memorandum of agreement (or equivalent agreement) for the sale of all vessels and purchase of some vessels, at a commission of 1.00% based on the sale and purchase price for any sale and purchase of a vessel. The CCMA, with respect to a vessel, has a minimum term of twenty-four months after the later to occur of the expiry of the charter for the applicable vessel or the credit facility (or other debt agreement) for which the vessel serves as collateral, unless terminated earlier in accordance with the provisions of the CCMA. We expect that additional vessels that we may acquire in the future will also be managed under a CCMA on substantially similar terms. Please see "Item 7. Major Shareholders and Related Party Transactions — B. Related Party Transactions—Ship Management Agreements".

Until January 20, 2021, Global Ship Lease Services Limited ("GSLS"), a wholly owned subsidiary of the Company, was the commercial manager for the 16 vessels provided as security under the 2022 Notes and an associated credit facility until the 2022 Notes were fully repaid on January 20, 2021, the associated credit facility having been fully repaid on October 31, 2020. 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 on terms substantially similar to those of the described above.

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

Pursuant to a Brokerage Services Agreement dated February 21, 2020 among the Company, each vessel owning subsidiary and GSL Enterprises Ltd ("GSL Enterprises"), GSL Enterprises has been engaged by the Company and the vessel owning subsidiaries to provide various brokerage, administrative and other services. GSL Enterprises receives a base fee of $1,300 per month per vessel plus supplemental fees. The Brokerage Services Agreement can be terminated by mutual agreement at any time or by either party in case of the other party's breach of the terms of the agreement.

Insurance

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

Inspection by Classification Societies

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

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

Annual Surveys

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

Intermediate Surveys

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

Class Renewal Surveys

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

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

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

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

Vessel Name	Classification Society	Drydocking Month[(1)]
CMA CGM Thalassa	RINA	Jul-27
ZIM Norfolk (ex UASC Al Khor)	DNV-GL & RINA	Jun-30
Anthea Y	DNV-GL & RINA	Mar-28
ZIM Xiamen (ex Maira XL)	DNV-GL & RINA	Aug-25
MSC Tianjin	RINA	Mar-25
MSC Qingdao	Bureau Veritas	Apr-24
GSL Ningbo	Bureau Veritas	May-24
GSL Eleni	DNV-GL	Jul-24
GSL Kalliopi	DNV-GL	Oct-24
GSL Grania	DNV-GL	Sep-24
Mary	RINA	Nov-25
Kristina	DNV-GL	Jul-25
Katherine	RINA	Apr-25
Alexandra	RINA	Aug-25
Alexis	DNV-GL & RINA	Jan-25
Olivia I	DNV-GL & RINA	Feb-25
GSL Christen	RINA	Dec-27
GSL Nicoletta	RINA	Apr-23
CMA CGM Berlioz	Bureau Veritas	Jul-26
Agios Dimitrios	Bureau Veritas	Sep-25
GSL Vinia	Bureau Veritas	Oct-24
GSL Christel Elisabeth	Bureau Veritas	Sep-24
GSL Dorothea	RINA	May-26
GSL Arcadia	DNV-GL	Dec-25
GSL Violetta	DNV-GL	Aug-25
GSL Maria	RINA	Dec-26
GSL MYNY	DNV-GL	Oct-25
GSL Melita	RINA	May-26
GSL Tegea	RINA	Jun-26
Tasman	Bureau Veritas	Jan-25
ZIM Europe	Bureau Veritas	May-25
Ian H	Bureau Veritas	Jul-25
GSL Tripoli	RINA	Apr-23
GSL Kithira	RINA	Jan-28
GSL Tinos	RINA	Jun-23
GSL Syros	RINA	In progress
Dolphin II	Bureau Veritas	Jan-27
Orca I	Bureau Veritas	Nov-26
CMA CGM Alcazar	Bureau Veritas	Nov-27
GSL Château d'If	Bureau Veritas	Dec-27
GSL Susan	RINA	Jun-23
CMA CGM Jamaica	DNV-GL	Aug-26
CMA CGM Sambhar	RINA	Jul-26
CMA CGM America	RINA	Sep-26
GSL Rossi	RINA	Dec-27
GSL Alice	RINA	Mar-29
GSL Eleftheria	RINA	Jun-28
GSL Melina	RINA	Dec-28
GSL Valerie	DNV-GL	Jun-25
Matson Molokai	RINA	Feb-25
GSL Lalo	RINA	Jun-26
GSL Mercer	RINA	May-27
Athena	RINA	May-23
GSL Elizabeth	RINA	Mar-26
Beethoven tbr GSL Chloe	RINA	Jan-25
GSL Maren	RINA	Mar-24
Maira	RINA	Aug-25
Nikolas	RINA	Aug-25
Newyorker	RINA	Jan-26
Manet	Bureau Veritas	Oct-26
Keta	Bureau Veritas	Nov-26
Julie	Bureau Veritas	May-23
Kumasi	Bureau Veritas	Feb-27
GSL Amstel	RINA	Oct-23
Akiteta	Bureau Veritas	Jan-27

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

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

Competition

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

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

Permits and Authorizations

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

Environmental and Other Regulations

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

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

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

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

International Maritime Organization

The IMO is the United Nations' agency for maritime safety. The IMO has adopted international conventions that impose liability for pollution in international waters and a signatory's territorial waters. For example, the IMO's International Convention for the Prevention of Pollution from Ships, or MARPOL, imposes environmental standards on the shipping industry relating to, among other things, pollution prevention and procedures, technical standards, oil spills management, transportation of marine pollutants and air emissions. Annex VI of MARPOL, which regulates air pollution from vessels, sets limits on sulfur oxide, nitrogen oxide and particulate matter emissions from vessel exhausts and prohibits deliberate emissions of ozone depleting substances, such as chlorofluorocarbons. We believe all of our vessels currently are Annex VI compliant. Annex VI also includes a global cap on the sulfur content of fuel oil with a lower cap (currently 0.1%) on the sulfur content applicable inside Emission Control Areas, or ECAs. Existing ECAs include the Baltic Sea, the North Sea, including the English Channel, the North American area and the U.S. Caribbean Sea area. Recently at the MEPC78, the IMO approved a proposal for a new ECA in the Mediterranean to apply from 1 July 2025. 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. If other ECAs are approved by the IMO or other new or more stringent requirements relating to emissions from marine diesel engines or port operations by vessels are adopted by the U.S. Environmental Protection Agency, or EPA, or the states where we operate, compliance with these regulations could entail significant capital expenditures or otherwise increase the costs of our operations.

Annex VI establishes new tiers of stringent nitrogen oxide emissions standards for marine diesel engines, depending on their date of installation. Now Annex VI provides for a three-tier reduction in NOx emissions from marine diesel engines, with the final tier (or Tier III) to apply to engines installed on vessels constructed on or after January 1, 2016 and which operate in the North American ECA or the U.S. Caribbean Sea ECA as well as ECAs designated in the future by the IMO. At MEPC 70 and MEPC 71, the MEPC approved the North Sea and Baltic Sea as ECAs for nitrogen oxide (also known as NECAs) for ships built after January 1, 2021. The EPA promulgated equivalent (and in some senses stricter) emissions standards in late 2009. Additionally, amendments to Annex II, which strengthen discharge requirements for cargo residues and tank washings in specified sea areas (including North West European waters, Baltic Sea area, Western European waters and Norwegian Sea), came into effect in January 2021. Additional ECAs could be established in the future.

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

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

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

The IMO has also adopted technical and operational measures aimed at reducing greenhouse gas emissions from vessels. These include the "Energy Efficiency Design Index," which is mandatory for newbuilding vessels, and the "Ship Energy Efficiency Management Plan," which is mandatory for all vessels. Under these measures, by 2025, all new ships built will be 30% more energy efficient than those built in 2014. 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. Ships are required to maintain a certificate attesting that they maintain adequate insurance to cover an incident. In jurisdictions such as the United States where the Bunker Convention has not been adopted, various legislative schemes or common law govern, and liability is imposed either on the basis of fault or on a strict-liability basis.

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. 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 became effective 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 2023, MEPC 75 approved draft amendments to the Anti-fouling Convention will come into effect and will include controls on the biocide cybutryne; ships shall not apply or re-apply anti-fouling systems containing this substance from January 1, 2023. The amendments require ships to remove this substance, or apply a coating to anti-fouling systems with this substance at the next scheduled renewal of the anti-fouling system after January 1, 2023. We have obtained Anti-fouling System Certificates for all of our vessels that are subject to the Anti-fouling Convention. MEPC 77 adopted a non-binding resolution which urges Member States and ship operators to voluntarily use distillate or other cleaner alternative fuels or methods of propulsion that are safe for ships and could contribute to the reduction of Black Carbon emissions from ships when operating in or near the Arctic.

Amendments to MARPOL Annex V (regulation for the prevention of pollution by garbage from ships) adopted at MEPC 70 entered into force on March 1, 2018. The changes include criteria for determining whether cargo residues are harmful to the marine environment, and a new Garbage Record Book format with a new garbage category for e-waste. As all our existing 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 ("WOTUS"), thereby expanding federal authority under the CWA. On December 30, 2022, the EPA and U.S. Army Corps of Engineers announced the final revised WOTUS rule, which was published on January 18, 2023, and will become effective on March 20, 2023. The revised WOTUS rule replaces the 2020 Navigable Waters Protection Rule and generally reflects an expansion of the CWA jurisdiction.

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 requires that the U.S. Coast Guard develop implementation, compliance, and enforcement regulations regarding ballast water. On October 26, 2020, the EPA published a Notice of Proposed rulemaking for Vessel Incidental Discharge National Standards of Performance under VIDA, and in November 2020, held virtual public meetings, but a final rule has not been promulgated. Under VIDA, all provisions of the 2013 VGP and USCG ballast water regulations remain in force and effect as currently written until the EPA publishes standards. Several U.S. states have added specific requirements to the Vessel General Permit and, in some cases, may require vessels to install ballast water treatment technology to meet biological performance standards. 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.

Non-military, non-recreational vessels greater than 79 feet in length must continue to comply with the requirements of the VGP. Under the U.S. National Invasive Species Act, or 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. 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 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. 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 recently agreed on a Directive on 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. At MEPC 76, the IMO adopted amendments to Annex VI that will require ships to reduce their greenhouse gas emissions, as discussed further below.

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. The EPA or individual U.S. states could enact environmental regulations that would affect our operations. On November 2, 2021, the EPA issued a proposed rule under the CAA designed to reduce methane emissions from oil and gas sources. In November 2022, the EPA issued a supplemental proposal to that would achieve more comprehensive emissions reductions and add proposed requirements for sources not previously covered. The EPA held a public hearing in January 2023 on the proposal. The supplemental proposal would reduce of methane emissions between 2023 and 2030 by approximately 87 percent compared to emissions from this sector in 2005 and the EPA anticipates issuing a final rule by the end of 2023. If these new regulations are finalized, they could affect our operations.

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

Other Regions

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

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

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

International Labor Organization

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

Vessel Security Regulations

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

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

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

Inspection by Classification Societies

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

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

Risk of Loss and Liability Insurance

General

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

Hull & Machinery, Loss of Hire and War Risks Insurance

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

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

Protection and Indemnity Insurance

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

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

C. Organizational Structure

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

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

D. Property, Plants and Equipment

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

Item 4A. Unresolved Staff Comments

Not applicable.

Item 5. Operating and Financial Review and Prospects

A. Operating Results

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

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

Overview

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

As of December 31, 2022, we owned 65 vessels, with a total capacity of 342,348 TEU with an average age, weighted by TEU capacity, of 15.9 years.

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

Our financial results are largely driven by the following factors:

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

As at December 31, 2022 and as adjusted to include new charters agreed through March 10, 2023, the average remaining term of our charters at December 31, 2022, to the mid-point of redelivery, including options under our control, was 2.7 years on a TEU-weighted basis. The time charters for five of our 65 containerships, including GSL Amstel which has been agreed in February 2023 to be sold, either have expired or could expire before the end of the first half of 2023, and a further seven vessels have charters that could expire during the second half of 2023. The charter rate that we will be able to achieve on renewal will be affected by market conditions at that time. As discussed further below, operational matters such as off-hire days for planned maintenance or for unexpected accidents and incidents also affect the actual amount of revenues we receive.

The container shipping industry suffered a cyclical downturn as a result of the Global Financial Crisis in 2008—2009 and many container shipping companies reported substantial losses. Financial performance of container shipping companies subsequently improved however, the industry remained under pressure due to oversupply of container ship capacity. 2020 saw a substantial downturn, triggered by the global COVID-19 pandemic.While the industry has recovered markedly, commencing late 2020 with volumes, freight rates, charter rates and vessel values all increasing substantially, the market is currently faced with macro headwinds (primarily due to the conflict in Ukraine and elevated inflation) and negative sentiment, which is placing downward pressure on consumer demand, and as a result, the container shipping industry.

Charter payments have been received on a timely basis and, as of December 31, 2022, charterhire was up-to-date. If our charterers are unable to make charter payments to us, our results of operations and financial condition will be materially adversely affected. If our existing charters with our charterers were terminated and we were required to recharter at lower rates or if we were unable to find new charters due to market conditions, our results of operations and financial condition would be materially adversely affected.

Selected Financial Information and Other Data

The following table sets forth our selected consolidated financial and other data as of and for the years ended December 31, 2022, 2021, 2020, 2019 and 2018. Consolidated financial data is derived from our audited consolidated financial statements which have been prepared in accordance with United States generally accepted accounting principles ("U.S. GAAP"). Our audited consolidated statements of income and statements of cash flows for the years ended December 31, 2022, 2021 and 2020 and our audited consolidated balance sheets as of December 31, 2022 and 2021, 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, 2019 and 2018 and our audited consolidated balance sheets as of December 31, 2020, 2019, and 2018, and the notes thereto, are not included herein.

	2022	2021	2020	2019	2018 [1]
	(Expressed in millions of U.S. dollars, except for per share data)				
Statement of Income					
Operating revenues:					
Time charter revenue	$ 645.6	$ 448.0	$ 282.8	$ 261.1	$ 157.1
Operating expenses:					
Vessel operating expenses	(167.4)	(130.3)	(102.8)	(87.8)	(49.3)
Time charter and voyage expenses	(21.2)	(13.1)	(11.2)	(9.0)	(1.6)
Depreciation and amortization	(81.3)	(61.6)	(47.0)	(43.9)	(35.5)
General and administrative expenses	(18.5)	(13.2)	(8.4)	(8.8)	(9.2)
Impairment of vessels	(3.0)	—	(8.5)	—	(71.8)
Gain/(Loss) on sale of vessels	—	7.8	(0.2)	—	—
Total operating expenses	**(291.4)**	**(210.4)**	**(178.1)**	**(149.5)**	**(167.4)**
Operating Income / (Loss)	**354.2**	**237.6**	**104.7**	**111.6**	**(10.3)**
Non-operating income/(expenses)					
Interest income	2.5	0.4	1.0	1.8	1.4
Interest and other finance expenses	(75.3)	(69.2)	(65.4)	(75.0)	(48.7)
Other income, net	1.8	2.8	1.3	1.5	0.3
Fair value adjustment on derivative asset	9.7	—	—	—	—
Income / (Loss) before income taxes	**292.9**	**171.6**	**41.6**	**39.9**	**(57.3)**
Income taxes	0.0	(0.1)	(0.0)	(0.0)	0.0
Net Income / (Loss)	292.9	171.5	41.6	39.9	(57.3)
Earnings allocated to Series B Preferred Shares	(9.5)	(8.3)	(4.0)	(3.1)	(3.1)
Net Income / (Loss) available to common shareholders [2]	**283.4**	**163.2**	**37.6**	**36.8**	**(60.4)**
Net Earnings / (Loss) per Class A common share in $					
Basic	7.74	4.65	1.23	1.48	(7.42)
Diluted	7.62	4.60	1.22	1.48	(7.42)
Weighted average number of Class A common shares outstanding					
Basic in millions	36.6	35.1	17.7	11.9	6.5
Diluted in millions	37.2	35.5	17.8	11.9	6.5
Net income per Class B common share in $					
Basic and diluted	Nil	Nil	Nil	Nil	Nil
Weighted average number of Class B common shares outstanding					
Basic and diluted in millions	Nil	Nil	Nil	Nil	0.9
Dividend per Class A common share in $	50.5	27.9	—	—	—
Statement of cash flow					
Net cash provided by Operating Activities	351.9	267.1	104.4	93.3	47.7
Net cash (used in)/provided by Investing Activities	(34.3)	(482.2)	(39.6)	(99.9)	24.3
Net cash (used in)/provided by Financing Activities	(243.3)	318.4	(120.1)	64.1	(55.2)
Balance sheet data (at year end)					
Total current assets	237.0	143.4	98.6	161.9	99.0
Vessels in operation	1,623.3	1,682.8	1,140.6	1,155.6	1,112.8
Total assets	2,106.2	1,994.1	1,274.2	1,351.8	1,233.5
Debt (current and non-current portion), net	934.4	1,070.5	769.5	896.9	877.2
Class A and B common shares	0.4	0.4	0.2	0.2	0.1
Shareholders' equity	966.5	712.6	464.7	406.4	316.4
Other data					
Number of vessels in operation at year end	65	65	43	43	38
Ownership days	23,725	19,427	16,044	14,326	7,675
Utilization	95.5%	94.3%	93.0 %	94.4%	98.7 %

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

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

Results of Operations

Year ended December 31, 2022 compared to Year ended December 31, 2021

	Year ended December 31,	
	2022	**2021**
	(in millions of U.S. dollars)	
Operating Revenues		
Time charter revenue	$ 645.6	$ 448.0
Operating Expenses		
Vessel operating expenses	(167.4)	(130.3)
Time charter and voyage expenses	(21.2)	(13.1)
Depreciation and amortization	(81.3)	(61.6)
Impairment of vessel	(3.0)	—
General and administrative expenses	(18.5)	(13.2)
Gain on sale of vessels	—	7.8
Total operating expenses	(291.4)	(210.4)
Operating Income	**354.2**	**237.6**
Non-Operating Income / (Expenses)		
Interest income	2.5	0.4
Interest and other finance expenses	(75.3)	(69.2)
Other income, net	1.8	2.8
Fair value adjustment on derivative asset	9.7	—
Income taxes	0.0	(0.1)
Net Income	**292.9**	**171.5**
Earnings allocated to Series B Preferred Shares	(9.5)	(8.3)
Net Income available to Common Shareholders	**$ 283.4**	**$ 163.2**

Operating Revenues

Operating revenues reflect income under fixed rate time charters and were $645.6 million in the year ended December 31, 2022, an increase of $197.6 million, or 44.1%, from operating revenues of $448.0 million for 2021. The increase is principally due to (i) a 22.1% increase in ownership days, due to the net acquisition of 22 vessels in 2021, resulting in 23,725 ownership days in 2022, compared to 19,427 in 2021, (ii) increased revenue on charter renewals at higher rates on eight vessels since the beginning of 2022 and the full year effect of eight charter renewals at higher rates effective in 2021, and (iii) a decrease of planned off-hire from 752 days in 2021 to 581 days in 2022 offset by (i) $4.3 million reduction in the credit from amortization of intangible liabilities arising on below-market charters attached to vessels, (ii) 5.0 million due to the modification of time charter contracts with a direct continuation at a different rate with the same charterer and (iii) an increase in unplanned off-hire days from 260 in 2021 to 460 days in 2022.

There were 1,041 days off-hire through the year, including 581 days for 26 planned vessel upgrades, 12 completed regulatory drydockings and one in progress as at December 31, 2022. Utilization for 2022 was 95.5%. In 2021, utilization was 94.3%.

Total Operating Expenses

Total operating expenses totaled $291.4 million (or 45.1% of operating revenues). Total operating expenses totaled $210.4 million for the year ended December 31, 2021 (or 47.0% of operating revenues).

Total operating expenses is primarily comprised of:

- *Vessel Operating Expenses:* Vessel operating expenses, which relate to the operation of the vessels themselves, were $167.4 million for the year ended December 31, 2022 (or 25.9% of operating revenues) compared to $130.3 million for the year ended December 31, 2021 (or 29.0% of operating revenues). Ownership days in 2022 were 23,725, up 22.1% on 19,427 of 2021. The increase was mainly due to the net increase of 22 vessels in 2021, 17 of which were delivered after June 30, 2021, increased crew expenses due to higher salaries and crew travel expenses and increased insurance costs. The average cost per ownership day was $7,058, up $351, (or 5.2%), from $6,707 for 2021.

- *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 off-hire or idle and miscellaneous costs associated with a ship's voyage for the owner's account, were $21.2 million for the year ended December 31, 2022 (or 3.3% of operating revenues) compared to $13.1 million for the year ended December 31, 2021 (or 2.9% of operating revenues). The increase was mainly due to the net increase of 22 vessels in 2021, 17 of which were delivered after June 30, 2021, increased commissions on charter renewals at higher rates and additional voyage administration costs. The average cost per ownership day was $892, up $218, (or 32.3%), from $674 for 2021.

- *Depreciation and Amortization*: Depreciation and Amortization was $81.3 million (or 12.6% of operating revenues) for the year ended December 31, 2022, up from $61.6 million (or 13.7% of operating revenues) in 2021. The increase was mainly due to the net increase of 22 vessels in 2021, 17 of which were delivered after June 30, 2021 and the 12 drydockings that were completed in 2022.

- *Impairment of Vessel-Gain on Sale of Vessel:* An impairment loss of $3.0 million was recorded in the fourth quarter of 2022 on one vessel, which subsequent to the year end we have agreed to sell. As at December 31, 2021, there were no events or changes in circumstances which indicated that the carrying amounts of any of our vessels may not be recoverable and therefore no impairment was charged. The 2001-built, 2,272 TEU containership, La Tour, was sold on June 30, 2021 for net proceeds of $16.5 million resulting in a gain of $7.8 million.

- *General and Administrative:* General and administrative expenses were $18.5 million (or 2.9% of operating revenues) in the year ended December 31, 2022, and were $13.2 million (or 2.9% of operating revenues) for 2021. The increase was mainly due to the non-cash effect of stock-based compensation expenses due to vesting recorded in 2022. The average cost per ownership day was $781 for the year ended December 31, 2022, up $99, compared to $682 per day for the year ended December 31, 2021.

Operating Income

As a consequence of all preceding items, operating income was $354.2 million for the year ended December 31, 2022 compared to an operating income of $237.6 million for the year ended December 31, 2021.

Interest Income

Interest income earned on cash balances for the year ended December 31, 2022 was $2.5 million compared to $0.4 million for the year ended December 31, 2021 with the increase being mainly due to net increase in cash and cash equivalents deposited in time deposits during 2022.

Interest and other finance expenses

Interest and other finance expenses for the year ended December 31, 2022 were $75.3 million, an increase of $6.1 million, or 8.8%, on the interest and other finance expenses for the comparative period, of $69.2 million, although total debt decreased by a net amount of $136.1 million year on year or 12.5%. The increase in interest and other finance expenses was mainly due to a prepayment fee and the associated non-cash write off of deferred financing charges of $14.1 million on the full repayment of the Hayfin Credit Facility, the non-cash write off of deferred financing charges of $0.3 million on the full repayment of the Hellenic Credit Facility, $0.6 million premium paid on the redemption in April of $28.5 million of the 2024 Notes, a $1.8 million premium paid on the full redemption of our 2024 Notes in July 2022, the associated non-cash write off of deferred financing charges of $2.1 million and acceleration of premium amortization of $1.3 million and a prepayment fee and the associated non-cash write off of deferred financing charges of $4.1 million on the full repayment of the Blue Ocean Junior Credit Facility compared to $5.8 million premium paid on the redemption in full of the 2022 Notes in January 2021 plus the acceleration of deferred financing charges of $3.7 million, and the acceleration of amortization of original issue discount associated with the redemption of the 2022 Notes of $1.1 million plus the prepayment fee of $1.6 million paid on the partial repayment of the Blue Ocean Junior Credit Facility, plus the prepayment fee of $1.4 million paid on the repayment and completion of the refinancing of the Odyssia Credit Facilities, plus a prepayment fee of $0.2 million on the repayment of Hayfin Facility.

Other income, net

Other income, net represents miscellaneous revenue mainly from sundry recharges to charterers under our time charters. In the year ended December 31, 2022, other income, net was $1.8 million, down from $2.8 million in 2021.

Income Taxes

Income taxes for the years ended December 31, 2022 and 2021 were not material as our vessel owning subsidiaries were subject to taxation based on tonnage rather than profits.

Net Income

For the year ended December 31, 2022, net income was $292.9 million, compared to a net income of $171.5 million for the year ended December 31, 2021.

Earnings Allocated to Series B Preferred Shares

The dividends payable on the $109.0 million of Series B Preferred Shares outstanding as at December 31, 2022, are presented as a reduction of net income, as and when declared by the Board of Directors. These dividends totaled $9.5 million and $8.3 million for each of the years ended December 31, 2022 and 2021, respectively.

Net Income Available to Common Shareholders

Net income available to common shareholders for the year ended December 31, 2022 was $283.4 million, compared to a net income available to common shareholders of $163.2 million for the year ended December 31, 2021.

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

For a discussion of our results for the year ended December 31, 2021 compared to the year ended December 31, 2020, please see “Item 5. Operating and Financial Review and Prospects—A. Operating Results—Results of Operations—Year Ended December 31, 2021 Compared to the Year Ended December 31, 2020” contained in our Annual Report on Form 20-F for the year ended December 31, 2021, filed with the SEC on March 24, 2022.

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. 12 drydockings were completed in 2022 for regulatory reasons and 26 vessel upgrades were completed, the total cost of which, excluding the effect of the associated 581 days of off-hire, was $34.7 million. 11 drydockings were completed in 2021 for regulatory reasons and 11 for vessel upgrades, the total cost of which, excluding the effect of the associated 752 days of off-hire, was $28.3 million. The average cost of the 23 drydockings completed on vessels in the current fleet between January 2021 and December 2022 was $1.9 million with an average loss of revenue of $1.2 million while the relevant vessel was off-hire. The average cost for vessel upgrades due to commercial reasons was $0.4 million.

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

The main factor affecting cash flow in a period is the timing of the receipt of charterhire, which is due to be paid two weeks or one month in advance, proceeds from any asset sales, costs of any asset purchases, the payments for costs of drydockings and vessel upgrades, the timing of the payment of interest, which is mainly quarterly, amortization of our debt including the 2027 Secured Notes, financings and refinancings, purchases of our Class A common shares, for which the Board of Directors authorized $40.0 million in March 2022, and dividends paid on our Class A common shares and Series B Preferred Shares.

At December 31, 2022, we had $949.5 million of debt outstanding, consisting of $336.9 million under our 2027 Secured Notes which carry interest at the fixed rate of 5.69%, $470.9 million under our other credit facilities and $141.7 million under sale and leaseback financing transactions which have floating interest rates at LIBOR plus a weighted average margin of approximately 3.04%. Assuming LIBOR of 0.75%, quarterly interest on total gross debt at December 31, 2022, without taking into account amortization or any interest rate hedges, would amount to approximately $10.8 million.

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

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

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, 2022, we had $278.5 million in cash and cash equivalents, including restricted cash and time deposits. Our cash and cash equivalents are mainly held in U.S. dollars, with relatively small amounts of UK pounds sterling and Euros. We regularly review the amount of cash and cash equivalents held in different jurisdictions to determine the amounts necessary to fund our operations and their growth initiatives and amounts needed to service our indebtedness and related obligations. If these amounts are moved out of their original jurisdictions, we may be subject to taxation.

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

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

The table below shows our consolidated cash flows for each of the years ended December 31, 2022, 2021 and 2020:

	Year ended December 31,		
	2022	2021	2020
	(in millions of U.S. dollars)		
Cash flows from operating activities			
Net income	$ 292.9	$ 171.5	$ 41.6
Adjustments to reconcile net income to net cash provided by operating activities			
Depreciation and amortization	81.3	61.6	47.0
Impairment of vessels	3.0	—	8.5
(Gain)/loss on sale of vessel	—	(7.8)	0.2
Amounts reclassified from OCI	(1.1)	—	—
Amortization of derivative assets premium	1.1	—	—
Amortization of deferred financing costs	11.2	8.3	4.1
Amortization of original issue premium of notes/premium on repurchase of notes	0.8	8.6	3.3
Amortization of intangible liabilities-charter agreements	(41.2)	(45.4)	(0.5)
Fair value adjustment on derivative asset	(9.7)	—	—
Prepayment fees on debt repayment	15.2	3.2	—
Share based compensation	10.1	3.5	2.0
Movement in working capital	(11.7)	63.6	(1.8)
Net cash provided by operating activities	**351.9**	**267.1**	**104.4**
Cash flows from investing activities			
Acquisition of vessels and intangibles	—	(463.7)	(23.1)
Net proceeds from sale of vessels	—	16.5	6.9
Cash paid for vessel expenditures	(5.5)	(4.6)	(4.1)
Advances for vessel acquisitions and other additions	(3.8)	(3.3)	(4.5)
Cash paid for drydockings	(24.4)	(19.2)	(14.8)
Time deposits acquired	(0.6)	(7.9)	—
Net cash used in investing activities	**(34.3)**	**(482.2)**	**(39.6)**
Cash flows from financing activities			
Proceeds from issuance of 2024 Notes	—	22.7	20.1
Deferred financing costs paid	(9.7)	(13.8)	(1.2)
Repayment of refinanced debt, including prepayment fees	(276.7)	(152.8)	(44.4)
Proceeds from 2027 Secured Notes	350.0	—	—
Repurchase of 2024 Notes, including premium	(119.9)	—	—
Repurchase of 2022 Notes, including premium	—	(239.2)	(92.0)
Proceeds from drawdown of credit facilities and sale and leaseback	60.0	744.5	47.0
Repayment of credit facilities and sale and leaseback	(167.0)	(115.5)	(64.3)
Net proceeds from offering of Class A common shares, net of offering costs	—	67.5	—
Cancellation of Class A common shares	(20.0)	(10.0)	—
Proceeds from offering of Series B preferred shares, net of offering costs	—	51.2	18.7
Class A common shares-dividend paid	(50.5)	(27.9)	—
Series B preferred shares – dividends paid	(9.5)	(8.3)	(4.0)
Net cash (used in)/provided by financing activities	**(243.3)**	**318.4**	**(120.1)**
Net increase/(decrease) in cash and cash equivalents and restricted cash	**74.3**	**103.3**	**(55.3)**
Cash and cash equivalents and restricted cash at beginning of the year	**195.6**	**92.3**	**147.6**
Cash and cash equivalents and restricted cash at end of the year	**$ 269.9**	**$ 195.6**	**$ 92.3**

Year ended December 31, 2022 compared to Year ended December 31, 2021

Net cash provided by operating activities was $351.9 million for the year ended December 31, 2022 reflecting mainly net income of $292.9 million, adjusted for depreciation and amortization of $81.3 million, impairment loss of $3.0 million, amounts reclassified from OCI of $1.1 million, amortization of derivative assets premium of $1.1 million, amortization of deferred financing costs and original issue premium of $12.0 million, amortization of intangible liabilities of $41.2 million, share-based compensation of $10.1 million, fair value adjustment on derivative asset of $9.7 million, prepayment fees on debt repayment of $15.2 million plus movements in working capital, including deferred revenue, of $11.7 million. During the year ended December 31, 2022, the Company has made reclassifications to the prior year statement of cash flows to correct and reclassify debt premiums paid from operating outflows to financing outflows which resulted in a decrease in operating outflows and increase in financial outflows of $3.2 million for the year ended December 31, 2021. The Company evaluated the reclassifications from both a quantitative and qualitative perspective and determined the impacts were not material to any previously issued annual financial statements.

Net cash provided by operating activities for the year ended December 31, 2021 at $267.1 million was $162.7 million higher than in 2020 mainly due to net income up by $129.9 million, $14.6 million increase in depreciation and amortization expense as a consequence of the net acquisition of 22 vessels in 2021, movement in working capital $65.4 million higher in 2021 mainly due to increase in deferred revenue, offset by $44.9 million increase in amortization of intangible liabilities arising on below-market charters attached to vessel additions and $7.8 million gain on sale of vessels.

Net cash used in investing activities for the year ended December 31, 2022 was $34.3 million, including $9.3 million vessel additions and other advances, $24.4 million paid for drydockings and $0.6 million cash in time deposits acquired.

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

Net cash used in financing activities for the year ended December 31, 2022 was $243.3 million, including $9.7 million deferred financing costs paid, $276.7 million repayment of refinanced debt, $119.9 million used for the full optional redemption of our 2024 Notes, $167.0 million repayment of credit facilities, $20.0 million purchase and retirement of 1,060,640 Class A common shares, $50.5 million dividends paid on our Class A common shares, $9.5 million dividends paid on our Series B Preferred Shares offset by $60.0 million drawdown of new credit facilities and $350.0 million proceeds from our 2027 Secured Notes.

Net cash provided by financing activities for the year ended December 31, 2021 was $318.4 million, including $22.7 million net proceeds from issuing our 2024 Notes under our at-the market issuance program in effect at that time for the 2024 Notes, $744.5 million drawdown of new credit facilities, $51.2 million net proceeds from issuing Series B Preferred Shares under our Initial Depositary Shares ATM Program, $67.5 million net proceeds from issuance of Class A common shares, $10.0 million purchase and retirement of 521,650 Class A common shares, offset by $239.2 million used for the full optional redemption of our outstanding expensive 2022 Notes, $115.5 million repayment of credit facilities, $152.8 million repayment of refinanced debt, $13.8 million deferred financing costs paid, $8.3 million dividends paid on our Series B Preferred Shares and $27.9 million dividends paid on our Class A common shares.

Overall, there was a net increase in cash and cash equivalents and restricted cash of $74.3 million in the year ended December 31, 2022, resulting in closing cash and cash equivalents and restricted cash of $269.9 million compared to closing cash and cash equivalents and restricted cash of $195.6 million at December 31, 2021.

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

For a discussion of our liquidity and capital resources for the year ended December 31, 2021 compared to the year ended December 31, 2020, please see “Item 5. Operating and Financial Review and Prospects-B. Liquidity and Capital Resources-Liquidity, working capital and dividends-Year Ended December 31, 2021 Compared to Year Ended December 31, 2020” contained in our Annual Report on Form 20-F for the year ended December 31, 2021, filed with the SEC on March 24, 2022.

Our indebtedness as of December 31, 2022 comprised:

Lender	(in million)	Collateral vessels	Interest Rate	Final maturity date
Chailease Credit Facility	3.9	Maira, Nikolas, Newyorker	LIBOR plus 4.2%	March, 2025
Syndicated Senior Secured Credit Facility (CACIB, ABN, First-Citizens & Trust Company, Siemens, CTBC, Bank Sinopac, Palatine)	181.2	Kristina, Katherine, Agios Dimitrios, Alexandra, Alexis, Olivia I, Mary	SOFR plus Credit Adjustment Spread ("CAS") plus 3.00%	December, 2026
E.SUN, MICB, Cathay, Taishin Credit Facility	46.5	Dolphin II, Athena, Orca	LIBOR plus 2.75%	July, 2026
New Credit Agricole, CTBC, Sinopac Facility	44.0	ZIM Xiamen (ex Maira XL)	LIBOR plus 2.75%	April, 2026
New Deutsche Bank Credit Facility	44.7	ZIM Norfolk (ex UASC Al Khor)	LIBOR plus 3.25%	April, 2026
HCOB Credit Facility	40.7	GSL Arcadia, GSL Maria, GSL Dorothea, GSL Tegea, GSL Melita, GSL MYNY	LIBOR plus 3.5%	April-July, 2025
2027 Secured Notes	336.9	20 vessels	Interpolated interest rate of 2.84% plus margin of 2.85%	July, 2027
Sinopac Credit Facility	9.9	GSL Valerie	LIBOR plus 3.25%	September, 2026
Finance Lease with CMBFL	41.9	Anthea Y	LIBOR plus 3.25%	May, 2028
Finance Lease with Neptune	10.0	GSL Violetta	LIBOR plus 4.64%	February, 2026
Finance Lease with CMBFL	89.8	GSL Tripoli, GSL Syros, GSL Tinos, GSL Kithira	LIBOR plus 3.25%	September, 2027
HCOB, CACIB, ESUN, CTBC, Taishin Credit Facility	100.0	Borealis vessels	LIBOR plus 3.25%	July, 2026
	949.5			

Our Borrowing Activities

5.69% Senior Secured Notes due 2027

On June 16, 2022, Knausen Holding LLC (the "Issuer"), an indirect wholly-owned subsidiary of ours, closed on the private placement of $350.0 million of privately rated/investment grade 5.69% Senior Secured Notes due 2027 (the "2027 Secured Notes") to a limited number of accredited investors. The fixed interest rate was determined on June 1, 2022, based on the interpolated interest rate of 2.84% plus a margin 2.85%.

We used the net proceeds from the private placement for the repayment of the remaining outstanding balances on our New Hayfin Credit Facility and the Hellenic Bank Credit Facility (releasing five unencumbered vessels), and our 2024 Notes. The remaining amount of net proceeds were allocated for general corporate purposes.

An amount equal to 15% per annum of the original principal balance of each Note shall be paid in equal quarterly installments on the 15th day of each of January, April, July, and October starting October 15, 2022, and the remaining unpaid principal balance shall be due and payable on the maturity date of July 15, 2027. Interest accrues on the unpaid balance of the Notes, payable quarterly on the 15th day of January, April, July, and October in each year, such interest commencing and accruing on and from June 14, 2022.

The 2027 Secured Notes are senior obligations of the Issuer, secured by first priority mortgages on 20 identified vessels owned by subsidiaries of the Issuer (the "Subsidiary Guarantors") and certain other associated assets and contract rights, as well as share pledges over the Subsidiary Guarantors. In addition, the 2027 Secured Notes are fully and unconditionally guaranteed by the Company.

As of December 31, 2022, the outstanding balance of this facility was $336.9 million.

$60.0 Million E.SUN, MICB, Cathay, Taishin Credit Facility

On December 30, 2021, we entered into a new syndicated senior secured debt facility with E.SUN Commercial Bank Ltd ("E.SUN"), Cathay United Bank ("Cathay"), Mega International Commercial Bank Co. Ltd ("MICB") and Taishin International Bank ("Taishin"). We used a portion of the net proceeds from this credit facility to fully prepay the outstanding balance on our Blue Ocean Junior Credit facility, amounting to $26.2 million plus a prepayment fee of $4.0 million. All three tranches were drawn down in January 2022.

The new Facility is repayable in eight equal consecutive quarterly instalments of $4.5 million and ten equal consecutive quarterly instalments of $2.4 million.

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

As of December 31, 2022, the outstanding balance of this facility was $46.5 million.

$12.0 Million Sinopac Capital International Credit Facility

On August 27, 2021, we entered into a secured credit facility for an amount of $12.0 million with Sinopac Capital International (HK) Limited ("Sinopac Credit Facility"), partially used to fully refinance the Hayfin Credit Facility. The full amount was drawn down in September 2021 and the credit facility has a maturity in September 2026.

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

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

As of December 31, 2022, the outstanding balance of this facility was $9.9 million.

$140.0 Million HCOB, CACIB, ESUN, CTBC, Taishin Credit Facility

On July 6, 2021, we entered into a facility with Credit Agricole Corporate and Investment Bank ("CACIB"), Hamburg Commercial Bank AG ("HCOB"), E.Sun Commercial Bank, Ltd ("ESUN"), CTBC Bank Co. Ltd. ("CTBC") and Taishin International Bank ("Taishin") for a total of $140.0 million to finance the acquisition of the Twelve Vessels. The full amount was drawdown in July 2021 and the credit facility has a maturity in July 2026.

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

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

As of December 31, 2022, the outstanding balance of this facility was $100.0 million.

$51.7 million Deutsche Bank AG Credit Facility

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

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

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

As of December 31, 2022, the outstanding balance of this facility was $44.7 million.

$64.2 million Hamburg Commercial Bank AG Credit Facility

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

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

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

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

As of December 31, 2022, the outstanding balance of this facility was $40.7 million.

$51.7 million CACIB, Bank Sinopac, CTBC Credit Facility

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

The Lenders are CACIB, Bank Sinopac Co. Ltd. (“Bank Sinopac”) and CTBC.

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

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

As of December 31, 2022, the outstanding balance of this facility was $44.0 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, 2022, the outstanding balance of the Chailease Credit Facility was $3.9 million.

$268.0 Million Syndicated Senior Secured Credit Facility (CACIB, ABN, First-Citizens & Trust Company, Siemens, CTBC, Bank Sinopac, Palatine)

On September 19, 2019, we 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 $224.3 million.

The Senior Syndicated Secured Credit Facility was agreed to be borrowed in two tranches. The Lenders are Credit Agricole Corporate and Investment Bank (“CACIB”), ABN Amro Bank N.V. (“ABN”), First-Citizens & Trust Company, Siemens Financial Services, Inc (“Siemens”), CTBC Bank Co. Ltd. (“CTBC”), Bank Sinopac Ltd. (“Bank Sinopac”) and Banque Palatine (“Palatine”).

Tranche A amounting to $230.0 million was drawn down in full on September 24, 2019 and is scheduled to be repaid in 20 consecutive quarterly instalments of $5.2 million starting from December 12, 2019 and a balloon payment of $126.0 million payable on September 24, 2024.

Tranche B amounts to $38.0 million was drawn down in full on February 10, 2020 and is scheduled to be repaid in 20 consecutive quarterly instalments of $1.0 million and a balloon payment of $18.million payable in the termination date on the fifth anniversary from the utilization date of Tranche A, which falls in September 24, 2024. In January 2022, the Company agreed a new senior secured debt facility to refinance its outstanding Syndicated Senior Secured Credit Facility, which extended the maturity date from September 2024 to December 2026, amended certain covenants in the Company’s favor at an unchanged rate of LIBOR + 3.00%. On July 1, 2022, the interest rate is SOFR plus a margin of 3.00% plus CAS and is payable at each quarter end date.

As of December 31, 2022, the outstanding balance of this facility was $181.2 million.

Sale and leaseback agreements (finance leases)

$120.0 million Sale and Leaseback agreement-CMBFL Four vessels

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

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

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

As of December 31, 2022, the outstanding balance of these sale and lease back agreements was $89.8 million.

$54.0 million Sale and Leaseback agreement-CMBFL

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

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

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

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

As of December 31, 2022, the outstanding balance of this sale and leaseback agreement was $41.9 million.

$14.7 million Sale and Leaseback agreement-Neptune Maritime Leasing

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

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

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

As of December 31, 2022, the outstanding balance of this sale and leaseback agreement was $10.0 million.

Covenants

Financial Covenants

The agreements governing our indebtedness contain certain financial covenants, which require us to maintain, among other things:

• minimum liquidity at the borrower (vessel-owner or finance lessor) level and minimum consolidated liquidity of at least $20.0 million at the group 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

Restrictive Covenants

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

• incurring additional indebtedness;

• making any substantial change to the nature of our business;

• paying dividends;

• redeeming or repurchasing capital stock;

• selling the collateral vessel, if applicable;

• entering into certain transactions other than arm's length transactions;

• acquiring a company, shares or securities or a business or undertaking;

• effecting a change of control of us, entering into any amalgamation, demerger, merger, consolidation or corporate reconstruction, or selling all or substantially all of our assets;

• changing the flag, class or technical or commercial management of the applicable collateral vessel or terminating or materially amending the management agreements relating to such vessel; and

• experiencing any change in the position of our Executive Chairman.

Security

Our credit facilities and 2027 Secured Notes 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 2022

Redemption of 8.00% Senior Unsecured Notes due 2024

On April 5, 2022, we completed the partial redemption of $28.5 million aggregate principal amount of our 8.00% Senior Unsecured Notes due 2024 Notes (the "2024 Notes") at a price equal to 102.00% of the principal amount plus accrued and unpaid interest. On July 18, 2022, we completed the full redemption of the remaining outstanding 2024 Notes of $89.0 million aggregate principal amount at a price of 102.00% of the principal amount plus accrued and unpaid interest, using a portion of the net proceeds from the private placement of $350.0 million aggregate principal amount of our 2027 Secured Notes. Total loss on redemption was $2.4 million and is recorded within the Consolidated Statements of Income for the year ended December 31, 2022 in line "Interest and other finance expenses".

As of December 31, 2022, the outstanding aggregate principal amount of the 2024 notes was $nil.

$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.

On June 24, 2022, the Hellenic Bank credit Facility was fully prepaid by us using a portion of the net proceeds from the private placement of $350.0 million aggregate principal amount of our 2027 Secured Notes, pursuant to a note purchase agreement, dated June 14, 2022.

As of December 31, 2022, the outstanding balance of the Hellenic Credit Facility was $nil.

$236.2 Million Senior secured loan facility with Hayfin Capital Management, LLP

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 Credit Facility. The New Hayfin Facility is guaranteed by us and certain of our subsidiaries. We used the proceeds from the New Hayfin Credit Facility, along with cash on hand, to optionally redeem in full our outstanding 2022 Notes.

The New Hayfin Credit Facility matures in January 2026 and bears interest at a rate of LIBOR plus a margin of 7.00% per annum. It is repayable in twenty quarterly installments of $6.56 million, along with a balloon payment at maturity. The New Hayfin Credit Facility is secured by, among other things, first priority ship mortgages over 21 of 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.

On June 30, 2021, due to the sale of La Tour, we additionally repaid $5.8 million, and the vessel was released as collateral under our New Hayfin Credit Facility. On June 16, 2022, we used a portion of the proceeds from the private placement for the full prepayment of the remaining outstanding balance $197.6 million plus a prepayment fee of $11.2 million.

As of December 31, 2022, the outstanding balance of the New Hayfin Credit Facility was $nil.

$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 was scheduled to be repaid in a single instalment on the termination date which fell on September 24, 2024.

This facility bore interest at 10.00% per annum.

During the year ended December 31, 2021, we used a portion of the net proceeds from the at-the-market issuance programs to prepay an amount of $12.3 million under this facility plus a prepayment fee of $1.6 million.

On January 19, 2022, we used a portion of the net proceeds from the new facility agreement entered on December 30, 2021 with E.SUN, MICB, Cathay, Taishin, to fully prepay the amount of $26.2 million under this facility, plus a prepayment fee of $4.0 million. Following these prepayments, as of December 31, 2022, the outstanding balance of this facility was $nil.

Leverage

As of December 31, 2022, we had $949.5 million of debt outstanding of which $336.9 million was for our 2027 Secured Notes which carry interest at the fixed rate 5.69% and $612.6 million was floating rate debt across a number of facilities and sale and leaseback arrangements and bearing interest at LIBOR/SOFR plus an average margin of approximately 3.04%. In December 2021 we entered into a USD one-month LIBOR interest rate cap of 0.75% through fourth quarter of 2026, on $484.1 million of our floating rate debt, which reduces over time and represented approximately half of our outstanding floating rate debt as of that date. In February 2022 we entered into USD one-month LIBOR interest rate caps of 0.75% through fourth quarter of 2026, on $507.9 million of our floating rate debt, which reduces over time and represented approximately half of our outstanding floating rate debt as of that date.

We believe that funds generated by the business and retained will be sufficient to meet our operating needs for the next 12 months following the issuance of this Form 20-F, including working capital requirements, drydocking costs, interest and debt repayment obligations.

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

Working capital and dividends

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

We estimate that the average cost of each of the 23 drydockings completed on vessels in the fleet between January 2021 and December 2022 was $1.9 million, with an average loss of revenue of $1.2 million from off-hire. 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 $189.8 million of amortization in 2023 on our secured term loans and minimum amortization of $169.7 million in 2024. Interest requirements are $39.4 million and $31.2 million, respectively. The dividend on the $109.0 million Series B Preferred Shares outstanding as at December 31, 2022 amounts to $9.5 million each year. Based on the number of Class A common shares outstanding as at March 10, 2023, this dividend, which is subject to approval by the Board of Directors, would amount to $13.5 million per quarter. In addition to funds generated by the business, we may require new borrowings, issuances of equity or other securities, or a combination of the former and the latter to purchase additional vessels and will likely require such further funding to meet all of our repayment obligations under the 2027 Secured 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 213 million TEU, equating to around 1.9 billion tonnes, of containerized cargo are estimated to have been carried in 2022. Global containerized cargo volumes have grown every year since the industry’s inception in 1956, with three exceptions: 2009, during the Global Financial Crisis, 2020, due to the impact of COVID-19, and 2022, due to the geo-political tensions and macro-economic headwinds caused by the ongoing conflict between Russia and Ukraine. Negative growth of 1.9% was seen in 2020, followed by a strong rebound, with positive growth of 5.9% in 2021. Negative growth of 1.6% is currently estimated for 2022. On the supply side: as at December 31, 2022, idle capacity of the global containership fleet was 1.9%, and the overall orderbook-to-fleet ratio stood at 29.4%.

The containerized supply chain extends throughout the world. Mainlane trades are those linking the major manufacturing economies in Asia with the major consumer economies in North America (the Transpacific trades) and Europe (the Asia-Europe trades), and those linking Europe with the Americas (the Transatlantic trades). These trades tend to be served by the largest containerships on the water. In 2022, an estimated 72% of global containerized volumes were on the non-Mainlane trades, with intra-regional trades—of which the largest is Intra-Asia—representing just over 40%. These non-Mainlane and intra-regional trades are predominantly served by mid-sized and smaller containerships (10,000 TEU, or smaller).

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%. From 2010 through 2022, incorporating the impact of negative growth in 2020 (COVID-19), the rebound in 2021, and further negative growth in 2022 (Russia-Ukraine conflict), CAGR was 3.1%.

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

Between 1995 and 2008, the nominal carrying capacity of the industry-wide fully cellular fleet grew by a compound annual rate of 11.4%; and from 2009 through 2020 at 5.7%, as the industry digested the legacy, pre-financial crisis orderbook. In 2022, net supply is estimated to have expanded by 4.1% and, as of December 31, 2022, the containership fleet was estimated to be 5,643 ships, with an aggregate capacity estimated at 25.8 million TEU – a little under half of which is chartered in from containership owners like Global Ship Lease.

In December 2008, the orderbook was estimated to represent over 60% of existing global capacity. Since then, however, the industry has been adjusting to lower demand growth, capital constraints, and consolidation. By the end of 2022, the overall orderbook-to-fleet ratio stood at 29.4%. For ships between 2,000 TEU and 9,999 TEU it was 14.3%, and for those between 5,500 TEU and 9,999 TEU (mid-size Post-Panamax) it was 17.1%.

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 2022, the average newbuilding price for a theoretical 3,500 – 3,600 TEU containership was around $43.7 million, with prices ranging between $31.5 million (2002) and $65.0 million (2008). During the same period, secondhand values for a 10 year old ship of similar size averaged around $23.8 million and ranged between $5.0 million (2016) and $64.0 million (2022). Meantime, spot market charter rates for such tonnage averaged about $18,700 per day and ranged between $5,300 per day (2016) and $102,600 per day (2022). In January 2023, prevailing rates in the market for short term charters (under 12 months) were around $18,800 per day, with newbuilding prices at approximately $55.0 million and secondhand values for a 10 year old ship at about $16.0 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 CO_2 emissions "per transport work" by at least 40% by 2030, with efforts towards 70% by 2050. Emissions-reducing regulations effective from January 1, 2023 include EEXI (Energy Efficiency Existing Ship Index), Enhanced SEEMP (Ship Energy Efficiency Management Plan), and CII (Carbon Intensity Indicator). Among other things, these measures are intended to reduce emissions by limiting the power output from vessels' main engines, which may have the effect of reducing the operating speed of the global fleet, tightening effective supply. Other national and pan-national regulators, such as the EU, are also implementing regulations (including, but not limited to, Emissions Trading Schemes) focused upon decarbonization which are expected to evolve and tighten over time.

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. Although not without its own challenges, Carbon Capture and Storage (CCS) is receiving increasing attention as a potentially powerful tool to mitigate emissions and to support the synthesis and circularity of clean fuels such as Green Methanol.

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

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

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

E. Critical Accounting Estimates

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

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

Revenue Recognition

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

If a time charter contains one or more consecutive option periods, then subject to the options being exercisable solely by us, the time charter revenue will be recognized on a straight-line basis over the total remaining life of the time charter, including any options which are more likely than not to be exercised. If a time charter is modified, including the agreement of a direct continuation at a different rate, the time charter revenue will be recognized on a straight-line basis over the total remaining life of the time charter from the date of modification. During the year ended December 31, 2022 an amount of $10.9 million has been recorded in time charter revenue for such modifications. Any difference between the charter rate invoiced and the time charter revenue recognized is classified as, or released from, deferred revenue.

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

Vessels in Operation

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

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

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

Borrowing costs incurred during the construction of vessels or as part of the prefinancing of the acquisition of vessels are capitalized. There was no capitalized interest for the years ended December 31, 2022 or 2021.

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

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

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

Drydocking

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

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

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

Costs capitalized as part of the drydock include costs directly associated with the special survey of the ship, its hull and its machinery and for the defouling and repainting of the hull. Any cost of repair to hull or machinery that extends useful life is capitalized. Other repair costs are expensed. 12 drydockings were completed in 2022 for regulatory reasons and 26 vessel upgrades were completed, the total cost of which, excluding the effect of the associated 581 days of off-hire, was $34.7 million. 11 drydockings were completed in 2021 for regulatory reasons and 11 vessel upgrades were completed, the total cost of which, excluding the effect of the associated 752 days of off-hire, was $28.3 million. The duration of drydockings was adversely affected in 2022 by delays caused by COVID-19 and by continuing congestion at Chinese and other shipyards, which also affected 2021. Nine drydockings were completed in 2020 for regulatory reasons and 11 for vessel upgrades, the total cost of which, excluding the effect of the associated 687 days of off-hire, was $26.6 million.

Derivative instruments

The Company is exposed to interest rate risk relating to its variable rate borrowings. In December 2021, the Company purchased interest rate caps with an aggregate notional amount of $484.1 million ("December 2021 hedging"), which amount reduces over time as the Company's outstanding debt balances amortize. The objective of the hedges is to reduce the variability of cash flows associated with the interest relating to its variable rate borrowings.

At the inception of the transaction, the Company documents the relationship between hedging instruments and hedged items, as well as its risk management objective and the strategy for undertaking various hedging transactions. The Company also documents its assessment, both at the hedge inception and on an ongoing basis, of whether the derivative financial instruments that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

This transaction is designated as a cash flow hedge, and under ASU 2017-12, cash flow hedge accounting allows all changes in fair value to be recorded through Other Comprehensive Income once hedge effectiveness has been established. Under ASC 815-30-35-38, amounts in accumulated other comprehensive income shall be reclassified into earnings in the same period or periods during which the hedged forecasted transaction affects earnings (i.e., each quarter) and shall be presented in the same income statement line item as the earnings effect of the hedged item in accordance with paragraph 815-20-45-1A.

The premium paid related to this derivative was classified in the Consolidated Statements of Cash Flows as operating activities in the line item "Derivative asset". The premium shall be amortized into earnings "on a systematic and rational basis over the period in which the hedged transaction affects earnings" (ASC 815-30-35-41A); that is, the Company will expense the premium over the life of the interest rate cap in accordance with the "caplet method," as described in Derivatives Implementation Group (DIG) Issue G20. DIG Issue G20 dictates that the cost of the interest rate cap is recognized on earnings over time, based on the value of each periodic caplet. The cost per period will change as the caplet for that period changes in value. Given that the interest rate cap is forward-starting, expensing of the premium will not begin until the effective start date of the interest rate cap, in order to match potential cap revenue with the cap expenses in the period in which they are incurred.

In February 2022, the Company further purchased two interest rate caps with an aggregate notional amount of $507.9 million. The first interest rate cap of $253.9 million which has been designated as a cash flow hedge, has the same accounting treatment as described above for the December 2021 hedging. The second interest rate cap was not designated as a cash flow hedge and therefore the positive fair value adjustment of $9.7 million as at December 31, 2022 was recorded through Consolidated Statements of Income ($nil for December 31, 2021 and 2020). ASC 815-20-25-13a stipulates that an entity may designate either all or certain future interest payments on variable-rate debt as the hedged exposure in a cash flow hedge relationship. In this case, the Company has designated only a portion of its outstanding debt (initially, $253.9 million) as the hedged item, and any interest payments beyond the notional amount of the interest rate cap in any given period are not designated as being hedged.

The amounts included in accumulated other comprehensive income will be reclassified to interest expense should the hedge no longer be considered effective. The Company assesses the effectiveness of the hedges on an ongoing basis. As of December 31, 2022, following a quantitative assessment, part of the hedge was no longer considered effective and an amount of $1.1 million was reclassified from other comprehensive income to the Consolidated Statements of Income.

The objective of the hedges is to reduce the variability of cash flows associated with the interest rates relating to the Company's variable rate borrowings. When derivatives are used, the Company is exposed to credit loss in the event of non-performance by the counterparties; however, non-performance is not anticipated. ASC 815, Derivatives and Hedging, requires companies to recognize all derivative instruments as either assets or liabilities at fair value in the balance sheet. The fair values of the interest rate derivatives are based on quoted market prices for similar instruments from commercial banks (based on significant observable inputs – Level 2 inputs). As of December 31, 2022 and 2021, the Company recorded a derivative asset of $63.5 million and $7.2 million, respectively.

Intangible assets and liabilities-charter agreements

Our intangible assets and liabilities consist of unfavorable lease terms on charter agreements acquired in assets acquisitions. When intangible assets or liabilities associated with the acquisition of a vessel are identified, they are recorded at fair value. Fair value is determined by reference to market data and the discounted amount of expected future cash flows. Where charter rates are higher than market charter rates, an intangible asset is recorded, based on the difference between the acquired charter rate and the market charter rate for an equivalent vessel and equivalent duration of charter party at the date the vessel is delivered. Where charter rates are less than market charter rates, an intangible liability is recorded, based on the difference between the acquired charter rate and the market charter rate for an equivalent vessel.

The determination of the fair value of acquired assets and liabilities requires the Company to make significant assumptions and estimates of many variables including market charter rates (including duration), the level of utilization of its vessels and its weighted average cost-of capital ("WACC"). The estimated market charter rate (including duration) is considered a significant assumption. The use of different assumptions could result in a material change in the fair value of these items, which could have a material impact on the Company's financial position and results of operations. The amortizable value of favorable and unfavorable leases is amortized over the remaining life of the relevant lease term and the amortization expense or income respectively is included under the caption "Amortization of intangible liabilities-charter agreements" in the Consolidated Statements of Income. For any vessel group which is impaired, the impairment charge is recorded against the cost of the vessel and the accumulated depreciation as at the date of impairment is removed from the accounts.

Impairment of Long-lived Assets

Tangible fixed assets, such as vessels, that are held and used or to be disposed of by us are reviewed for impairment when events or changes in circumstances indicate that their carrying amounts may not be recoverable. In these circumstances, we perform 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.

We use a number of assumptions in projecting our 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 our 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.

Through 2021, we evaluated the impact of current economic situation on the recoverability of all our vessel groups and determined that there was no triggering event and no impairment test was performed for the year ended December 31, 2021.

Through the latter part of 2022, we noted that charter rates in the spot market had come under pressure and accordingly determined that events occurred and circumstances had changed, which indicated that potential impairment of our long-lived assets could exist. These indicators included continued volatility in the spot market and the related impact of the current container sector on management's expectation for future revenues. As a result, step one of the impairment assessment of each of the vessel groups was performed as at December 31, 2022 and step two of the impairment analysis was required for one vessel group, as its undiscounted projected net operating cash flows did not exceed its carrying value. As a result, we recorded an impairment loss of $3.0 million for one vessel asset group with a total aggregate carrying amount of $9.0 million which was written down to its fair value of $6.0 million. Sensitivity analysis as at December 31, 2022 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 $3.0 million. A reduction of 5.0% in the assumed charter rates would trigger a theoretical impairment charge of approximately $3.0 million.

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

Although we currently intend to continue to hold and operate all of our vessels, the following table presents information with respect to the carrying value of our vessels, which are after the impairment charges noted above. The estimated market values, based on charter attached valuations as at December 2, 2022 with the assistance of an independent ship broking firm totaled $2,882.5 million. 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.

The amount, if any, and timing of any impairment charges we may recognize in the future will depend upon then current and expected future charter rates and vessel values, which may differ materially from those fair values as at December 31, 2022. 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 vessel group we owned as of December 31, 2021 and 2022:

Vessel Name	Capacity in TEUs	Year Built	Carrying Value as at December 31, 2021[(1)] (in millions of U.S. dollars)	Carrying Value as at December 31, 2022 [(1)] (in millions of U.S. dollars)
CMA CGM Thalassa *	11,040	2008	$91.7	$90.7
ZIM Norfolk (ex UASC Al Khor)	9,115	2015	63.5	62.6
Anthea Y	9,115	2015	63.6	61.4
ZIM Xiamen (ex Maira XL)	9,115	2015	64.0	61.6
MSC Tianjin *	8,603	2005	41.7	39.2
MSC Qingdao *	8,603	2004	43.8	41.3
GSL Ningbo	8,603	2004	41.2	39.3
GSL Eleni	7,847	2004	18.1	17.5
GSL Kalliopi	7,847	2004	15.6	15.1
GSL Grania	7,847	2004	15.5	15.3
Mary	6,927	2013	44.0	42.4
Kristina	6,927	2013	45.1	43.3
Katherine	6,927	2013	45.1	43.3
Alexandra	6,927	2013	44.9	43.2
Alexis	6,882	2015	50.6	48.7
Olivia I	6,882	2015	50.6	48.8
GSL Christen	6,840	2002	13.1	15.3
GSL Nicoletta	6,840	2002	12.7	12.8
CMA CGM Berlioz	6,621	2001	28.7	29.7
Agios Dimitrios	6,572	2011	26.6	25.7
GSL Vinia	6,080	2004	13.4	12.8
GSL Christel Elisabeth	6,080	2004	13.2	12.7
GSL Dorothea	5,992	2001	18.5	17.5
GSL Arcadia	6,008	2000	15.3	15.3
GSL Violetta	6,008	2000	15.2	15.4
GSL Maria	6,008	2001	18.7	18.3
GSL MYNY	6,008	2000	18.4	18.6
GSL Melita *	6,008	2001	20.5	19.3
GSL Tegea *	5,992	2001	20.3	19.2
Tasman	5,936	2000	12.7	12.2
ZIM Europe	5,936	2000	12.2	12.2
Ian H	5,936	2000	12.6	12.1
GSL Tripoli	5,470	2009	36.3	36.4
GSL Kithira	5,470	2009	36.4	38.0
GSL Tinos *	5,470	2010	37.5	37.6
GSL Syros	5,470	2010	37.5	37.6
Dolphin II	5,095	2007	11.6	13.7
Orca I	5,095	2006	12.8	12.8
CMA CGM Alcazar	5,089	2007	30.3	31.0
GSL Château d'If	5,089	2007	28.1	27.1
GSL Susan	4,363	2008	27.0	31.0
CMA CGM Jamaica	4,298	2006	25.6	26.8
CMA CGM Sambhar	4,045	2006	27.0	25.5
CMA CGM America	4,045	2006	24.2	25.7
GSL Rossi	3,421	2012	24.4	26.0
GSL Alice (G)	3,421	2014	26.1	29.8
GSL Eleftheria (G)	3,404	2013	28.2	27.3
GSL Melina (G)	3,404	2013	23.0	26.1
GSL Valerie	2,824	2005	11.4	10.9
Matson Molokai	2,824	2007	22.2	24.3
GSL Lalo *	2,824	2006	20.2	22.9
GSL Mercer	2,824	2007	25.6	25.4
Athena	2,762	2003	7.8	7.6
GSL Elizabeth *	2,741	2006	20.3	23.2
Beethoven tbr GSL Chloe (G)	2,546	2012	24.7	23.8
GSL Maren (G)	2,546	2014	21.7	25.6
Maira (G)	2,506	2000	6.9	6.5
Nikolas (G)	2,506	2000	7.3	6.7
Newyorker (G)	2,506	2001	7.8	7.2
Manet (G)	2,272	2001	9.1	10.5
Keta (G)	2,207	2003	5.8	5.5
Julie (G)	2,207	2002	4.4	4.9
Kumasi (G)	2,207	2002	7.2	9.0
Akiteta (G)	2,207	2002	7.3	8.6
GSL Amstel (G)	1,118	2008	8.3	6.0
			$1,665.1	**$1,663.8**

(1) Carrying value includes 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.

(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, 2022. The aggregate carrying value of these vessels at December 31, 2022 exceeded their aggregate market value based on charter attached valuations as at December 2, 2022 by approximately $58.1 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.

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, 2022 are listed below:

Name	Age	Position
George Giouroukos	57	Executive Chairman
Michael S. Gross	61	Director
Alain Wils	79	Director
Ulrike Helfer *	63	Director
Michael Chalkias	52	Director
Yoram (Rami) Neugeborn **	61	Director
Alain Pitner	74	Director
Menno van Lacum	52	Director
Ian J. Webber	65	Chief Executive Officer
Thomas A. Lister	53	Chief Commercial Officer & Head of ESG
Anastasios Psaropoulos	44	Chief Financial Officer

* Effective as of June 17, 2022, the Board appointed Ms. Ulrike Helfer as a Term I Director, filling the vacancy created by the resignation of Mr. Henry (Hank) Mannix III.

** Effective as of May 5, 2022, the Board appointed Captain Yoram (Rami) Neugeborn as a Term I Director, filling the vacancy created by the resignation of Mr. Philippe Lemonnier.

Biographical information concerning the directors and executive officers listed above is set forth below.

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.

Ulrike Helfer: Ms. Helfer was appointed a director in 2022 and has more than 40 years of experience in the finance industry and more than 20 years of shipping experience. She commenced her career in international ship financing in 2000 in Vereins- und Westbank AG (merged into UniCredit). In 2005, Ms. Helfer joined DVB Bank SE in Hamburg, where she became Deputy Head of the Global Container, Car Carrier, Intermodal & Ferry Group. In 2011, Ms. Helfer became the Chief Representative of DVB Bank in Greece. She spent the preceding five years in Athens managing DVB's local office by reporting directly to the CEO of the bank. In 2016, Ms. Helfer was asked by the Federal State of Schleswig-Holstein and the City of Hamburg to become a Member of the Board of Managing Directors of the newly established portfoliomanagement AöR. In this role Ms. Helfer and her team had the responsibility of winding down a portfolio of non-performing shipping loans with an amount of EUR 4.1 billion transferred from HSH Nordbank AG to portfoliomanagement AöR. Ms. Helfer is also a Member of the Advisory Board of Deutsche Bundesbank in Hamburg, Schleswig-Holstein and Mecklenburg-Vorpommern.

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.

Captain Yoram (Rami) Neugeborn: Mr. Neugeborn was appointed a director in 2022 and is a Master Mariner with more than 40 years of experience in the shipping industry. He currently serves as the Chief Executive Officer of Aquarii Shipping Solutions Ltd., a private shipping consultant company. Prior to joining the Board of GSL, from 2010 to 2022 he served as Manager of the Chartering and Sale and Purchase Division at ZIM Integrated Shipping Services Ltd. and from 2008 to 2010 he served as the Manager of the Shipping Commercial Division at XT Shipping Ltd. (formerly, Ofer Brothers Shipping, Haifa). Between 2002 – 2007 he served as a Managing Director of Zim-Ofer Shipbrokers. Further, from 1994 to 1998 he served as Commanding Captain onboard ocean-going vessels. Mr. Neugeborn graduated from the Israeli Maritime Institute in Acre, Israel (Haifa University) and has a Certificate of Competency, Master Mariner F.G.

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

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

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

Thomas A. Lister: Mr. Lister has been our Chief Commercial Officer since August 2008 and, from April 2017 until the merger with Poseidon Containers in November 2018, was also our Chief Financial Officer. Since 2019, Mr. Lister has led our ESG initiatives to ensure close alignment of our commercial and ESG strategies. From 2005 until 2007, Mr. Lister was a Senior Vice President at DVB Bank. Before that, from 2004 to 2005, he worked for the German KG financier and ship owning group, Nordcapital & E.R.Schiffahrt, as Director of Business Development. From 1991 to 2002, Mr. Lister worked in a number of managerial, strategic and operational roles for liner shipping companies and their agents. Mr. Lister graduated from Durham University and holds an MBA from INSEAD.

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

B. Compensation

Compensation of Executive Officers

For the year ended December 31, 2022, we have expensed an aggregate of $1.66 million in compensation to our executive officers, which includes the remuneration of our Executive Chairman. Set forth below is a description of certain material terms of the employment agreements with each of our executive officers, which is qualified in its entirety by the respective agreements which are filed as exhibits hereto.

George Giouroukos, Executive Chairman

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

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

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

Ian Webber, Chief Executive Officer

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

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

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

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

Anastasios Psaropoulos, Chief Financial Officer

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

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

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

Thomas Lister, Chief Commercial Officer & Head of ESG

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

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

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

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

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

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

Compensation of Directors

Our directors (other than our Executive Chairman) 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. Our Executive Chairman receives remuneration as an executive officer and does not receive director fees.

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").

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 them.

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, our previous plans adopted in 2015 and 2008 were terminated.

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

In July 2021, Mr. Giouroukos received an additional 17,720 Class A common shares pursuant to the 2019 Plan as a special bonus.

As at December 31, 2021, all of the above awards had vested as the criteria had been met. 931,874 shares were settled and issued and 506,846 remained to be issued.

On September 29, 2021, the compensation committee and the Board of Directors approved an increase in the aggregate number of Class A common shares available for issuance as awards under the 2019 Plan by 1,600,000 to 3,412,500, and approved new awards to senior management, totaling 1,500,000 shares of incentive stock, in three tranches, subject to certain vesting criteria, with a grant date October 1, 2021. The compensation committee and Board of Directors also approved an increase the maximum number of Class A common shares that each non-employee director may be granted in any one year to 25,000 and subsequently approved stock-based awards to the then seven non-executive directors totaling 105,000 shares of incentive stock, or 15,000 each, to vest in a similar manner to those awarded to senior management.

During the year ended December 31, 2022, 28,528 unvested share awards were cancelled on the resignation of two directors and an award of 13,780 was made to one new director to vest in a similar manner to the other awards, with the first tranche adjusted for the date of appointment of the director.

As at December 31, 2022, 3,028,972 incentive Class A common shares had been awarded under the 2019 Plan leaving 383,528 Class A common shares available to be awarded under the 2019 Plan.

As at December 31, 2022, 1,712,261 incentive Class A common shares had vested under the 2019 Plan, of which 193,569 had not been issued or settled. As at March 10, 2023, 110,625 Class A common shares remained to be issued.

C. Board Practices

Our Board of Directors is divided into three classes with one class of directors being elected in each year and each class serving a three-year term. The current term of office of the Term I class of directors consisting of Ms. Helfer, Mr. Neugeborn and Mr. Pitner, expires at the annual meeting of shareholders to be held in 2024. The current term of office of the Term II class of directors, consisting of Mr. Chalkias and Mr. Giouroukos, expires at the annual meeting of shareholders to be held in 2025. 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 of our directors, other than Mr. George Giouroukos, 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.

Board Committees

Our Board of Directors has formed an audit committee, a compensation committee, a nominating and corporate governance committee, a conflicts committee and an environmental, social and governance committee. Our board committee charters are available on our website (www.globalshiplease.com) 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, Wils and Ms. Helfer, 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 has such financial sophistication and also qualifies as an "audit committee financial expert" (please refer to Item16A. Audit Committee Financial Expert).

Compensation Committee

We have established a compensation committee, consisting of Messrs. Gross, Chalkias and Pitner, that 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 makes recommendations to the Board of Directors on 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

We have established a nominating and corporate governance committee, consisting of Messrs. Chalkias, Pitner and Wils, that 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. Neugeborn, van Lacum, Wils, and Giouroukos.

D. Employees

As of December 31, 2022, we had seven employees.

E. Share Ownership

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

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

Item 7. Major Shareholders and Related Party Transactions

A. Major Shareholders

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

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

Except as otherwise indicated, each person or entity named in the table below has sole voting and investment power with respect to all of our Class A common shares, shown as beneficially owned, subject to applicable community property laws. As of the date of this report, an aggregate of 35,491,054 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:		
George Giouroukos(2)	2,095,857	5.9%
Morgan Stanley (3)	2,008,638	5.7%
Whitefort Capital Management, LP (4)	1,977,288	5.6%
Punch & Associates Investment Management, Inc. (5)	1,879,926	5.3%
The Goldman Sachs Group, Inc. (6)	1,977,288	5.6%
Other Directors and Executive Officers:		
Michael Gross	53,096	0.1%
Alain Wils	4,408	0.0%
Menno van Lacum	16,887	0.0%
Alain Pitner	3,096	0.0%
Michael Chalkias	3,096	0.0%
Rami Neugeborn	1,870	0.0%
Ian Webber	192,106	0.5%
Thomas Lister	41,801	0.1%
Anastasios Psaropoulos (7)	105,810	0.3%
All directors and executive officers as a group (10 individuals) (8)	2,518,027	7.1%

(1) Calculated based on 35,491,054 Class A common shares outstanding as of the date of this report.
(2) Mr. Giouroukos, who serves as our Executive Chairman, owns and controls Shipping Participations Inc. which is the record holder of 2,075,490 Class A common shares. As a result, Mr. Giouroukos may be deemed to beneficially own the shares held by Shipping Participations Inc.
(3) This information is derived from a Schedule 13G filed with the SEC on February 9, 2023.
(4) This information is derived from a Schedule 13G/A filed with the SEC on February 14, 2023.
(5) This information is derived from a Schedule 13G/A filed with the SEC on February 13, 2023.
(6) This information is derived from a Schedule 13G/A filed with the SEC on September 9, 2022.
(7) Shares owned directly or indirectly via a company that Mr. Psaropoulos owns and controls.
(8) The number of shares of Class A common shares beneficially owned by a person and the percentage ownership of that person, includes Class A common shares under stock-based awards held by that person that are exercisable, vested or convertible as of March 10, 2023 or that will become exercisable, vested or convertible within 60 days after March 10, 2023 and which are described above under the heading “Item 6. Directors, Senior Management and Employees-B. Compensation-2019 Omnibus Incentive Plan”.

As of February 28, 2023, we had 16 registered shareholders of record, two of which were located in the United States holding an aggregate of 35,197,268 of our Class A common shares, representing 99.17% 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 35,194,954 of our Class A common shares as of February 28, 2023. 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 the Series C Preferred Shares at that time) held by such shareholders on the closing date of the Poseidon Transaction, including any Class A common shares issued on conversion of the Series C Preferred Shares (the "Registrable Securities"). The Amended and Restated Registration Rights Agreement became effective on the closing of the Poseidon Transaction. Pursuant to the Amended and Restated Registration Rights Agreement, we filed with the SEC a shelf registration statement to register the offer and resale of all of the Registrable Securities. The Amended and Restated Registration Rights Agreement also provides certain piggyback and demand registration rights to the holders of Registrable Securities and contains customary indemnification and other provisions. Based on information provided to us by Kelso, KEP VI and KIA VIII no longer hold Registrable Securities. Based on a Schedule 13D/A filed by CMA CGM with the SEC on September 7, 2022, CMA CGM no longer holds any Registerable Securities.

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

Technomar provides us with all day-to-day technical ship management services, pursuant to a technical management agreement with each of our vessel-owning subsidiaries (as amended from time to time, the "TTMA"), for all but six of our vessels, where technical and crew management services are provided by a separate third-party ship manager.

Mr. George Giouroukos, our Executive Chairman, is the Founder, Managing Director, and majority beneficial owner of Technomar. Technical management services provided under each TTMA 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. During the year ended December 31, 2022, we paid Technomar a daily management fee of EUR 715 (EURO 750 from January 1, 2023) per vessel, to be paid in U.S. Dollars, 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 TTMAs. We also reimburse the Technomar for the costs it incurs on our behalf, and provide customary indemnification to Technomar and its employees, agents and sub-contractors.

Each TTMA has a minimum term of twenty-four months after the later to occur of the expiry of the charter for the applicable vessel or the credit facility (or other debt agreement) for which the applicable vessel serves as collateral, unless terminated earlier in accordance with the provisions of the TTMA. Each TTMA may be terminated (a) by either party by giving six months' written notice, in which case, if such notice is given at or prior to the termination of the minimum term, a termination payment of fifty percent of the annual fee is payable by us if the TTMA is terminated by Technomar and a termination payment of three times the annual fee is payable by us if the TTMA is terminated by us, or (b) following the expiry of the minimum term, by either party by giving six months' written notice to the other party, in which case, a termination payment of fifty percent of the annual fee is payable by us if the TTMA is terminated by Technomar and a termination payment of two times the annual fee is payable by us if the TTMA is terminated by us. In the event of the sale or total loss of the applicable vessel, a payment equal to one quarter of the annual management fee will apply, provided that the sale is not part of a change in control. If the TTMA is terminated as a result of a change of control in us, as provided in the TTMA, then a termination payment of three times the annual fee will apply. The TTMA may also be terminated (i) by us, upon a change of control of Technomar, (ii) automatically on the insolvency of either party, (iii) by one party upon the breach by the other party of the TTMA, among other reasons, and may result in a termination payment as provided therein. We expect that additional vessels that we may acquire in the future will also be managed under a TTMA on substantially similar terms.

The management fees paid by us to Technomar for the year ended December 31, 2022 amounted to $16.6 million. The management fees paid by us to Technomar for the year ended December 31, 2021 amounted to $15.3 million. For the year ended December 31, 2020 management fees paid by us to Technomar amounted to $12.6 million.

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

Conchart provides commercial management services to us on all of our vessels pursuant to commercial management agreements (each, as amended from time to time, the "CCMA"). 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. No commission is payable on any charter of a vessel in our fleet to CMA CGM in place as of November 15, 2018, if applicable. However, commission is payable to the managers for any extension of such charters after March 31,2021. We have agreed to pay Conchart a commission of 1.25% on all monies earned under each charter fixture. Further, we have agreed to pay to the commercial manager, who shall be named broker in each memorandum of agreement (or equivalent agreement) providing for the sale of all vessels and purchase of some vessels, a commission of 1.00% based on the sale and purchase price for any sale and purchase of a vessel.

The CCMA, with respect to a vessel, has a minimum term of twenty-four months after the later to occur of the expiry of the charter for the vessel or the credit facility (or other debt agreement) for which the vessel serves as collateral, unless terminated earlier in accordance with the provisions of the CCMA. The CCMA, with respect to a vessel, may be terminated (a) by either party by giving six months' written notice, in which case, if such notice is given at or prior to the termination of the minimum term, a termination payment is payable by us of six times the average monthly commission paid by us to Conchart (or which has accrued) in the previous six month period if the agreement is terminated by Conchart, and a termination payment is payable by us equal to thirty-six times the average monthly commission paid by us (or which has accrued) to Conchart in the previous twelve months if the CCMA is terminated by us, or (b) following the expiry of the minimum term, by either party giving six months' written notice to the other party, in which case a termination payment is payable by us of six times the average monthly commission paid by us to Conchart (or which has accrued) in the previous six month period if the CCMA is terminated by Conchart, and a termination payment is payable by us of twelve times the average monthly commission paid by us (or which has accrued) to Conchart in the previous twelve months if the CCMA is terminated by us.

If the CCMA is terminated as a result of a change of control in us, as provided in each CCMA, then a termination payment of thirty-six times the average monthly commission paid by us with respect to such vessel (or which has accrued) to Conchart in the previous twelve months period will apply. The CCMA may also be terminated (i) by us, upon a change of control of Conchart, (ii) automatically on the insolvency of either party, (iii) by one party upon the breach by the other party of the CCMA, among other reasons as set forth in the CCMA, and may result in a termination payment as provided therein. We expect that additional vessels that we may acquire in the future will also be managed under a CCMA on substantially similar terms.

The fees paid by us to Conchart for the year ended December 31, 2022 amounted to $6.3 million. For the year ended December 31, 2021, fees paid to Conchart amounted to $3.6 million.

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

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

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

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

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

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

There were 4,359,190 Depositary Shares outstanding at December 31, 2022, 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".

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.

A description of the material terms of our Amended and Restated Articles of Incorporation and Third Amended and Restated Bylaws is included in "Description of Securities," attached hereto as Exhibit 2.3 and incorporated by reference herein.

Registration Rights Agreements

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

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

C. Material Contracts

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

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

D. Exchange Controls

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

E. Taxation

The following represents the opinion of our United States and Marshall Islands tax counsel, Watson Farley & Williams 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 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 or Series B Preferred 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 our 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 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 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 generally 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

Both the 4% gross basis tax and the net basis and branch profits taxes described above are 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 that has elected to be disregarded as separate from us for U.S. federal income tax purposes (or in the case of one subsidiary, organized either in the Marshall Islands). The U.S. Treasury Department recognizes the Marshall Islands as a jurisdiction that grants 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 one of the three ownership tests.

(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 2022, 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 in that year. 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, 2021 and 2022. Whether we may satisfy the "publicly-traded" test for 2023 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 2023 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 regular corporate rates 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% 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 should 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. Net investment income generally will not include a U.S. holder's pro rata share of our income and gain if we are a PFIC and that U.S. holder makes a QEF election, as described below in "—Consequences of possible passive foreign investment company classification". However, a U.S. holder may elect to treat inclusions of income and gain from a QEF election as net investment income. Failure to make this election could result in a mismatch between a U.S. holder's ordinary income and net 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 time and voyage chartering activities should be 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.

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 that is classified as a corporation for U.S. federal income tax purposes 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 a rate of 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.

Individuals who are U.S. holders (and to the extent specified in applicable Treasury regulations, certain individuals who are non-U.S. holders and certain U.S. entities) who hold "specified foreign financial assets" (as defined in Section 6038D of the Code) are required to file IRS Form 8938 with information relating to the asset for each taxable year in which the aggregate value of all such assets exceeds $75,000 at any time during the taxable year or $50,000 on the last day of the taxable year (or such higher dollar amount as prescribed by applicable Treasury regulations). Specified foreign financial assets would include, among other assets, our Class A common shares, unless the shares are held through an account maintained with a U.S. financial institution. Substantial penalties apply to any failure to timely file IRS Form 8938, unless the failure is shown to be due to reasonable cause and not due to willful neglect. Additionally, in the event an individual U.S. holder (and to the extent specified in applicable Treasury regulations, an individual non-U.S. holder or a U.S. entity) that is required to file IRS Form 8938 does not file such form, the statute of limitations on the assessment and collection of U.S. federal income taxes of such holder for the related tax year may not close until three years after the date that the required information is filed. U.S. holders (including U.S. entities) and Non-U.S. holders are encouraged to consult their own tax advisors regarding their reporting obligations under this legislation.

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.

Marshall Islands Taxation

In the opinion of our Marshall Islands tax counsel, Watson Farley & Williams 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.

Sensitivity Analysis

In December 2021 and February 2022, we entered into interest rate cap agreements with respect to an aggregate of $992.0 million of our floating rate debt, effective through the fourth quarter of 2026, for a USD one-month LIBOR cap of 0.75%. For additional information, please see “Item 4. Information on the Company—A. History and Development of the Company—Other Recent Developments.”

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

Currently we are fully hedged on our floating rate debt of $612.6 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

Historically, with the exception of rising costs associated with the employment of international crews for our ships and the impact of global oil prices on the cost of lubricating oil, we had not experienced a significant impact on ship operating expenses, drydocking expenses and general and administrative expenses. Currently, due to the conflict in Ukraine and the new macroeconomic environment, among other factors, there is inflationary pressure which may, in turn, increase certain of our other operating expenses, such as the cost of spares and supplies, transportation costs and other expenses, in addition to drydocking expenses and general and administrative expenses.

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, 2022, 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, 2022 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, 2022.

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

The effectiveness of the Company's internal control over financial reporting as of December 31, 2022 has been audited by PricewaterhouseCoopers S.A., an independent registered public accounting firm, as stated in their report which appears herein.

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 2022 and 2021 was PricewaterhouseCoopers S.A., an 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 2022 and 2021 were as follows:

	2022	2021
Audit Fees	$ 636,800	$ 569,833
Audit related fees	95,585	286,873
Tax Fees	38,864	67,191
Total	**$ 771,249**	**$ 923,897**

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 2022 and 2021 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

In March 2022, our Board of Directors authorized our repurchase of up to $40.0 million common shares, to be utilized on an opportunistic basis (our "Share Repurchase Program"). The specific timing and amounts of the repurchases will be in the sole discretion of management and may vary based on market conditions and other factors. We are not obligated under the terms of the Share Repurchase Program to repurchase any of our common shares.

The following table sets forth our share repurchase activity during 2022, including the number of shares repurchased, the average price paid per share, the number of shares repurchased as part of publicly announced Share Repurchase Program and the amount yet to be used on share repurchases under the Share Repurchase Program.

Period	Total Number of Common Shares Repurchased	Average Price Paid per Common Share ($)	Total Number of Shares Purchased as Part of Publicly Announced Plan or Program	Maximum Amount that May Yet Be Expected on Share Repurchases Under the Plan or Program ($ in millions)
April 2022	184,684	26.66	184,684	35.1
September 2022	568,835	17.55	753,319	25.1
October 2022	307,121	16.61	1,060,640	20.0
Total 2022	**1,060,640**	**18.87**	**1,060,640**	**20.0**

Item 16F. Change in Registrant's Certifying Accountant

None.

Item 16G. Corporate Governance

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

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

Shareholder Approval of Equity Compensation Plans

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

Share Issuances

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

Item 16H. Mine Safety Disclosure

Not applicable.

Item 16I. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not applicable.

PART III

Item 17. Financial Statements

Not applicable.

Item 18. Financial Statements

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

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 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 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 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 of Corporations of the Republic of the Marshall Islands and effective (incorporated by reference to Exhibit 3.1 of the Company's Report on Form 6-K filed on December 29, 2022).
1.7	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*	Description of Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934
4.1	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).
4.2	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).
4.3	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).
4.4	$51.7 Million Credit Facility, dated April 13, 2021, by and among Penelope Marine LLC as borrower, the Company and Poseidon Containers Holdings LLC, as guarantors and the banks and financial institutions listed in Part B of Schedule 1 as lenders, Crédit Agricole Corporate and Investment Bank as bookrunner and arranger, Crédit Agricole Corporate and Investment Bank, CTBC Bank Co., LTD and Bank Sinopac Co., LTD as mandated lead arrangers and Crédit Agricole Corporate and Investment Bank, as facility agent and security agent (incorporated by reference to Exhibit 4.9 of the Company's Annual Report on Form 20-F filed on March 24, 2022).
4.5	$64.2 Million Credit Facility, dated April 15, 2021, by and among GSL Arcadia LLC, GSL Tegea LC, GSL MYNY LLC, GSL Melita LLC, GSL Maria LLC and GSL Dorothea LLC as joint and several borrowers, the bank and financial institutions listed in Schedule 1 as lenders and Hamburg Commercial Bank AG as agent, mandated lead arranger and security trustee (incorporated by reference to Exhibit 4.10 of the Company's Annual Report on Form 20-F filed on March 24, 2022).
4.6	$51.7 Million Credit Facility, dated May 6, 2021, by and among Laertis Marine LLC as borrower, Poseidon Containers Holdings LLC, Odyssia Containers Holdings LLC, K&T Marine LLC and the Company as guarantors and Deutsche Bank AG Filiale Deutschlanddgeschaft as arranger, facility agent and security agent (incorporated by reference to Exhibit 4.11 of the Company's Annual Report on Form 20-F filed on March 24, 2022).
4.7	$140.0 Million Credit Facility, dated July 6, 2021, by and among Global Ship Lease 55 LLC, Global Ship Lease 57 LLC, Global Ship Lease 58 LLC, Global Ship Lease 59 LLC, Global Ship Lease 60 LLC, Global Ship Lease 61 LLC, Global Ship Lease 62 LLC, Global Ship Lease 63 LLC, Global Ship Lease 64 LLC, Global Ship Lease 65 LLC, Global Ship Lease 66 LLC and Global Ship Lease 67 LLC as joint and several borrowers, the Company as guarantor and the banks and financial institutions listed in Part B of Schedule 1 as lenders, Crédit Agricole Corporate and Investment Bank and Hamburg Commercial Bank AG as mandated lead arrangers, Crédit Agricole Corporate and Investment Bank as facility agent and security agent (incorporated by reference to Exhibit 4.12 of the Company's Annual Report on Form 20-F filed on March 24, 2022).
4.8	$12.0 Million Credit Facility, dated August 27, 2021, by and among Global Ship Lease 42 LLC as borrower, the Company as guarantor and Sinopac Capital International (HK) Limited as lender (incorporated by reference to Exhibit 4.13 of the Company's Annual Report on Form 20-F filed on March 24, 2022).
4.9	$14.7 Million Sale and Leaseback Agreement, dated May 12, 2021, by and among NML Violetta Inc. as Lessor and GSL Violetta LLC as Lessee (incorporated by reference to Exhibit 4.14 of the Company's Annual Report on Form 20-F filed on March 24, 2022).
4.10	$54.0 Million Sale and Leaseback Agreement, dated May 20, 2021, by and among SEA 156 Leasing Co. Limited as Lessor and Telemachus Marine LLC as Lessee (incorporated by reference to Exhibit 4.15 of the Company's Annual Report on Form 20-F filed on March 24, 2022).
4.11	$30.0 Million Sale and Leaseback Agreement, dated August 26, 2021, by and among SEA 253 Leasing Co. Limited as Lessor and Global Ship Lease 70 LLC as Lessee (incorporated by reference to Exhibit 4.16 of the Company's Annual Report on Form 20-F filed on March 24, 2022).
4.12	$30.0 Million Sale and Leaseback Agreement, dated August 26, 2021, by and among SEA 254 Leasing Co. Limited as Lessor and Global Ship Lease 71 LLC as Lessee (incorporated by reference to Exhibit 4.17 of the Company's Annual Report on Form 20-F filed on March 24, 2022).
4.13	$30.0 Million Sale and Leaseback Agreement, dated August 26, 2021, by and among SEA 251 Leasing Co. Limited as Lessor and Global Ship Lease 68 LLC as Lessee (incorporated by reference to Exhibit 4.18 of the Company's Annual Report on Form 20-F filed on March 24, 2022).
4.14	$30.0 Million Sale and Leaseback Agreement, dated August 26, 2021, by and among SEA 252 Leasing Co. Limited as Lessor and Global Ship Lease 69 LLC as Lessee (incorporated by reference to Exhibit 4.19 of the Company's Annual Report on Form 20-F filed on March 24, 2022).
4.15	Note Purchase Agreement, dated June 14, 2022, by and among Knausen Holding LLC and the purchasers named therein, relating to the 5.69% Senior Secured Notes due 2027 (incorporated by reference to Exhibit 99.4 of the Company's Report on Form 6-K filed on June 21, 2022).
4.16	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).
4.17	2019 Omnibus Incentive Plan (as amended and restated on September 29, 2021) (incorporated by reference to Exhibit 4.21 of the Company's Annual Report on Form 20-F filed on March 24, 2022).
4.18	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).
4.19	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).
4.20	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).
4.21	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).
4.22	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.
4.24*	Form of Commercial Management Agreement by and between Conchart Commercial Inc., and vessel-owning subsidiaries of Global Ship Lease, Inc.

4.25	Amended and Restated Employment Agreement, dated March 12, 2020, by and between GSL Enterprises Ltd. and Georgios Giouroukos (incorporated by reference to Exhibit 4.31 of the Company's Annual Report on Form 20-F filed on March 24, 2022).
4.26	Amended and Restated Employment Agreement, dated March 12, 2020, by and between GSL Enterprises Ltd. and Anastasios Psaropoulos (incorporated by reference to Exhibit 4.32 of the Company's Annual Report on Form 20-F filed on March 24, 2022).
4.27	Amendment to the Service Agreement of Ian J. Weber, dated September 29, 2021 (incorporated by reference to Exhibit 4.33 of the Company's Annual Report on Form 20-F filed on March 24, 2022).
4.28	Employment Agreement, dated January 3, 2022, by and between GSL Enterprises Ltd. and Thomas Lister (incorporated by reference to Exhibit 4.34 of the Company's Annual Report on Form 20-F filed on March 24, 2022).
4.29	Form of Supervision Agreement with Technomar Shipping Inc., as Supervision Managers (incorporated by reference to Exhibit 4.35 of the Company's Annual Report on Form 20-F filed on March 24, 2022).
4.30*	$60.0 Million Credit Facility, dated December 30, 2021, by and among Zeus One Marine LLC, Hephaestus Marine LLC and Pericles Marine LLC as joint and several borrowers, the Company as guarantor and the banks and financial institutions listed in Part B of Schedule 1 as lenders, E.SUN Commercial Bank, LTD, CATHAY United Bank, Mega International Commercial Bank CO., LTD, Offshore Banking Branch and Taishin International Bank as mandated lead arrangers, E.SUN Commercial Bank, LTD as facility agent and security agent.
4.31	At Market Issuance Sales Agreement, dated December 29, 2022, by and between the Company and B. Riley Securities, Inc. (incorporated by reference to Exhibit 1.1 of the Company's Report on Form 6-K filed on January 4, 2023).
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 Watson Farley & Williams LLP
101*	Interactive Data Files (formatted as Inline XBRL).
104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

* Filed herewith.

SIGNATURES

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

GLOBAL SHIP LEASE, INC.

By:/s/ Ian J. Webber

Name: Ian J. Webber
Title: Chief Executive Officer

Date: March 22, 2023

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 off-hire and expenses incurred due to a ship’s voyage from a loading port to a discharging port, such as bunkers costs, port expenses, stevedoring costs, agents’ fees, canal dues, extra war risk insurance and commissions.

Utilization. The percentage of days for which owner receives charterhire. The difference to 100% or full utilization will be off-hire, both planned for, say, regulatory drydocking, and unplanned for, say, breakdown, and idle time between charters.

Vessel operating expenses. The costs of operating a ship, primarily consisting of crew wages and associated costs, insurance premiums, ship management fees, costs of lubricants and spare parts, and repair and maintenance costs. Vessel operating expenses exclude bunker costs, port expenses, stevedoring costs, agents’ fees, canal dues, extra war risk insurance and commissions, which are included in “voyage expenses.”

Voyage expenses. Expenses incurred due to a ship’s voyage from a loading port to a discharging port, such as bunkers costs, port expenses, stevedoring costs, agents’ fees, canal dues, extra war risk insurance and commissions.

Global Ship Lease, Inc.

Index to Consolidated Financial Statements

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Global Ship Lease, Inc.

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheets of Global Ship Lease, Inc. and its subsidiaries (the "Company") as of December 31, 2022 and 2021, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for each of the three years in the period ended December 31, 2022, including the related notes (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of December 31, 2022, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2022 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2022, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Annual Report on Internal Control over Financial Reporting appearing under Item 15. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that (i) relates to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Impairment Assessment – Long-lived assets

As disclosed in Notes 2 and 4 to the consolidated financial statements, as of December 31, 2022 the Company's fleet consisted of vessels with a total carrying value of $1.6 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 testing the effectiveness of controls relating to management's vessel impairment assessment. These procedures also 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 22, 2023

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, 2022	As of December 31, 2021
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		$ 120,130	$ 67,280
Time deposits		8,550	7,900
Restricted cash	3	28,363	24,894
Accounts receivable, net		3,684	3,220
Inventories	8	12,237	11,410
Prepaid expenses and other current assets	7	33,765	25,224
Derivative asset	9	29,645	533
Due from related parties	14	673	2,897
Total current assets		**$ 237,047**	**$ 143,358**
NON - CURRENT ASSETS			
Vessels in operation	4	$ 1,623,307	$ 1,682,816
Advances for vessels acquisitions and other additions	4	4,881	6,139
Deferred charges, net	5	54,663	37,629
Other non-current assets	2p	31,022	14,010
Derivative asset, net of current portion	9	33,858	6,694
Restricted cash, net of current portion	3	121,437	103,468
Total non - current assets		**1,869,168**	**1,850,756**
TOTAL ASSETS		**$ 2,106,215**	**$ 1,994,114**
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Accounts payable	10	$ 22,755	$ 13,159
Accrued liabilities	11	36,038	32,249
Current portion of long - term debt	12	189,832	190,316
Current portion of deferred revenue		12,569	8,496
Due to related parties	14	572	543
Total current liabilities		**$ 261,766**	**$ 244,763**
LONG - TERM LIABILITIES			
Long - term debt, net of current portion and deferred financing costs	12	$ 744,557	$ 880,134
Intangible liabilities - charter agreements	6	14,218	55,376
Deferred revenue, net of current portion	3	119,183	101,288
Total non - current liabilities		**877,958**	**1,036,798**
Total liabilities		**$ 1,139,724**	**$ 1,281,561**
Commitments and Contingencies	15	**—**	**—**
SHAREHOLDERS' EQUITY			
Class A common shares - authorized 214,000,000 shares with a $0.01 par value 35,990,288 shares issued and outstanding (2021 - 36,464,109 shares)	16	$ 359	$ 365
Series B Preferred Shares - authorized 104,000 shares with a $0.01 par value 43,592 shares issued and outstanding (2021 - 43,592 shares)	16	—	—
Additional paid in capital		688,262	698,463
Retained Earnings		246,390	13,498
Accumulated other comprehensive income		31,480	227
Total shareholders' equity		**966,491**	**712,553**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$ 2,106,215**	**$ 1,994,114**

See accompanying notes to Consolidated Financial Statements

Global Ship Lease, Inc.

Consolidated Statements of Income

(Expressed in thousands of U.S. dollars except share and per share data)

	Note	Year ended December 31, 2022	2021	2020
OPERATING REVENUES				
Time charter revenue (include related party revenues of $66,929, $144,681 and $142,826 for each of the years ended December 31, 2022, 2021 and 2020, respectively)	13, 14	$ 604,487	$ 402,524	$ 282,272
Amortization of intangible liabilities-charter agreements (includes related party amortization of intangible liabilities-charter agreements of $5,385, $6,882 and $1,782 for each of the years ended December 31, 2022, 2021 and 2020, respectively)	6,14	41,158	45,430	541
Total operating revenues		**645,645**	**447,954**	**282,813**
OPERATING EXPENSES:				
Vessel operating expenses (include related party vessels operating expenses of $16,642, $15,294 and $12,580 for each of the years ended December 31, 2022, 2021 and 2020, respectively)	14	167,444	130,304	102,837
Time charter and voyages expenses (include related party time charter and voyage expenses of $6,289, $3,583 and $2,446 for each of the years ended December 31, 2022, 2021 and 2020, respectively)	14	21,154	13,100	11,149
Depreciation and amortization	4, 5	81,303	61,563	46,978
Impairment of vessels	4	3,033	—	8,497
General and administrative expenses		18,526	13,240	8,350
(Gain)/loss on sale of vessels	4	—	(7,770)	244
Operating Income		**354,185**	**237,517**	**104,758**
NON-OPERATING INCOME/(EXPENSES)				
Interest income		2,512	449	956
Interest and other finance expenses (include $21,511 expenses relating to prepayment fees, acceleration of deferred financing costs, premium and acceleration of premium amortization, $5,764 and $2,831 Notes premium for each of the years ended December 31, 2022, 2021 and 2020, respectively)		(75,289)	(69,227)	(65,354)
Other income, net		1,782	2,812	1,252
Fair value adjustment on derivative asset	9	9,685	—	—
Total non-operating expenses		**(61,310)**	**(65,966)**	**(63,146)**
Income before income taxes		**292,875**	**171,551**	**41,612**
Income taxes		50	(56)	(49)
Net Income		**$ 292,925**	**$ 171,495**	**$ 41,563**
Earnings allocated to Series B Preferred Shares	16	(9,536)	(8,263)	(3,995)
Net Income available to Common Shareholders		**$ 283,389**	**$ 163,232**	**$ 37,568**
Earnings per Share				
Weighted average number of Class A common shares outstanding				
Basic	18	36,603,134	35,125,003	17,687,137
Diluted	18	37,204,345	35,508,015	17,752,525
Net Earnings per Class A common share				
Basic	18	7.74	4.65	1.23
Diluted	18	7.62	4.60	1.22

See accompanying notes to Consolidated Financial Statements

Global Ship Lease, Inc.

Consolidated Statements of Comprehensive Income

(Expressed in thousands of U.S. dollars)

	Note	Year ended December 31, 2022	2021	2020
Net Income available to Common Shareholders		**$ 283,389**	**$ 163,232**	**$ 37,568**
Other comprehensive income:				
Cash Flow Hedge:				
Unrealized gain on derivative assets	9	31,221	227	—
Amortization of interest rate cap premium		1,123	—	—
Amounts reclassified to earnings	9	(1,091)	—	—
Total Other Comprehensive Income		**31,253**	**227**	**—**
Total Comprehensive Income		**$ 314,642**	**$ 163,459**	**$ 37,568**

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, 2022	2021	2020
Cash flows from operating activities:				
Net income		$ 292,925	$ 171,495	$ 41,563
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization		81,303	61,563	46,978
Impairment of vessels	4	3,033	—	8,497
(Gain)/loss on sale of vessels	4	—	(7,770)	244
Amounts reclassified from other comprehensive income	9	(1,091)	—	—
Amortization of derivative assets' premium		1,123	—	—
Amortization of deferred financing costs	12	11,233	8,279	4,085
Amortization of original issue premium of notes/premium on repurchase of notes		762	8,615	3,269
Amortization of intangible (liabilities)/assets - charter agreements	6	(41,158)	(45,430)	(541)
Fair value adjustment on derivative asset	9	(9,685)	—	—
Prepayment fees on debt repayment	12	15,197	3,230	—
Share based compensation	17	10,104	3,510	1,998
Changes in operating assets and liabilities:				
(Increase)/decrease in accounts receivable and other assets		(26,017)	(33,211)	3,132
(Increase) in inventories		(827)	(5,094)	(721)
Increase in derivative assets	9	(15,370)	(7,000)	—
Increase/(decrease) in accounts payable and other liabilities		6,187	5,939	(2,215)
Increase/(decrease) in related parties' balances, net		2,253	(1,107)	2,504
Increase/(decrease) in deferred revenue	3	21,968	104,160	(4,364)
Unrealized foreign exchange loss		1	—	—
Net cash provided by operating activities		**$ 351,941**	**$ 267,179**	**$ 104,429**
Cash flows from investing activities:				
Acquisition of vessels and intangibles		—	(463,750)	(23,060)
Cash paid for vessel expenditures		(5,460)	(4,611)	(4,089)
Net proceeds from sale of vessels		—	16,514	6,852
Advances for vessel acquisitions and other additions		(3,772)	(3,276)	(4,541)
Cash paid for drydockings		(24,457)	(19,226)	(14,756)
Time deposits acquired		(650)	(7,900)	—
Net cash used in investing activities		**$ (34,339)**	**$ (482,249)**	**$ (39,594)**
Cash flows from financing activities:				
Proceeds from issuance of 2024 Notes	12	—	22,701	20,054
Repurchase of 2022 Notes, including premium	12	—	(239,183)	(91,971)
Repurchase of 2024 Notes, including premium	12	(119,871)	—	—
Proceeds from drawdown of credit facilities and sale and leaseback	12	60,000	744,506	47,000
Proceeds from 2027 Secured Notes	12	350,000	—	—
Repayment of credit facilities and sale and leaseback	12	(167,056)	(115,502)	(64,311)
Repayment of refinanced debt, including prepayment fees	12	(276,671)	(152,862)	(44,366)
Deferred financing costs paid		(9,655)	(13,790)	(1,193)
Net proceeds from offering of Class A common shares, net of offering costs	16	—	67,549	(74)
Cancellation of Class A common shares	16	(20,011)	(10,000)	—
Proceeds from offering of Series B preferred shares, net of offering costs	16	(17)	51,234	18,647
Class A common shares - dividend paid	16	(50,497)	(27,940)	—
Series B Preferred Shares - dividend paid	16	(9,536)	(8,263)	(3,995)
Net cash (used in)/provided by financing activities		**$ (243,314)**	**$ 318,450**	**$ (120,209)**
Net increase/(decrease) in cash and cash equivalents and restricted cash		**74,288**	**103,380**	**(55,374)**
Cash and cash equivalents and restricted cash at beginning of the year		195,642	92,262	147,636
Cash and cash equivalents and restricted cash at end of the year		**$ 269,930**	**$ 195,642**	**$ 92,262**
Supplementary Cash Flow Information:				
Cash paid for interest		$ 51,490	$ 49,528	$ 59,769
Cash received from interest rate caps		9,245	—	—
Non-cash investing activities:				
Unpaid capitalized expenses		9,022	—	—
Unpaid drydocking expenses		11,447	5,799	1,321
Unpaid vessel expenditures		—	6,257	4,127
Unpaid advances for vessels' acquisitions and other additions		—	1,499	—
Acquisition of vessels and intangibles		—	96,344	—
Non-cash financing activities:				
Issuance of 2024 Notes for the acquisition of vessels		—	35,000	—
Premium on the 2024 Notes issued for the acquisition of vessels		—	1,680	—
Unpaid offering costs		283	—	—
Unrealized gain on derivative assets		31,221	227	—

See accompanying notes to Consolidated Financial Statements

Global Ship Lease, Inc.

Consolidated Statements of Changes in Shareholders' Equity

(Expressed in thousands of U.S. dollars except share data)

	Number of Common Shares at par value $0.01	Number of Series B Preferred Shares at par value $0.01	Number of Series C Preferred Shares at par value $0.01	Common Shares	Series B Preferred Shares	Series C Preferred Shares	Additional paid-in capital	(Accumulated Deficit)/ Retained Earnings
Balance at January 1, 2020	**17,556,738**	**14,428**	**250,000**	**$ 175**	**$ —**	**$3**	**$565,586**	**$ (159,362)**
Stock-based compensation expense (Note 17)	184,270	—	—	2	—	—	1,998	—
Issuance of Class A common shares, net of offering costs (Notes 16 and 17)	—	—	—	—	—	—	(76)	—
Net Income for the year	—	—	—	—	—	—	—	41,563
Series B Preferred Shares dividend (Note 16)	—	—	—	—	—	—	—	(3,995)
Issuance of Series B Preferred shares, net of offering costs	—	8,394	—	—	—	—	18,847	—
Balance at December 31, 2020	**17,741,008**	**22,822**	**250,000**	**$ 177**	**$ —**	**$ 3**	**$ 586,355**	**$ (121,794)**
Stock-based compensation expense (Note 17)	747,604	—	—	8	—	—	3,502	—
Issuance of Class A common shares, net of offering costs (Notes 16 and 17)	5,541,959	—	—	55	—	—	67,494	—
Conversion of Series C Preferred shares to Class A common shares (Note 16)	12,955,188	—	(250,000)	130	—	(3)	(127)	—
Cancellation of Class A common shares (Note 16)	(521,650)	—	—	(5)	—	—	(9,995)	—
Other comprehensive income	—	—	—	—	—	—	—	—
Net Income for the year	—	—	—	—	—	—	—	171,495
Series B Preferred Shares dividend (Note 16)	—	—	—	—	—	—	—	(8,263)
Issuance of Series B Preferred shares, net of offering costs (Note 16)	—	20,770	—	—	—	—	51,234	—
Class A common shares dividend (Note 16)	—	—	—	—	—	—	—	(27,940)
Balance at December 31, 2021	**36,464,109**	**43,592**	**—**	**$ 365**	**$ —**	**$ —**	**$ 698,463**	**$ 13,498**
Stock-based compensation expense (Note 17)	586,819	—	—	5	—	—	10,099	—
Cancellation of Class A common shares (Note 16)	(1,060,640)	—	—	(11)	—	—	(20,000)	—
Other comprehensive income	—	—	—	—	—	—	—	—
Net Income for the year	—	—	—	—	—	—	—	292,925
Series B Preferred Shares dividend (Note 16)	—	—	—	—	—	—	—	(9,536)
Issuance of Series B Preferred shares, net of offering costs (Note 16)	—	—	—	—	—	—	(300)	—
Class A common shares dividend (Note 16)	—	—	—	—	—	—	—	(50,497)
Balance at December 31, 2022	**35,990,288**	**43,592**	**—**	**$ 359**	**$ —**	**$ —**	**$ 688,262**	**$ 246,390**

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

The Company's business is to own and charter out containerships to leading liner companies.

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").

In 2021, the Company purchased 23 vessels. Seven containerships of approximately 6,000 TEU each (the "Seven Vessels"), were purchased for an aggregate purchase price of $116,000. Four vessels were delivered in April 2021, two in May 2021 and the seventh vessel in July 2021. Twelve containerships were purchased from Borealis Finance LLC (the "Twelve Vessels") for an aggregate purchase price of $233,890. The Twelve Vessels were delivered in July 2021. Four 5,470 TEU Panamax containerships (the "Four Vessels") for an aggregate purchase price of $148,000. Three vessels were delivered in September 2021 and the fourth vessel in October 2021.

With these additions and following the sale of La Tour on June 30, 2021, the Company's fleet comprises 65 containerships with average age weighted by TEU capacity of 15.9 years.

The following table provides information about the 65 vessels owned as at December 31, 2022.

Company Name [1]	Country of Incorporation	Vessel Name	Capacity in TEUs [2]	Year Built	Earliest Charter Expiry Date
Global Ship Lease 54 LLC	Liberia	CMA CGM Thalassa	11,040	2008	4Q25
Laertis Marine LLC	Marshall Islands	Zim Norfolk (ex UASC Al Khor) [14]	9,115	2015	2Q27
Penelope Marine LLC	Marshall Islands	Zim Xiamen (ex Maira XL) [14]	9,115	2015	3Q27
Telemachus Marine LLC [3]	Marshall Islands	Anthea Y	9,115	2015	3Q23
Global Ship Lease 53 LLC	Liberia	MSC Tianjin	8,603	2005	2Q24
Global Ship Lease 52 LLC	Liberia	MSC Qingdao	8,603	2004	2Q24
Global Ship Lease 43 LLC	Liberia	GSL Ningbo	8,603	2004	3Q27[4]
Global Ship Lease 30 Limited	Marshall Islands	GSL Eleni	7,847	2004	3Q24[5]
Global Ship Lease 31 Limited	Marshall Islands	GSL Kalliopi	7,847	2004	3Q23[5]
Global Ship Lease 32 Limited	Marshall Islands	GSL Grania	7,847	2004	3Q23[5]
Alexander Marine LLC	Marshall Islands	Mary	6,927	2013	4Q28[6]
Hector Marine LLC	Marshall Islands	Kristina	6,927	2013	3Q29[6]
Ikaros Marine LLC	Marshall Islands	Katherine	6,927	2013	1Q29[6]
Philippos Marine LLC	Marshall Islands	Alexandra	6,927	2013	2Q29[6]
Aristoteles Marine LLC	Marshall Islands	Alexis	6,882	2015	2Q29[6]
Menelaos Marine LLC	Marshall Islands	Olivia I	6,882	2015	2Q29[6]
Global Ship Lease 35 LLC	Liberia	GSL Nicoletta	6,840	2002	3Q24
Global Ship Lease 36 LLC	Liberia	GSL Christen	6,840	2002	3Q23
Global Ship Lease 48 LLC	Liberia	CMA CGM Berlioz	6,621	2001	4Q25
Leonidas Marine LLC	Marshall Islands	Agios Dimitrios	6,572	2011	4Q23
Global Ship Lease 33 LLC	Liberia	GSL Vinia	6,080	2004	3Q24
Global Ship Lease 34 LLC	Liberia	GSL Christel Elisabeth	6,080	2004	2Q24

Global Ship Lease, Inc.

Notes to the Consolidated Financial Statements (continued)

(Expressed in thousands of U.S. dollars)

1. Description of Business (continued)

Company Name [1]	Country of Incorporation	Vessel Name	Capacity in TEUs [2]	Year Built	Earliest Charter Expiry Date
GSL Arcadia LLC	Liberia	GSL Arcadia	6,008	2000	2Q24[7]
GSL Melita LLC	Liberia	GSL Melita	6,008	2001	3Q24[7]
GSL Maria LLC	Liberia	GSL Maria	6,008	2001	4Q24[7]
GSL Violetta LLC [3]	Liberia	GSL Violetta	6,008	2000	4Q24[7]
GSL Tegea LLC	Liberia	GSL Tegea	5,992	2001	3Q24[7]
GSL Dorothea LLC	Liberia	GSL Dorothea	5,992	2001	3Q24[7]
GSL MYNY LLC	Liberia	GSL MYNY	6,008	2000	3Q24[7]
Tasman Marine LLC	Marshall Islands	Tasman	5,936	2000	4Q23[8]
Hudson Marine LLC	Marshall Islands	Zim Europe	5,936	2000	1Q24
Drake Marine LLC	Marshall Islands	Ian H	5,936	2000	2Q24
Global Ship Lease 68 LLC [3]	Liberia	GSL Kithira	5,470	2009	4Q24[9]
Global Ship Lease 69 LLC [3]	Liberia	GSL Tripoli	5,470	2009	4Q24[9]
Global Ship Lease 70 LLC [3]	Liberia	GSL Syros	5,470	2010	4Q24[9]
Global Ship Lease 71 LLC [3]	Liberia	GSL Tinos	5,470	2010	4Q24[9]
Hephaestus Marine LLC	Marshall Islands	Dolphin II	5,095	2007	1Q25
Zeus One Marine LLC	Marshall Islands	Orca I	5,095	2006	2Q24[10]
Global Ship Lease 47 LLC	Liberia	GSL Château d'If	5,089	2007	4Q26
GSL Alcazar Inc.	Marshall Islands	CMA CGM Alcazar	5,089	2007	3Q26
Global Ship Lease 55 LLC	Liberia	GSL Susan	4,363	2008	3Q27[11]
Global Ship Lease 50 LLC	Liberia	CMA CGM Jamaica	4,298	2006	1Q28[11]
Global Ship Lease 49 LLC	Liberia	CMA CGM Sambhar	4,045	2006	1Q28[11]
Global Ship Lease 51 LLC	Liberia	CMA CGM America	4,045	2006	1Q28[11]
Global Ship Lease 57 LLC	Liberia	GSL Rossi	3,421	2012	1Q26
Global Ship Lease 58 LLC	Liberia	GSL Alice	3,421	2014	1Q23
Global Ship Lease 59 LLC	Liberia	GSL Melina	3,404	2013	2Q23
Global Ship Lease 60 LLC	Liberia	GSL Eleftheria	3,404	2013	3Q25
Global Ship Lease 61 LLC	Liberia	GSL Mercer	2,824	2007	4Q24
Global Ship Lease 62 LLC	Liberia	Matson Molokai	2,824	2007	2Q25
Global Ship Lease 63 LLC	Liberia	GSL Lalo	2,824	2006	1Q23
Global Ship Lease 42 LLC	Liberia	GSL Valerie	2,824	2005	1Q25
Pericles Marine LLC	Marshall Islands	Athena	2,762	2003	2Q24
Global Ship Lease 64 LLC	Liberia	GSL Elizabeth [12]	2,741	2006	2Q23
Global Ship Lease 65 LLC	Liberia	tbr GSL Chloe [13]	2,546	2012	4Q24
Global Ship Lease 66 LLC	Liberia	GSL Maren	2,546	2014	1Q23
Aris Marine LLC	Marshall Islands	Maira	2,506	2000	1Q23
Aphrodite Marine LLC	Marshall Islands	Nikolas	2,506	2000	1Q23
Athena Marine LLC	Marshall Islands	Newyorker	2,506	2001	1Q24
Global Ship Lease 38 LLC	Liberia	Manet	2,272	2001	4Q24
Global Ship Lease 40 LLC	Liberia	Keta	2,207	2003	1Q25
Global Ship Lease 41 LLC	Liberia	Julie	2,207	2002	1Q23
Global Ship Lease 45 LLC	Liberia	Kumasi	2,207	2002	1Q25
Global Ship Lease 44 LLC	Liberia	Akiteta	2,207	2002	4Q24
Global Ship Lease 67 LLC	Liberia	GSL Amstel	1,118	2008	3Q23

Global Ship Lease, Inc.

Notes to the Consolidated Financial Statements (continued)

(Expressed in thousands of U.S. dollars)

1. Description of Business (continued)

(1) All subsidiaries are 100% owned, either directly or indirectly;
(2) Twenty-foot Equivalent Units;
(3) Currently, under a sale and leaseback transaction (see note 2p);
(4) GSL Ningbo was forward fixed to a leading liner company for minimum 48 months - maximum 52 months. The new charter is scheduled to commence in 3Q 2023;
(5) GSL Eleni delivered 2Q2019 and is chartered for five years; GSL Kalliopi (delivered 4Q2019) and GSL Grania (delivered 3Q2019) are chartered for three years plus two successive periods of one year each at the option of the charterer. The first of these extension options was exercised for both vessels in 2Q 2022 and commenced for GSL Grania and for GSL Kalliopi in 3Q and in 4Q 2022, respectively;
(6) Mary, Kristina, Katherine, Alexandra, Alexis, Olivia I were forward fixed to a leading liner company for 60 months +/- 45 days, after which the charterer has the option to extend each charter for a further two years; The new charters are scheduled to commence as each of the existing charters expire, between approximately December 2023 and August 2024;
(7) GSL Arcadia, GSL Melita, GSL Maria, GSL Violetta, GSL Tegea, GSL Dorothea, GSL MYNY. Thereafter, the charterer has the option to extend each charter for a further 12 months, after which they have the option to extend each charter for a second time - for a period concluding immediately prior to each respective vessel's 25th year drydocking and special survey;
(8) Tasman. 12-month extension at charterer's option was exercised in 2Q 2022 and commenced in 3Q 2022;
(9) GSL Kithira, GSL Tripoli, GSL Syros, GSL Tinos were chartered for a period of three years, after which the charterer has the option to extend each charter for a further three years;
(10) Orca I. After the initial firm period of the charter, the charterer has the option to extend the charter for a further 12-14 months;
(11) GSL Susan, CMA CGM Jamaica, CMA CGM Sambhar and CMA CGM America were each forward fixed to a leading liner company for a period of five years with up to +/- 45 days in charterer's option. The new charter for GSL Susan commenced in October 2022, while the remaining charters are scheduled to commence in March 2023;
(12) GSL Elizabeth was chartered to a leading liner company for a period of four to seven months and the new charter commenced in 4Q 2022;
(13) "tbr" means "to be renamed";
(14) On May 22, 2022, UASC Al Khor was renamed Zim Norfolk. On July 11, 2022, Maira XL was renamed Zim Xiamen.

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 per share amounts disclosed in the consolidated financial statements and notes give effect to the reverse stock split retroactively, for all years presented.

During the year ended December 31, 2022, the Company has made reclassifications to the prior year statement of cash flows to correct and reclassify debt premiums paid from operating outflows to financing outflows which resulted in a decrease in operating outflows and increase in financial outflows of $3,230 for the year ended December 31, 2021. The Company evaluated the reclassifications from both a quantitative and qualitative perspective and determined the impacts were not material to any previously issued annual financial statements.

2. Summary of Significant Accounting Policies (continued)

(a) Basis of Presentation (continued)

Adoption of new accounting standards

In March 2020, the FASB issued ASU 2020-4, "Reference Rate Reform (Topic 848)" ("ASU 2020-4"), which provides optional guidance intended to ease the potential burden in accounting for the expected discontinuation of LIBOR as a reference rate in the financial markets. The guidance can be applied to modifications made to certain contracts to replace LIBOR with a new reference rate. The guidance, if elected, will permit entities to treat such modifications as the continuation of the original contract, without any required accounting reassessments or remeasurements. The ASU 2020-4 was effective for the Company beginning on March 12, 2020 and the Company applied the amendments prospectively through December 31, 2022. Because the current relief in Topic 848 may not cover a period of time during which a significant number of modifications may take place, in December 2022 the FASB issued ASU 2022-06, "Reference Rate Reform (Topic 848)". The amendments of this update defer the sunset date of Topic 848 from December 31, 2022, to December 31, 2024, after which entities will no longer be permitted to apply the relief in Topic 848. Currently, the Company has various other contracts that reference LIBOR. The Company has modified one contract to replace LIBOR with SOFR and elected to apply the modification accounting. There was no impact to the Company's audited consolidated financial statements for the year ended December 31, 2022 as a result of adopting this standard.

COVID-19 Pandemic

On March 11, 2020, the World Health Organization declared the novel coronavirus ("COVID-19") outbreak a pandemic. Since the beginning of calendar year 2020, the outbreak of COVID-19 pandemic has resulted in the implementation of numerous actions taken by governments and governmental agencies in an attempt to mitigate the spread of the virus, including, among others, business closures, quarantines, travel restrictions, and physical distancing requirements. These actions have caused substantial disruptions in the global economy and the shipping industry, as well as significant volatility in the financial markets, the severity and duration of which remains uncertain.

Although the incidence and severity of COVID-19 and its variants have diminished over time, periodic spikes in incidence occur. Many nations worldwide have significantly eased or eliminated restrictions that were enacted at the outset of the outbreak of COVID-19. The World Health Organization officials had expressed hope that COVID-19 might be entering an endemic phase by early 2023, but the continued uncertainties associated with the COVID-19 pandemic worldwide may cause an adverse impact on the global economy and the rate environment for the Company's vessels may deteriorate and its operations and cash flows may be negatively impacted.

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 to alter the Company's business operations that it determines are in the best interests of its employees, customers, partners, suppliers, and stakeholders, or as required by authorities in the jurisdictions where the Company operates. As a result, many of the Company's estimates and assumptions required increased judgement and carry a higher degree of variability and volatility. The ultimate effects that any such alterations or modifications may have on the Company's business are not clear, including any potential negative effects on its business operations and financial results.

(b) Principles of Consolidation

The accompanying consolidated financial statements include the financial statements of the Company and its wholly owned subsidiaries; the Company has no other material 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.

2. Summary of Significant Accounting Policies (continued)

(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. Also includes restricted cash received in advance from charterers for future charter service.

(f) Insurance claims

Insurance claims consist of claims submitted and/or claims in the process of compilation or submission. They are recorded on an accrual basis and represent the claimable expenses, net of applicable deductibles, incurred through December 31 of each reported period, which are probable to be recovered from insurers. Any outstanding costs to complete the claims are included in accrued liabilities. The classification of insurance claims into current and non-current assets is based on management's expectation as to the collection dates.

(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, 2022 (2021: $nil).

(i) Vessels in operation

Vessels are generally recorded at their historical cost, which consists of the acquisition price and any material expenses incurred upon acquisition, adjusted for the fair value of intangible assets or liabilities associated with above or below market charters attached to the vessels at acquisition. See Intangible Assets and Liabilities at note 2(k) below. Vessels acquired in a corporate transaction accounted for as an asset acquisition are stated at the acquisition price, which consists of consideration paid, plus transaction costs, considering pro rata allocation based on vessels fair value at the acquisition date. Vessels acquired in a corporate transaction accounted for as a business combination are recorded at fair value. Vessels acquired as part of the Marathon Merger in 2008 were accounted for under ASC 805, which required that the vessels be recorded at fair value, less the negative goodwill arising as a result of the accounting for the merger.

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

Borrowing costs incurred during the construction of vessels or as part of the prefinancing of the acquisition of vessels are capitalized. There was no capitalized interest for the years ended December 31, 2022, 2021 and 2020.

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

2. Summary of Significant Accounting Policies (continued)

(i) Vessels in operation (continued)

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

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

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

(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 of five years until approximately the next scheduled drydocking. Any remaining unamortized balance from the previous drydocking is written-off.

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

(k) Intangible assets and liabilities - charter agreements

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

2. Significant Accounting Policies (continued)

(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.

Through the latter part of 2022, the Company noted that charter rates in the spot market had come under pressure and accordingly determined that events occurred and circumstances had changed, which indicated that potential impairment of the Company's long-lived assets could exist. These indicators included continued volatility in the spot market and the related impact of the current container sector on management's expectation for future revenues. As a result, step one of the impairment assessment of each of the vessel groups was performed as at December 31, 2022 and step two of the impairment analysis was required for one vessel group, as its undiscounted projected net operating cash flows did not exceed its carrying value. As a result, the Company recorded an impairment loss of $3,033 for one vessel asset group with a total aggregate carrying amount of $9,033 which was written down to its fair value of $6,000 (see note 4).

Through 2021, the Company evaluated the impact of current economic situation on the recoverability of all its vessel groups and determined that there was no triggering event and no impairment test was performed for the year ended December 31, 2021.

Through 2020, whilst charter rates in the spot market and asset values saw improvements, taking into account the seasonal as well as cyclical nature of the container shipping industry, the recovery was not considered to have been sufficiently sustained not to undertake a review for impairment for vessel groups where the carrying value as at December 31, 2020 might not be recoverable. As a result, step one of the impairment assessment of each of the vessel groups was performed as at December 31, 2020. As the undiscounted projected net operating cash flows of each of the vessel groups exceeded the carrying amount, step two of the impairment test was not required and there were no impairment charges as of December 31, 2020.

Two 1999-built, 2,200 TEU feeder ships, GSL Matisse and Utrillo, were sold on July 3, 2020 and July 20, 2020, respectively. As of June 30, 2020, the vessels were immediately available for sale and qualified as assets held for sale. As of March 31, 2020, the Company had an expectation that the vessels would be sold before the end of their previously estimated useful life, and as a result performed an impairment test of the specific asset group. An impairment charge of $7,585 was recognized for the three months ended March 31, 2020 and an additional impairment charge of $912 had been recognized in the three months ended June 30, 2020.

2. Significant Accounting Policies (continued)

(m) Deferred financing costs

Costs incurred in connection with obtaining long-term debt and in obtaining amendments to existing facilities are recorded as deferred financing costs and are amortized to interest expense using the effective interest method over the estimated duration of the related debt. Such costs include fees paid to the lenders or on the lenders' behalf and associated legal and other professional fees. Debt issuance costs, other than any up-front arrangement fee for revolving credit facilities, related to a recognized debt liability are presented as a direct deduction from the carrying amount of that debt.

(n) Preferred shares

The Series B Preferred Shares were originally issued in August 2014 and have been included within Equity in the Consolidated Balance Sheets since their initial issue in August 2014 and increased in 2019, 2020 and 2021 with the introduction of ATM program see note 16, and the dividends are presented as a reduction of Retained Earnings or addition to Accumulated Deficit in the Consolidated Statements of Changes in Shareholders' Equity as their nature is similar to that of an equity instrument rather than a liability. Holders of these redeemable perpetual preferred shares, which may only be redeemed at the discretion of the Company, are entitled to receive a dividend equal to 8.75% on the original issue price, should such dividend be declared, and rank senior to the common shares with respect to dividend rights and rights upon liquidation, dissolution or winding up of the Company.

The 250,000 Series C Perpetual Convertible Preferred Shares (the "Series C Preferred Shares") have been included within Equity in the Consolidated Balance Sheets, from their issue on November 15, 2018. The Series C Preferred Shares were convertible in certain circumstances to Class A common shares and they were entitled to a dividend only should such a dividend be declared on the Class A common shares. On January 20, 2021, upon the redemption in full of the 9.875% First Priority Secured Notes due 2022 (the "2022 Notes"), Series C Preferred shares converted to Class A common shares see note 16.

(o) Other comprehensive income

Other comprehensive income, which is reported in the Consolidated Statements of Changes in Shareholders' Equity, consists of net income and other gains and losses affecting equity that, under U.S. GAAP, are excluded from net income. Under ASU 2011-05, an entity reporting comprehensive income in a single continuous financial statement shall present its components in two sections, net income and other comprehensive income. For year ended December 31, 2022 the Company recorded an unrealized gain on the interest rate caps, , amortization of interest rate cap premium and an amount reclassified to earnings of $31,221, $1,123 and ($1,091), respectively, reported as a component of other comprehensive income and presented in the Consolidated Statements of Comprehensive Income (see note 9). For year ended December 31, 2021, the Company recorded an unrealized gain on the interest rate caps of $227, $nil for amortization of interest rate cap premium and no amount reclassified to earnings.

(p) Revenue recognition and related expense

The Company charters out its vessels on time charters which involves placing a vessel at a charterer's disposal for a specified period of time during which the charterer uses the vessel in return for the payment of a specified daily hire rate. Such charters are accounted for as operating leases and therefore revenue is recognized on a straight-line basis as the average revenues over the rental periods of such charter agreements, as service is performed. Cash received in excess of earned revenue is recorded as deferred revenue. If a time charter contains one or more consecutive option periods, then subject to the options being exercisable solely by the Company, the time charter revenue will be recognized on a straight-line basis over the total remaining life of the time charter, including any options which are more likely than not to be exercised. If a time charter is modified, including the agreement of a direct continuation at a different rate, the time charter revenue will be recognized on a straight-line basis over the total remaining life of the time charter from the date of modification. During the years ended December 31, 2022 and 2021, an amount of $10,899 and $15,869, respectively, has been recorded in time charter-revenues for such modifications and revenues recognized on a straight-line basis. Any difference between the charter rate invoiced and the time charter revenue recognized is classified as, or released from, deferred revenue. As of December 31, 2022, current and non-current portion from implementing the straight-line basis, amounting to $6,487 ($2,866 and $nil as for December 31, 2021 and 2020, respectively) and $21,144 ($14,010 and $nil as for December 31, 2021 and 2020, respectively), respectively, are presented in the Consolidated Balance Sheets in the line item "Prepaid expenses and other current assets" and "Other non-current assets", respectively.

2. Significant Accounting Policies (continued)

(p) Revenue recognition and related expense (continued)

Revenues are recorded net of address commissions, which represent a discount provided directly to the charterer based on a fixed percentage of the agreed upon charter rate. Charter revenue received in advance which relates to the period after a balance sheet date is recorded as deferred revenue within current liabilities until the respective charter services are rendered.

Under time charter arrangements the Company, as owner, is responsible for all the operating expenses of the vessels, such as crew costs, insurance, repairs and maintenance, and such costs are expensed as incurred and are included in vessel operating expenses.

Commission paid to brokers to facilitate the agreement of a new charter are included in time charter and voyage expenses as are certain expenses related to a voyage, such as the costs of bunker fuel consumed when a vessel is off-hire or idle.

Leases: In cases of lease agreements where the Company acts as the lessee, the Company recognizes an operating lease asset and a corresponding lease liability on the Consolidated Balance Sheets. Following initial recognition and with regards to subsequent measurement the Company remeasures lease liability and right of use asset at each reporting date.

Leases where the Company acts as the lessor are classified as either operating or sales-type / direct financing leases.

In cases of lease agreements where the Company acts as the lessor under an operating lease, the Company keeps the underlying asset on the Consolidated Balance Sheets and continues to depreciate the assets over its useful life. In cases of lease agreements where the Company acts as the lessor under a sales-type / direct financing lease, the Company derecognizes the underlying asset and records a net investment in the lease. The Company acts as a lessor under operating leases in connection with all of its charter out - bareboat-out arrangements.

In cases of sale and leaseback transactions, if the transfer of the asset to the lessor does not qualify as a sale, then the transaction constitutes a failed sale and leaseback and is accounted for as a financial liability. For a sale to have occurred, the control of the asset would need to be transferred to the lessor, and the lessor would need to obtain substantially all the benefits from the use of the asset. During 2021, the Company has entered into six agreements which qualify as failed sale and leaseback transactions as the Company is required to repurchase the vessels at the end of the lease term and the Company has accounted for the six agreements as financing transactions.

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

(q) Foreign currency transactions

The Company’s functional currency is the U.S. dollar as substantially all revenues and a majority of expenditures are denominated in U.S. dollars. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange at the balance sheet dates. Expenses paid in foreign currencies are recorded at the rate of exchange at the transaction date. Exchange gains and losses are included in the determination of net Income/(Loss).

(r) Share based compensation

The Company has awarded incentive stock units to its management and Directors as part of their compensation.

Using the graded vesting method of expensing the incentive stock unit grants, the weighted average fair value of the stock units is recognized as compensation costs in the Consolidated Statements of Income over the vesting period. The fair value of the incentive stock units for this purpose is calculated by multiplying the number of stock units by the fair value of the shares at the grant date. The Company has not factored any anticipated forfeiture into these calculations based on the limited number of participants.

Global Ship Lease, Inc.

Notes to the Consolidated Financial Statements (continued)

(Expressed in thousands of U.S. dollars)

2. Significant Accounting Policies (continued)

(s) Income taxes

The Company and its Marshall Island subsidiaries are exempt from taxation in the Marshall Islands. Otherwise, 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 2022 is 19% (2021: 19% and 2020:19%). There has been no change to the applicable tax rate in the year. In the Spring Budget 2021, the UK government announced an increase in the main corporation tax rate from 19% to 25% with effect from 1 April 2023.

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 "Accrued Liabilities".

(u) Earnings per share

Basic earnings per common share are based on income available to common shareholders divided by the weighted average number of common shares outstanding during the period, excluding unvested restricted stock units. Diluted income per common share are calculated by applying the treasury stock method. All unvested restricted stock units that have a dilutive effect are included in the calculation. The basic and diluted earnings per share for the period are presented for each category of participating common shares under the two-class method.

(v) Risks Associated with Concentration

The Company is exposed to certain concentration risks that may adversely affect the Company's financial position in the near term:

(i) The Company derives its revenue from liner companies which are exposed to the 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, 2022, to the extent that substantially all of the amounts are deposited with nine banks (2021: ten banks). The Company believes this risk is remote as the banks are high credit quality financial institutions.

(w) Segment Reporting

The Company reports financial information and evaluates its operations by charter revenues and not by the length of ship employment for its customers. The Company does not use discrete financial information to evaluate operating results for each type of charter. Management does not identify expenses, profitability or other financial information by charter type. As a result, management reviews operating results solely by revenue per day and operating results of the fleet and thus the Company has determined that it operates under one reportable segment.

2. Significant Accounting Policies (continued)

(x) Fair Value Measurement and Financial Instruments

Financial instruments carried on the Consolidated Balance Sheets include cash and cash equivalents, restricted cash, time deposits, 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.

Through the latter part of 2022, the Company noted that charter rates in the spot market had come under pressure and accordingly determined that events occurred and circumstances had changed, which indicated that potential impairment of the Company's long-lived assets could exist. These indicators included continued volatility in the spot market and the related impact of the current container sector on management's expectation for future revenues. As a result, step one of the impairment assessment of each of the vessel groups was performed as at December 31, 2022 and step two of the impairment analysis was required for one vessel group, as its undiscounted projected net operating cash flows did not exceed its carrying value. As a result, the Company recorded an impairment loss of $3,033 for one vessel asset group with a total aggregate carrying amount of $9,033 which was written down to its fair value of $6,000.

During 2020, two of the Company's vessel groups with a total aggregate carrying amount of $15,585 were written down to their fair value resulting in a non-cash impairment charge of $8,497 which was allocated to the respective vessels' carrying values. Total impairment charge of $8,497 was included in the Consolidated Statements of Income for the year ended December 31, 2020. The estimated fair value, measured on a non-recurring basis, of the Company's relevant three vessel groups that are held and used is calculated with the assistance of valuation obtained by third party independent ship brokers. Therefore, the Company has categorized the fair value of these vessels as Level II in the fair value hierarchy.

In December 2021, the Company purchased interest rate caps with an aggregate notional amount of $484.1 million, which amortizes over time as the Company's outstanding debt balances decline. In February 2022, the Company further hedged its exposure by putting in place two USD one-month LIBOR interest rate caps of 0.75% through fourth quarter 2026, on $507.9 million of its floating rate debt. The second interest rate cap was not designated as a cash flow hedge and therefore the positive fair value adjustment of $9,685 as at December 31, 2022 was recorded through Consolidated Statements of Income ($nil for December 31, 2021 and 2020). ASC 815-20-25-13a stipulates that an entity may designate either all or certain future interest payments on variable-rate debt as the hedged exposure in a cash flow hedge relationship. The Company is designating certain future interest payments on its outstanding variable-rate debt as the hedged item in this relationship. Under ASC 815-20-25-106e, "for cash flow hedges of the interest payments on only a portion of the principal amount of the interest-bearing asset or liability, the notional amount of the interest rate cap designated as the hedging instrument matches the principal amount of the portion of the asset or liability on which the hedged interest payments are based". In this case, the Company has designated only a portion of its outstanding debt (initially, $253.9 million) as the hedged item, and any interest payments beyond the notional amount of the interest rate cap in any given period are not designated as being hedged. The Company assesses the effectiveness of the hedges on an ongoing basis. The amounts included in accumulated other comprehensive income will be reclassified to interest expense should the hedge no longer be considered effective.

2. Significant Accounting Policies (continued)

(x) Fair Value Measurement and Financial Instruments (continued)

As of December 31, 2022, following a quantitative assessment, part of the hedge was no longer considered effective and an amount of $1,091 was reclassified from other comprehensive income to the Consolidated Statements of Income.

The objective of the hedges is to reduce the variability of cash flows associated with the interest rates relating to the Company's variable rate borrowings. When derivatives are used, the Company is exposed to credit loss in the event of non-performance by the counterparties; however, non-performance is not anticipated. ASC 815, *Derivatives and Hedging*, requires companies to recognize all derivative instruments as either assets or liabilities at fair value in the balance sheet. The fair values of the interest rate derivatives are based on quoted market prices for similar instruments from commercial banks (based on significant observable inputs – Level 2 inputs). As of December 31, 2022 and 2021, the Company recorded a derivative asset of $63,503 and $7,227, respectively (see note 9).

Financial Risk Management: The Company activities expose it to a variety of financial risks including fluctuations in, time charter rates, credit and interest rates risk. Risk management is carried out under policies approved by executive management. Guidelines are established for overall risk management, as well as specific areas of operations.

Credit risk: The Company closely monitors its credit exposure to customers and counter-parties for credit risk. The Company has entered into commercial management agreement with Conchart Commercial Inc. ("Conchart"), pursuant to which Conchart has agreed to provide commercial management services to the Company, including the negotiation, on behalf of the Company, of vessel employment contracts (see note 14). Conchart has policies in place to ensure that it trades with customers and counterparties with an appropriate credit history.

Financial instruments that potentially subject the Company to concentrations of credit risk are accounts receivable and cash and cash equivalents and time deposits. The Company does not believe its exposure to credit risk is likely to have a material adverse effect on its financial position, results of operations or cash flows.

Liquidity Risk: Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Company monitors cash balances appropriately to meet working capital needs.

Foreign Exchange Risk: Foreign currency transactions are translated into the measurement currency rates prevailing at the dates of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the Consolidated Statements of Income.

(y) Derivative instruments

The Company is exposed to interest rate risk relating to its variable rate borrowings. In December 2021, the Company purchased interest rate caps with an aggregate notional amount of $484.1 million ("December 2021 hedging"), which amount reduces over time as the Company's outstanding debt balances amortize. The objective of the hedges is to reduce the variability of cash flows associated with the interest relating to its variable rate borrowings.

At the inception of the transaction, the Company documents the relationship between hedging instruments and hedged items, as well as its risk management objective and the strategy for undertaking various hedging transactions. The Company also documents its assessment, both at the hedge inception and on an ongoing basis, of whether the derivative financial instruments that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

This transaction is designated as a cash flow hedge, and under ASU 2017-12, cash flow hedge accounting allows all changes in fair value to be recorded through Other Comprehensive Income once hedge effectiveness has been established. Under ASC 815-30-35-38, amounts in accumulated other comprehensive income shall be reclassified into earnings in the same period or periods during which the hedged forecasted transaction affects earnings (i.e., each quarter) and shall be presented in the same income statement line item as the earnings effect of the hedged item in accordance with paragraph 815-20-45-1A.

(Expressed in thousands of U.S. dollars)

2. Significant Accounting Policies (continued)

(y) Derivative instruments (continued)

The premium paid related to this derivative was classified in the Consolidated Statements of Cash Flows as operating activities in the line item "Derivative asset". The premium shall be amortized into earnings "on a systematic and rational basis over the period in which the hedged transaction affects earnings" (ASC 815-30-35-41A); that is, the Company will expense the premium over the life of the interest rate cap in accordance with the "caplet method," as described in Derivatives Implementation Group (DIG) Issue G20. DIG Issue G20 dictates that the cost of the interest rate cap is recognized on earnings over time, based on the value of each periodic caplet. The cost per period will change as the caplet for that period changes in value. Given that the interest rate cap is forward-starting, expensing of the premium will not begin until the effective start date of the interest rate cap, in order to match potential cap revenue with the cap expenses in the period in which they are incurred.

In February 2022, the Company further purchased two interest rate caps with an aggregate notional amount of $507.9 million. The first interest rate cap of $253.9 million which has been designated as a cash flow hedge, has the same accounting treatment as described above for the December 2021 hedging. The second interest rate cap was not designated as a cash flow hedge and therefore the positive fair value adjustment of $9,685 as at December 31, 2022 was recorded through Consolidated Statements of Income ($nil for December 31, 2021 and 2020). ASC 815-20-25-13a stipulates that an entity may designate either all or certain future interest payments on variable-rate debt as the hedged exposure in a cash flow hedge relationship. In this case, the Company has designated only a portion of its outstanding debt (initially, $253.9 million) as the hedged item, and any interest payments beyond the notional amount of the interest rate cap in any given period are not designated as being hedged (see note 9).

The amounts included in accumulated other comprehensive income will be reclassified to interest expense should the hedge no longer be considered effective. The Company assesses the effectiveness of the hedges on an ongoing basis. As of December 31, 2022, following a quantitative assessment, part of the hedge was no longer considered effective and an amount of $1,091 was reclassified from other comprehensive income to the Consolidated Statements of Income.

(z) Recently issued accounting standards

The Company does not believe that any recently issued, but not yet effective, accounting pronouncements would have a material impact on its consolidated financial statements.

3. Restricted Cash

Restricted cash as of December 31, 2022 and 2021 consisted of the following:

	December 31, 2022	December 31, 2021
Retention accounts	$ 23,903	$ 11,276
Restricted bank deposits/Drydock reserves	4,460	13,618
Total Current Restricted Cash	**$ 28,363**	**$ 24,894**
Cash collateral(*)	$ 118,471	$ 100,000
Guarantee deposits	20	20
Restricted bank deposits/Drydock reserves	2,446	2,948
Cash in custody	500	500
Total Non - Current Restricted Cash	**121,437**	**103,468**
Total Current and Non - Current Restricted Cash	**$ 149,800**	**$ 128,362**

(*)Advances from charterers.

(Expressed in thousands of U.S. dollars)

4. Vessels in Operation

Vessels in Operation as of December 31, 2022, 2021 and 2020 consisted of the following:

	Vessel Gross Cost, as adjusted for impairment charges	Accumulated Depreciation	Net Book Value
As of January 1, 2020	**$ 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**
Additions	603,514	—	603,514
Disposals	(23,167)	14,445	(8,722)
Depreciation	—	(52,559)	(52,559)
As of December 31, 2021	**$ 1,878,132**	**$ (195,316)**	**$ 1,682,816**
Additions	11,756	—	11,756
Depreciation	—	(68,232)	(68,232)
Impairment loss	(3,730)	697	(3,033)
As of December 31, 2022	**$ 1,886,158**	**$ (262,851)**	**$ 1,623,307**

As of December 31, 2022, the Company had made additions for vessel expenditures and ballast water treatments.

2021 Vessels acquisitions

In September and October 2021, the Company took delivery of the Four Vessels as per below:

Name	Capacity in TEUs	Year Built	Purchase Price	Delivery date
GSL Tripoli	5,470	2009	37,000	September 1, 2021
GSL Tinos	5,470	2010	37,500	September 9, 2021
GSL Syros	5,470	2010	37,500	September 13, 2021
GSL Kithira	5,470	2009	36,000	October 13, 2021

The charters of the Four Vessels resulted in an intangible liability of $17,100 that was recognized and will be amortized over the remaining useful life of the charters.

(Expressed in thousands of U.S. dollars)

4. Vessels in Operation (continued)

2021 Vessels acquisitions (continued)

In July 2021, the Company took delivery of the Twelve Vessels as per below:

Name	Capacity in TEUs	Year Built	Purchase Price	Delivery Date
GSL Susan	4,363	2008	20,740	July 29, 2021
GSL Rossi	3,421	2012	21,580	July 29, 2021
GSL Alice	3,421	2014	23,150	July 29, 2021
GSL Melina	3,404	2013	23,990	July 29, 2021
GSL Eleftheria	3,404	2013	26,870	July 29, 2021
GSL Mercer	2,824	2007	20,750	July 29, 2021
GSL Lalo	2,824	2006	13,320	July 29, 2021
Matson Molokai	2,824	2007	16,430	July 15, 2021
GSL Elizabeth	2,741	2006	13,910	July 28, 2021
tbr GSL Chloe	2,546	2012	22,320	July 29, 2021
GSL Maren	2,546	2014	23,270	July 29, 2021
GSL Amstel	1,118	2008	7,560	July 29, 2021

The charters in place at the time of the purchase of the Twelve Vessels resulted in an intangible liability of $76,193 that was recognized and will be amortized over the remaining useful life of the charters.

In April, May and July 2021, the Company took delivery of the Seven Vessels as per below:

Name	Capacity in TEUs	Year Built	Purchase Price	Delivery Date
GSL MYNY	6,008	2000	17,600	July 28, 2021
GSL Melita	6,008	2001	15,500	May 25, 2021
GSL Violetta*	6,008	2000	17,300	April 28, 2021
GSL Maria*	6,008	2001	16,600	April 28, 2021
GSL Arcadia	6,008	2000	18,000	April 26, 2021
GSL Dorothea	5,992	2001	15,500	April 26, 2021
GSL Tegea	5,992	2001	15,500	May 17, 2021

* The charters of these vessels resulted in an intangible liability of $3,051 that was recognized and amortized over the remaining useful life of the charters. As of December 31, 2022, the intangible liability relating to the Seven Vessels had been fully amortized.

2021 Sale of Vessel

On June 30, 2021, the Company sold La Tour for net proceeds of $16,514, and the vessel was released as collateral under the Company's $236,200 senior secured loan facility with Hayfin Capital Management, LLP (the "New Hayfin Credit Facility"). The net gain from the sale of vessel was $7,770.

2020 Vessels acquisitions

On February 21, 2020, the Company took delivery of a 2002-built, 6,840 TEU containership, GSL Nicoletta for a purchase price of $12,660.

4. Vessels in Operation (continued)

2020 Vessels acquisitions (continued)

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.

2020 Sale of Vessels

On July 20, 2020, the Company sold Utrillo for net proceeds of $3,411, and the vessel was released as collateral under the Company's 2022 Notes and Citi Credit Facility.

On July 3, 2020, the Company sold GSL Matisse for net proceeds of $3,441, and the vessel was released as collateral under the Company's 2022 Notes and Citi Credit Facility.

The net loss from the sale of both vessels in 2020 was $244.

Impairment

Through the latter part of 2022, the Company noted that charter rates in the spot market had come under pressure and accordingly determined that events occurred and circumstances had changed, which indicated that potential impairment of the Company's long-lived assets could exist. These indicators included continued volatility in the spot market and the related impact of the current container sector on management's expectation for future revenues. As a result, step one of the impairment assessment of each of the vessel groups was performed as at December 31, 2022 and step two of the impairment analysis was required for one vessel group, as the undiscounted projected net operating cash flows did not exceed the carrying value. As a result, the Company recorded an impairment loss of $3,033 for one vessel group with a total aggregate carrying amount of $9,033 which was written down to its fair value of $6,000.

Through 2021, the Company evaluated the impact of current economic situation on the recoverability of all its other vessel groups and has determined that there was no triggering event and no impairment test was performed for the year ended December 31, 2021.

During the three months ended March 31, 2020, the Company determined that the vessels Utrillo and GSL Matisse should be divested. As at March 31, 2020, the vessels were not immediately available for sale and therefore did not qualify as "assets held for sale". As of March 31, 2020, the Company had an expectation that the vessels would each be sold before the end of their estimated useful life, and as a result an impairment test of each of the specific asset groups was performed, recognizing an impairment loss of $7,585. As of June 30, 2020, the Company concluded that all the criteria required by the relevant accounting standard, ASC 360 for the classification of the vessels GSL Matisse and Utrillo as "held for sale" were met. The difference between the estimated fair value less cost to sell both vessels and their carrying value (including the unamortized balance of dry-docking cost of $38), amounting to $912, was recognized during the three months ended June 30, 2020 under the line item "Impairment of vessels". An impairment loss of $8,497 has been recognized under the line item "Impairment of vessels" in the Consolidated Statements of Income for the year ended December 31, 2020.

Whilst charter rates in the spot market and asset values saw overall improvements through 2020, taking into account the seasonal as well as cyclical nature of the container shipping industry, the recovery was not considered to have been sufficiently sustained not to undertake a review for impairment for vessel groups where the carrying value as at December 31, 2020 might not be recoverable. As a result, step one of the impairment assessment of each of the vessel groups was performed, by comparing the undiscounted projected net operating cash flows for each vessel group to the carrying value of the vessel group. The Company's assessment performed as at December 31, 2020 resulted in no additional impairment charges.

The total impairment loss recognized for the years ended December 31, 2022, 2021 and 2020 amounted to $3,033, $nil and $8,497, respectively.

Collateral

As of December 31, 2022, 20 vessels were pledged as collateral under the 5.69% Senior Secured Notes due 2027 and 40 vessels under the Company's loan facilities. Five vessels were unencumbered as of December 31, 2022.

(Expressed in thousands of U.S. dollars)

4. Vessels in Operation (continued)

Advances for vessel acquisitions and other additions

As of December 31, 2022, and December 31, 2021, there were no advances for vessel acquisitions, as all vessels had been delivered as at these dates. As of December 31, 2022, and December 31, 2021, the Company had advances for other vessel additions mainly for ballast water treatment systems totaling $4,881 and $6,139, respectively.

5. Deferred charges, net

Deferred charges, net as of December 31, 2022, 2021 and 2020 consisted of the following:

	Dry - docking Costs
As of January 1, 2020	**$ 16,408**
Additions	12,401
Amortization	(5,820)
Write - off	(38)
As of December 31, 2020	**$ 22,951**
Additions	23,704
Amortization	(9,004)
Write - off	(22)
As of December 31, 2021	**$ 37,629**
Additions	30,105
Amortization	(13,071)
As of December 31, 2022	**$ 54,663**

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 of five years until approximately the next scheduled dry-docking, which is generally five years. Any remaining unamortized balance from the previous dry-docking are written-off.

6. Intangible Liabilities/Assets - Charter Agreements

Intangible Liabilities - Charter Agreements as of December 31, 2022 and 2021 consisted of the following:

	December 31, 2022	December 31, 2021
Opening balance	$ 55,376	$ 4,462
Additions	—	96,344
Amortization	(41,158)	(45,430)
Total	**$ 14,218**	**$ 55,376**

Intangible Assets – Charter Agreements as of December 31, 2021 and 2020 ($nil as of December 31, 2022 and 2021 as were fully amortized during 2020) consisted of the following:

	December 31, 2021	December 31, 2020
Opening balance	$ —	$ 1,467
Amortization	—	(1,467)
Total	**$ —**	**$ —**

(Expressed in thousands of U.S. dollars)

6 .Intangible Liabilities/Assets - Charter Agreements (continued)

Intangible liabilities are related to (i) acquisition of the Seven, the Twelve and the Four Vessels, and (ii) management's estimate of the fair value of below-market charters on August 14, 2008, the date of the Marathon Merger (see note 1). These intangible liabilities are being amortized over the remaining life of the relevant lease terms and the amortization income is included under the caption "Amortization of intangible liabilities-charter agreements" in the Consolidated Statements of Income.

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.

Amortization income of intangible liabilities-charter agreements for the years ended December 31, 2022, 2021 and 2020 was $41,158 and $45,430 and $541 ($2,008 amortization income of intangible liabilities-charter agreements net of $1,467 amortization expense of intangible assets-charter agreements), including related party amortization of intangible liabilities-charter agreements of $5,385, $6,882, and $1,782 for each of the years ended December 31, 2022, 2021 and 2020, respectively.

The aggregate amortization of the intangible liabilities in each of the 12-month periods up to December 31, 2025 is estimated to be as follows:

		Amount
December 31, 2023	$	8,556
December 31, 2024		5,113
December 31, 2025		549
	$	**14,218**

The weighted average useful lives are 1.66 years for the remaining intangible liabilities-charter agreements terms.

7. Prepaid Expenses and Other Current Assets

Prepaid Expenses and Other Current Assets as at December 31, 2022 and December 31, 2021 consisted of the following:

		December 31, 2022		**December 31, 2021**
Insurance and other claims	$	15,008	$	6,265
Advances to suppliers and other assets		6,946		7,963
Prepaid insurances		2,969		2,657
Other [(1)]		8,842		8,339
Total	**$**	**33,765**	**$**	**25,224**

(1)Includes mainly current portion of the straight-line basis of revenue recognition.

8. Inventories

Inventories as at December 31, 2022 and December 31, 2021 consisted of the following:

		December 31, 2022		**December 31, 2021**
Bunkers	$	—	$	1,187
Lubricants		10,048		8,462
Stores		1,643		1,358
Victualling		546		403
Total	**$**	**12,237**	**$**	**11,410**

(Expressed in thousands of U.S. dollars)

9. Derivative Asset

In December 2021, the Company purchased interest rate caps with an aggregate notional amount of $484.1 million, which amount reduces over time as the Company's outstanding debt balances amortize. The objective of the hedges is to reduce the variability of cash flows associated with the interest relating to its variable rate borrowings. The Company receives payments on the caps for any period that the one-month USD LIBOR rate is above beyond the strike rate, which is 0.75%. The termination date of the interest rate cap agreements is November 30, 2026. The premium paid to purchase the interest caps was $7,000, which was paid out of cash on December 22, 2021. The premium is being amortized over the life of the interest rate cap by using the caplet method.

In February 2022, the Company further hedged its exposure to a potential rising interest rate environment by putting in place two USD one-month LIBOR interest rate caps of 0.75% through fourth quarter 2026, on $507.9 million of its floating rate debt. The second interest rate cap was not designated as a cash flow hedge and therefore the positive fair value adjustment of $9,685 and $nil as at December 31, 2022 and 2021, respectively, was recorded through Consolidated Statements of Income. The premium paid by the Company to purchase the interest rate caps was $15,370, which was paid out of cash on the settlement date. ASC 815-20-25-13a stipulates that an entity may designate either all or certain future interest payments on variable-rate debt as the hedged exposure in a cash flow hedge relationship. In this case, the Company has designated only a portion of its outstanding debt (initially, $253.9 million) as the hedged item, and any interest payments beyond the notional amount of the interest rate cap in any given period are not designated as being hedged. Amount received from interest rate caps for each of the years ended December 31, 2022, 2021 and 2020 was $9,245, $nil and $nil, respectively.

	December 31, 2022	December 31, 2021
Opening balance	**$ 7,227**	**$ —**
Derivative asset premium	15,370	7,000
Unrealized gain on derivative assets	31,221	227
Fair value adjustment on derivative asset	9,685	—
Closing balance	**$ 63,503**	**$ 7,227**
Less: Current portion of derivative assets	(29,645)	(533)
Non-current portion of derivative assets	**$ 33,858**	**$ 6,694**

The amounts included in accumulated other comprehensive income will be reclassified to interest expense should the hedges no longer be considered effective. The Company assesses the effectiveness of the hedges on an ongoing basis. As of December 31, 2022, following a quantitative assessment, part of the hedge was no longer considered effective and an amount of $1,091 was reclassified from other comprehensive income to the Consolidated Statements of Income.

10. Accounts Payable

Accounts payable as of December 31, 2022 and 2021 consisted of the following:

	December 31, 2022	December 31, 2021
Suppliers, repairers	$ 12,802	$ 6,339
Insurers, agents and brokers	510	355
Payables to charterers	6,306	1,566
Other creditors	3,137	4,899
Total	**$ 22,755**	**$ 13,159**

(Expressed in thousands of U.S. dollars)

11. Accrued Liabilities

Accrued liabilities as of December 31, 2022 and 2021 consisted of the following:

	December 31, 2022	December 31, 2021
Accrued expenses	$ 26,676	$ 28,557
Accrued interest	9,362	3,692
Total	**$ 36,038**	**$ 32,249**

12. Long-Term Debt

Long-term debt as of December 31, 2022 and 2021 consisted of the following:

Facilities	December 31, 2022	December 31, 2021
2027 Secured Notes (a)	$ 336,875	$ —
E.SUN, MICB, Cathay, Taishin Credit Facility (b)	46,500	—
Sinopac Credit Facility (c)	9,900	11,580
HCOB, CACIB, ESUN, CTBC, Taishin Credit Facility (d)	100,000	132,000
Deutsche Credit Facility (e)	44,695	49,345
HCOB Credit Facility (f)	40,794	56,844
CACIB, Bank Sinopac, CTBC Credit Facility (g)	44,050	49,150
New Hayfin Credit Facility (h)	—	204,129
Chailease Credit Facility (i)	3,852	5,568
2024 Notes (j)	—	117,520
Syndicated Senior Secured Credit Facility (CACIB, ABN, First-Citizens & Trust Company, Siemens, CTBC, Bank Sinopac, Palatine) (k)	181,200	213,200
Blue Ocean Junior Credit Facility (k, l)	—	26,205
Hellenic Bank Credit Facility (m)	—	41,700
	$ 807,866	**$ 907,241**
2022 Notes (n)	—	233,436
Less redemptions and repurchases (n)	—	(233,436)
2022 Notes (n)	**$ —**	**$ —**
Total credit facilities	**$ 807,866**	**$ 907,241**
Sale and Leaseback Agreement CMBFL - $120,000 (o)	89,838	115,238
Sale and Leaseback Agreement CMBFL - $54,000 (p)	41,850	49,950
Sale and Leaseback Agreement - Neptune $14,735 (q)	9,971	13,147
Total Sale and Leaseback Agreements	**$ 141,659**	**$ 178,335**
Total borrowings	**$ 949,525**	**$ 1,085,576**
Less: Current portion of long-term debt	(155,424)	(153,641)
Less: Current portion of Sale and Leaseback Agreements (o,p,q)	(34,408)	(36,675)
Plus: Original issue premium of 2024 Notes (j)	—	1,588
Less: Deferred financing costs (s)	(15,136)	(16,714)
Non-current portion of Long-Term Debt	**$ 744,557**	**$ 880,134**

12. Long-Term Debt (continued)

a) 5.69% Senior Secured Notes due 2027

On June 16, 2022, Knausen Holding LLC (the "Issuer"), an indirect wholly-owned subsidiary of the Company, closed on the private placement of $350,000 of privately rated/investment grade 5.69% Senior Secured Notes due 2027 (the "2027 Secured Notes") to a limited number of accredited investors. The fixed interest rate was determined on June 1, 2022, based on the interpolated interest rate of 2.84% plus a margin 2.85%.

The Company used the net proceeds from the private placement for the repayment of the remaining outstanding balances on its New Hayfin Credit Facility and the Hellenic Bank Credit Facility (releasing five unencumbered vessels), and our 2024 Notes. The remaining amount of net proceeds were allocated for general corporate purposes.

An amount equal to 15% per annum of the original principal balance of each Note shall be paid in equal quarterly installments on the 15th day of each of January, April, July, and October starting October 15, 2022, and the remaining unpaid principal balance shall be due and payable on the maturity date of July 15, 2027. Interest accrues on the unpaid balance of the Notes, payable quarterly on the 15th day of January, April, July, and October in each year, such interest commencing and accruing on and from June 14, 2022.

The 2027 Secured Notes are senior obligations of the Issuer, secured by first priority mortgages on 20 identified vessels owned by subsidiaries of the Issuer (the "Subsidiary Guarantors") and certain other associated assets and contract rights, as well as share pledges over the Subsidiary Guarantors. In addition, the 2027 Secured Notes are fully and unconditionally guaranteed by the Company.

As of December 31, 2022, the outstanding balance of this facility was $336,875.

b) $60.0 Million E.SUN, MICB, Cathay, Taishin Credit Facility

On December 30, 2021, the Company via its subsidiaries Zeus One Marine LLC, Hephaestus Marine LLC and Pericles Marine LLC, entered into a new syndicated senior secured debt facility with E.SUN Commercial Bank Ltd ("E.SUN"), Cathay United Bank ("Cathay"), Mega International Commercial Bank Co. Ltd ("MICB") and Taishin International Bank ("Taishin"). The Company using a portion of the net proceeds from this credit facility fully prepaid the outstanding amount of the Blue Ocean Junior Credit facility, amounting to $26,205 plus a prepayment fee of $3,968. All three tranches were drawn down in January 2022.

The new Facility is repayable in eight equal consecutive quarterly instalments of $4,500 and ten equal consecutive quarterly instalments of $2,400.

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

As of December 31, 2022, the outstanding balance of this facility was $46,500.

c) $12.0 Million Sinopac Capital International Credit Facility

On August 27, 2021, the Company via its subsidiary Global Ship Lease 42 LLC entered into a secured credit facility for an amount of $12,000 with Sinopac Capital International (HK) Limited ("Sinopac Credit Facility"), partially used to fully refinance the Hayfin Credit Facility. The full amount was drawn down in September 2021 and the credit facility has a maturity in September 2026.

The new Facility is repayable in 20 equal consecutive quarterly instalments of $420 with a final balloon of $3,600 payable together with the final instalment.

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

As of December 31, 2022, the outstanding balance of this facility was $9,900.

12. Long-Term Debt (continued)

d) $140.0 Million HCOB, CACIB, ESUN, CTBC, Taishin Credit Facility

On July 6, 2021, the Company entered into a facility with Credit Agricole Corporate and Investment Bank ("CACIB"), Hamburg Commercial Bank AG ("HCOB"), E.Sun Commercial Bank, Ltd ("ESUN"), CTBC Bank Co. Ltd. ("CTBC") and Taishin International Bank ("Taishin") for a total of $140,000 to finance the acquisition of the Twelve Vessels. The full amount was drawdown in July 2021 and the credit facility has a maturity in July 2026.

The Facility is repayable in six equal consecutive quarterly instalments of $8,000, eight equal consecutive quarterly instalments of $5,400 and six equal consecutive quarterly instalments of $2,200 with a final balloon of $35,600 payable together with the final instalment.

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

As of December 31, 2022, the outstanding balance of this facility was $100,000.

e) $51.7 Million Deutsche Bank AG Credit Facility

On May 6, 2021, the Company via its subsidiary Laertis Marine LLC entered into a secured facility for an amount of $51,670 with Deutsche Bank AG in order to refinance one of the three previous tranches of the $180,500 Deutsche, CIT, HCOB, Entrust, Blue Ocean Credit Facility, that had a maturity date on June 30, 2022, of an amount $48,527.

The new Facility is repayable in 20 equal consecutive quarterly instalments of $1,162.45 with a final balloon of $28,421 payable together with the final instalment.

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

As of December 31, 2022, the outstanding balance of this facility was $44,695.

f) $64.2 Million Hamburg Commercial Bank AG Credit Facility

On April 15, 2021, the Company entered into a Senior Secured term loan facility with Hamburg Commercial Bank AG "the HCOB Credit Facility" for an amount of up to $64,200 in order to finance the acquisition of six out of the Seven Vessels.

Tranche A, E and F amounting to $32,100 were drawn down in April 2021 and have a maturity date in April 2025, Tranche B and D amounting to $21,400 were drawn down in May 2021 and have a maturity date in May 2025, and Tranche C amounting to $10,700 was drawn down in July 2021 and has a maturity date in July 2025.

Each Tranche of the Facility is repayable in 16 equal consecutive quarterly instalments of $668.75.

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

As of December 31, 2022, the outstanding balance of this facility was $40,794.

g) $51.7 Million CACIB, Bank Sinopac, CTBC Credit Facility

On April 13, 2021, the Company via its subsidiary Penelope Marine LLC entered into a secured facility for an amount of $51,700 in order to refinance one of the three previous tranches of the $180,500 Deutsche, CIT, HCOB, Entrust, Blue Ocean Credit Facility, that had a maturity date on June 30, 2022, of an amount $48,648. The secured credit facility has a maturity in April 2026.

The Lenders are Credit Agricole Corporate and Investment Bank ("CACIB"), Bank Sinopac Co. Ltd. ("Bank Sinopac") and CTBC Bank Co. Ltd. ("CTBC").

The Facility is repayable in 20 equal consecutive quarterly instalments of $1,275 with a final balloon of $26,200 payable together with the final instalment.

12. Long-Term Debt (continued)

g) $51.7 Million CACIB, Bank Sinopac, CTBC Credit Facility (continued)

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

As of December 31, 2022, the outstanding balance of this facility was $44,050.

h) $236.2 Million Senior secured loan facility with Hayfin Capital Management, LLP

On January 7, 2021, the Company entered into the New Hayfin Credit Facility amounting to $236,200, and on January 19, 2021, the Company drew down the full amount under this facility. The proceeds from the New Hayfin Credit Facility, along with cash on hand, were used to optionally redeem in full the outstanding 2022 Notes on January 20, 2021, see note 12n below. The New Hayfin Credit Facility matures in January 2026 and bears interest at a rate of LIBOR plus a margin of 7.00% per annum. It is repayable in twenty quarterly instalments of $6,560, along with a balloon payment at maturity. The New Hayfin Credit Facility is secured by, among other things, first priority ship mortgages over 21 of the Company's vessels, assignments of earnings and insurances of the mortgaged vessels, pledges over certain bank accounts, as well as share pledges over the equity interests of each mortgaged vessel-owning subsidiary. On June 30, 2021, due to the sale of La Tour, the Company additionally repaid $5,831, and the vessel was released as collateral under the Company's New Hayfin Credit Facility. On June 16, 2022, the Company used a portion of the proceeds from the private placement for the full prepayment of the remaining outstanding balance $197,569 plus a prepayment fee of $11,229.

As of December 31, 2022, the outstanding balance of this facility was $nil.

i) $9.0 Million Chailease Credit Facility

On February 26, 2020, the Company via its subsidiaries, Athena Marine LLC, Aphrodite Marine LLC and Aris Marine LLC entered into a secured term facility agreement with Chailease International Financial Services Pte., Ltd. for an amount of $9,000. The Chailease Bank Facility was used for the refinance of DVB Credit Facility.

The Facility is repayable in 36 consecutive monthly instalments $156 and 24 monthly instalments of $86 with a final balloon of $1,314 payable together with the final instalment.

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

As of December 31, 2022, the outstanding balance of this facility was $3,852.

j) Redemption of 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 matured 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 was payable on the last day of February, May, August and November of each year commencing on February 29, 2020.

The Company had 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.

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 could offer and sell from time to time newly issued 2024 Notes.

In July 2021, the Company agreed to purchase the Twelve Vessels for an aggregate purchase price of $233,890, part of which was financed by the issuance of $35,000 2024 Notes to the sellers. The remaining purchase price was financed by cash on hand and a new syndicated credit facility for a total of $140,000 (see note 12d).

12.Long-Term Debt (continued)

j) Redemption of 8.00% Senior Unsecured Notes due 2024 (continued)

On April 5, 2022 the Company completed the partial redemption of $28,500 aggregate principal amount of the Notes (the "Redeemed Notes") at a redemption price equal to 102.00% of the principal amount thereof plus accrued and unpaid interest. Upon completion of the redemption the outstanding aggregate principal amount of the 2024 Notes was $89,020. On July 15, 2022, the 2024 Notes were fully repaid by the Company using a portion of the net proceeds from the private placement of $350,000 aggregate principal amount of its 2027 Secured Notes, pursuant to a note purchase agreement, dated June 14, 2022. Total loss on redemption was $2,350 and is recorded within the Consolidated Statements of Income for the year ended December 31, 2022 in line "Interest and other finance expenses".

As of December 31, 2022, the outstanding aggregate principal amount of the 2024 notes was $nil.

k)$268.0 Million Syndicated Senior Secured Credit Facility (CACIB, ABN, First-Citizens & Trust Company, Siemens, CTBC, Bank Sinopac, Palatine)

On September 19, 2019, the Company entered into a Syndicated Senior Secured Credit Facility in order to refinance existing credit facilities that had a maturity date in December 2020, of an amount $224,310.

The Senior Syndicated Secured Credit Facility was agreed to be borrowed in two tranches. The Lenders are Credit Agricole Corporate and Investment Bank ("CACIB"), ABN Amro Bank N.V. ("ABN"), First-Citizens & Trust Company, Siemens Financial Services, Inc ("Siemens"), CTBC Bank Co. Ltd. ("CTBC"), Bank Sinopac Ltd. ("Bank Sinopac") and Banque Palatine ("Palatine").

Tranche A amounting to $230,000 was drawn down in full on September 24, 2019 and is scheduled to be repaid in 20 consecutive quarterly instalments of $5,200 starting from December 12, 2019 and a balloon payment of $126,000 payable on September 24, 2024.

Tranche B amounts to $38,000 was drawn down in full on February 10, 2020 and is scheduled to be repaid in 20 consecutive quarterly instalments of $1,000 and a balloon payment of $18,000 payable in the termination date on the fifth anniversary from the utilization date of Tranche A, which falls in September 24, 2024. In January 2022, the Company agreed a new senior secured debt facility to refinance its outstanding Syndicated Senior Secured Credit Facility, which extended the maturity date from September 2024 to December 2026, amended certain covenants in the Company's favor at an unchanged rate of LIBOR + 3.00%. On July 1, 2022, the interest rate is SOFR plus a margin of 3.00% plus Credit Adjustment Spread ("CAS") and is payable at each quarter end date.

As of December 31, 2022, the outstanding balance of this facility was $181,200.

l) $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.

The Company fully drew down the facility on September 23, 2019 and it was scheduled to be repaid in a single instalment on the termination date which fell on September 24, 2024. This facility bears interest at 10.00% per annum.

During the year ended December 31, 2021, the Company used a portion of the net proceeds from the at-the-market issuance programs to prepay an amount of $12,295 under this facility plus a prepayment fee of $1,618.

On January 19, 2022, the Company used a portion of the net proceeds from the new facility agreement entered on December 30, 2021 with E.SUN, MICB, Cathay, Taishin, to fully prepay the amount of $26,205 under this facility, plus a prepayment fee of $3,968.

As of December 31, 2022, the outstanding balance of this facility was $nil.

12. Long-Term Debt (continued)

m) $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. Borrowings under the Hellenic Bank Facility were available in tranches and were used in connection with the acquisition of the vessels GSL Eleni, GSL Grania and GSL Kalliopi.

An initial tranche of $13,000 was drawn on May 24, 2019, in connection with the acquisition of the GSL Eleni. The Facility is repayable in 20 equal quarterly instalments of $450 each with a final balloon of $4,000 payable together with the final instalment.

A second tranche of $12,000 was drawn on September 4, 2019, in connection with the acquisition of GSL Grania. The Facility is repayable in 20 equal quarterly instalments of $400 each with a final balloon of $4,000 payable together with the final instalment.

The third tranche of $12,000 was drawn on October 3, 2019, in connection with the acquisition of GSL Kalliopi. The Facility is repayable in 20 equal quarterly instalments of $400 each with a final balloon of $4,000 payable together with the final instalment.

On December 10, 2019, the Company via its subsidiaries Global Ship Lease 33 and 34 entered into an amended and restated loan agreement with Hellenic Bank for an additional facility of amount $22,000 that is to be borrowed in two tranches and to be used in connection with the acquisition of the vessels GSL Vinia and GSL Christel Elisabeth. Both tranches were drawn on December 10, 2019 and are each repayable in 20 equal quarterly instalments of $375 each with a final balloon of $3,500 payable together with the final instalment.

This facility bears interest at LIBOR plus a margin of 3.90% per annum.

On June 24, 2022, the Hellenic Bank credit Facility was fully prepaid by the Company using a portion of the net proceeds from the private placement of $350,000 aggregate principal amount of its 2027 Secured Notes, pursuant to a note purchase agreement, dated June 14, 2022.

As of December 31, 2022, the outstanding balance of this facility was $nil.

n) 9.875% First Priority Secured Notes due 2022

On October 31, 2017, the Company completed the sale of $360,000 in aggregate principal amount of its 9.875% First Priority Secured Notes (the “2022 Notes”) which mature on November 15, 2022. Proceeds after the deduction of the original issue discount, but before expenses, amounted to $356,400. The original issue discount was being amortized on an effective interest rate basis over the life of the 2022 Notes. The 2022 Notes were fully redeemed in January 2021.

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

On February 10, 2020, the Company completed an optional redemption of $46,000 aggregate principal amount of its 2022 Notes at a redemption price of $48,271 (representing 104.938% of the aggregate principal amount) plus accrued and unpaid interest. During the year ended December 31, 2020, the Company purchased $15,287 of aggregate principal amount of 2022 Notes in the open market at a weighted average price of 98.98% of the aggregate principal amount.

On January 20, 2021, the Company optionally redeemed, in full, $233,436 aggregate principal amount of 2022 Notes, representing the entire outstanding amount under the 2022 Notes, using the proceeds the Company received from the New Hayfin Credit Facility, see note 12h above, and cash on hand, at a redemption price of $239,200 (representing 102.469% of the aggregate principal amount of notes redeemed) plus accrued and unpaid interest. Total loss on extinguishment of the bonds was $10,642 and is recorded within the Consolidated Statements of Income for the year ended December 31, 2021 as interest and other finance expenses.

12. Long-Term Debt (continued)

o) $120.0 Million Sale and Leaseback agreements - CMBFL Four Vessels

On August 26, 2021, the Company via its subsidiaries Global Ship Lease 68 LLC, Global Ship Lease 69 LLC, Global Ship Lease 70 LLC and Global Ship Lease 71 LLC, entered into four $30,000 sale and leaseback agreements with CMB Financial Leasing Co. Ltd. ("CMBFL") to finance the acquisition of the Four Vessels. As at September 30, 2021, the Company had drawdown a total of $90,000. The drawdown for the fourth vessel, amounting to $30,000, took place on October 13, 2021 together with the delivery of this vessel. The Company has a purchase obligation to acquire the Four Vessels at the end of their lease terms and under ASC 842-40, the transaction has been accounted for as a failed sale. In accordance with ASC 842-40, the Company did not derecognize the respective vessels from its balance sheet and accounted for the amounts received under the sale and leaseback agreement as financial liabilities.

Each sale and leaseback agreement is repayable in 12 equal consecutive quarterly instalments of $1,587.5 and 12 equal consecutive quarterly instalments of $329.2 with a repurchase obligation of $7,000 on the final repayment date.

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

As of December 31, 2022, the outstanding balance of these sale and lease back agreements was $89,838.

p) $54.0 Million Sale and Leaseback agreement - CMBFL

On May 20, 2021, the Company via its subsidiary Telemachus Marine LLC entered into a $54,000 sale and leaseback agreement with CMB Financial Leasing Co. Ltd. ("CMBFL") to refinance one of the three previous tranches of the $180,500 Deutsche, CIT, HCOB, Entrust, Blue Ocean Credit Facility, that had a maturity date on June 30, 2022, of an amount $46,624. The Company has a purchase obligation to acquire the vessel at the end of the lease term and under ASC 842-40, the transaction has been accounted for as a failed sale. In accordance with ASC 842-40, the Company did not derecognize the respective vessel from its balance sheet and accounted for the amount received under the sale and leaseback agreement as a financial liability.

The sale and leaseback agreement will be repayable in eight equal consecutive quarterly instalments of $2,025 each and 20 equal consecutive quarterly instalments of $891 with a repurchase obligation of $19,980 on the final repayment date.

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

In May 2021, on the actual delivery date of the vessel, the Company drew $54,000, which represented vessel purchase price $75,000 less advanced hire of $21,000, which advanced hire neither bore any interest nor was refundable and was set off against payment of the purchase price payable to the Company by the unrelated third party under this agreement.

As of December 31, 2022, the outstanding balance of this sale and leaseback agreement was $41,850.

q) $14.7 Million Sale and Leaseback agreement - Neptune Maritime Leasing

On May 12, 2021, the Company via its subsidiary GSL Violetta LLC entered into a $14,735 sale and leaseback agreement with Neptune Maritime Leasing ("Neptune") to finance the acquisition of GSL Violetta delivered in April 2021. The Company has a purchase obligation to acquire the vessel at the end of the lease term and under ASC 842-40, the transaction has been accounted for as a failed sale. In accordance with ASC 842-40, the Company did not derecognize the respective vessel from its balance sheet and accounted for the amount received under the sale and leaseback agreement as a financial liability. In May 2021, the Company drew $14,735 under this agreement.

The sale and leaseback agreement will be repayable in 15 equal consecutive quarterly instalments of $793.87 each and four equal consecutive quarterly instalments of $469.12 with a repurchase obligation of $950 on the last repayment date.

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

As of December 31, 2022, the outstanding balance of this sale and leaseback agreement was $9,971.

(Expressed in thousands of U.S. dollars)

12. Long-Term Debt (continued)

r) **Repayment Schedule**

Maturities of long-term debt for the years subsequent to December 31, 2022 are as follows:

Payment due by year ended	**Amount**
December 31, 2023	189,832
December 31, 2024	169,679
December 31, 2025	128,828
December 31, 2026	276,706
December 31, 2027	162,718
December 31, 2028 and thereafter	21,762
	$ 949,525

s) Deferred Financing Costs

	December 31, 2022	**December 31, 2021**
Opening balance	$ 16,714	$ 11,203
Expenditure in the period	9,655	13,790
Amortization included within interest expense	(11,233)	(8,279)
Closing balance	**$ 15,136**	**$ 16,714**

During 2022, total costs amounting to $1,066 were incurred in connection with the Syndicated Senior Secured Credit facility (see note 12k), $1,180 in connection with E.SUN, MICB, Cathay, Taishin credit facility (see note 12b) and $7,409 in connection with the 2027 Secured Notes.

During 2021, total costs amounting $434 were incurred in connection with the "At Market Issuance Sales Agreement" of 2024 Notes (see note 12j). In addition, total costs amounting $4,049 were incurred in connection with the New Hayfin Credit Facility (see note 12h), $777 in connection with the Deutsche Credit Facility (see note 12e), $1,386 in connection with the HCOB Credit Facility (see note 12f), $191 in connection with the Neptune sale and leaseback agreement (see note 12q), $984 in connection with the CACIB, Bank Sinopac, CTBC Credit Facility (see note 12g), $945 in connection with the CMBFL sale and lease back agreement (see note 12p), $252 in connection with the Sinopac Credit Facility (see note 12c), $2,852 in connection with the HCOB, CACIB Credit Facility (see note 12d) for financing the acquisition of the Twelve Vessels and $1,920 in connection with the Sale and Leaseback agreements with CMBFL for the Four Vessels (see note 12o) that were drawn down during the year ended December 31, 2021.

For the years ended December 31, 2022, 2021 and 2020, the Company recognized a total of $11,233, $8,279 and $4,085, respectively, in respect of amortization of deferred financing costs.

t)Debt covenants-securities

Amounts drawn under the facilities listed above are secured by first priority mortgages on certain of the Company's vessels and other collateral. The credit facilities contain a number of restrictive covenants that limit the Company from, among other things: incurring or guaranteeing indebtedness; charging, pledging or encumbering the vessels; and changing the flag, class, management or ownership of the vessel owning entities. The credit facilities also require the vessels to comply with the ISM Code and ISPS Code and to maintain valid safety management certificates and documents of compliance at all times. Additionally, specific credit facilities require compliance with a number of financial covenants including asset cover ratios and minimum liquidity and corporate guarantor requirements. Among other events, it will be an event of default under the credit facilities if the financial covenants are not complied with or remedied.

As of December 31, 2022, and December 31, 2021, the Company was in compliance with its debt covenants.

(Expressed in thousands of U.S. dollars)

13. Time charter revenue

Operating revenue from significant customers (constituting more than 10% of total time charter revenue) was as follows:

	Year Ended December 31,		
Charterer	**2022**	**2021**	**2020**
CMA CGM	29.62%	33.83%	50.60%
MAERSK	29.79%	22.81%	14.13%
MSC	5.28%	7.54%	12.86%
ZIM	10.73%	7.49%	3.51%

14. Related Party Transactions

CMA CGM has been presented as a related party due to the fact that as of December 31, 2021 and December 31, 2020, it was a shareholder, owning Class A common shares representing 8.4% of voting rights in the Company. As of May 27, 2022, following the sale of its shares in the Company, CMA CGM is no longer a shareholder. Related party revenue and expenses shown on the Consolidated Statements of Income for CMA CGM are up to May 27, 2022.

Time Charter Agreements

A number of the Company's time charter arrangements are with CMA CGM, representing 14.9% of gross revenues for the period it was considered to be a related party in the year ended December 31, 2022, 33.8% of gross revenues in the year ended December 31, 2021 and 50.6% of gross revenues in the year ended December 31, 2020. Under these time charters, hire is payable in advance and the daily rate is fixed for the duration of the charter. Related party revenues generated from charters to CMA CGM are disclosed separately in the Consolidated Statements of Income.

Ship Management Agreements

Technomar Shipping Inc. ("Technomar") is presented as a related party, as the Company's Executive Chairman is a significant shareholder. The Company has currently a number of ship management agreements with Technomar under which the ship manager is responsible for all day-to-day ship management, among other things, including crewing, purchasing stores, lubricating oils and spare parts, paying wages, pensions and insurance for the crew, and organizing other ship operating necessities, including the arrangement and management of dry-docking. As of December 31, 2022 and 2021, Technomar provided all day-to-day technical ship management services for all but the Twelve Vessels which were delivered in July 2021. Another third party provided such management on the Twelve Vessels, from the time of their delivery in July 2021 until a change of management for six of them in September 2021 to Technomar, and the remaining six vessels continued to be outsourced for day-to-day technical management to the third-party manager. The management fees charged to the Company by third party managers for the years ended December 31, 2022 and 2021, amounted to $1,488 and $834, respectively, (year ended December 31, 2020: $0) and are shown in "Vessels operating expenses" in the Consolidated Statements of Income. Technomar continues to supervise management for the six outsourced vessels.

The management fees charged to the Company by Technomar for the years ended December 31, 2022, 2021 and 2020, amounted to $16,642, $15,294 and $12,580, respectively and are shown under "Vessels operating expenses-related parties" in the Consolidated Statements of Income. Additionally, as of December 31, 2022 and 2021, outstanding receivables due from Technomar totaling $673 and $1,785, respectively, are presented under "Due from related parties".

(Expressed in thousands of U.S. dollars)

14. Related Party Transactions (continued)

Ship Management Agreements (continued)

Conchart Commercial Inc. ("Conchart") provides commercial management services to the Company pursuant to commercial management agreements. The Company's Executive Chairman is the sole beneficial owner of Conchart. Under the commercial management agreements, Conchart, is responsible for (i) marketing of the Company's vessels, (ii) seeking and negotiating employment of the Company's vessels, (iii) advise the Company on market developments, developments of new rules and regulations, (iv) assisting in calculation of hires, freights, demurrage and/or dispatch monies and collection any sums related to the operation of vessels, (v) communicating with agents, and (vi) negotiating sale and purchase transactions. For the 19 vessels that the Company acquired as a result of the Poseidon Transaction, excluding the Argos, the agreements were effective from the date of the completion of the Poseidon Transaction; for the 19 vessels that were owned by the Company prior to the consummation of the Poseidon Transaction till refinance of 2022 Notes which took place on January 2021, an EBSA agreement was in place that was terminated and replaced with commercial management agreements also same agreements applied to all vessels that have been delivered; for all new acquired vessels during 2019 and going forward, the agreements were effective upon acquisition.

The fees charged to the Company by Conchart for the years ended December 31, 2022, 2021 and 2020, amounted to $6,289 and $3,583 and $2,446, respectively, and are disclosed within "Time charter and voyage expenses-related parties" in the Consolidated Statements of Income. Any outstanding fees due to Conchart are presented in the Consolidated Balance Sheets under "Due to related parties" totaling to $572 and $41 as of December 31, 2022 and 2021, respectively.

The Company as per commercial management agreements has agreed to pay to the commercial manager who shall be named broker in each memorandum of agreement (or equivalent agreement) providing for the sale of all vessels and purchase of some vessels, a commission of 1.00% based on the sale and purchase price for any sale and purchase of a vessel, which shall be payable upon request of the commercial manager.

15. Commitments and Contingencies

Charter Hire Receivable

The Company has entered time charters for its vessels. The charter hire is fixed for the duration of the charter. The minimum contracted future charter hire receivable, net of address commissions, not allowing for any unscheduled off-hire, assuming expiry at earliest possible dates and assuming options callable by the Company included in the charters are not exercised, for the 65 vessels as at December 31, 2022 is as follows:

		Amount
December 31, 2023	$	596,321
December 31, 2024		496,107
December 31, 2025		305,174
December 31, 2026		238,269
Thereafter		307,729
Total minimum lease revenue, net of address commissions	**$**	**1,943,600**

16. Share Capital

Common shares

As of December 31, 2022, the Company has one class of Class A common shares.

Restricted stock units or incentive stock units have been granted to the Directors and management, under the Company's Equity Incentive Plans, as part of their compensation arrangements (see note 17). In April 2020, the Company issued 184,270 shares under grants made under the 2019 Omnibus Incentive Plan (the "2019 Plan"). In 2021, 747,604 Class A common shares were issued under the 2019 Plan.

During the year ended December 31, 2022, a further 586,819 Class A common shares were issued under the 2019 Plan.

On January 11, 2021, the Board of Directors approved the initiation of a quarterly cash dividend of $0.12 per Class A Common Share, with effect from the first quarter of 2021.

On January 20, 2021, upon the redemption in full of the 2022 Notes, KEP VI (Newco Marine) Ltd. and KIA VIII (Newco Marine) Ltd. (together, "Kelso"), both affiliates of Kelso & Company, a U.S. private equity firm, exercised their right to convert an aggregate of 250,000 Series C Perpetual Convertible Preferred Shares, representing all such shares outstanding, into Class A common shares of the Company, resulting in issuance of an aggregate of 12,955,188 Class A common shares to Kelso.

On January 26, 2021, the Company completed its underwritten public offering of 5,400,000 Class A common shares, at a public offering price of $13.00 per share, for gross proceeds to the Company of approximately $70,200, prior to deducting underwriting discounts, commissions and other offering expenses. The Company intended to use the net proceeds of the offering for funding the expansion of the Company's fleet, general corporate purposes, and working capital. On February 17, 2021, the Company issued an additional 141,959 Class A common shares in connection with the underwriters' partial exercise of their option to purchase additional shares (together, the "January 2021 Equity Offering"). The net proceeds the Company received in the January 2021 Equity Offering, after deducting underwriting discounts and commissions and expenses, were approximately $67,758. On September 1, 2021, the Company purchased 521,650 shares and retired them, reducing the issued and outstanding shares. In April 2022, September 2022 and October 2022, the Company repurchased 184,684, 568,835 and 307,121 Class A common shares, respectively, reducing the issued and outstanding shares. As at December 31, 2022, the Company had 35,990,288 Class A common shares outstanding.

On April 13, 2021, Kelso and Maas Capital Investments B.V. sold an aggregate of 5,175,000 Class A common shares which they held in an underwritten public offering at $12.50 per share (including 675,000 Class A common shares that were sold pursuant to the underwriters' exercise, in full, of their option to purchase additional shares). The Company did not receive any proceeds from this sale of Class A Common Shares.

On May 10, 2021, the Company announced a dividend of $0.25 per Class A common share from the earnings of the first quarter 2021, paid on June 3, 2021 to common shareholders of record as of May 24, 2021, amounting to $9,347.

On August 5, 2021, the Company announced a dividend of $0.25 per Class A common share from the earnings of the second quarter 2021, paid on September 3, 2021 to common shareholders of record as of August 23, 2021, amounting to $9,358.

On November 2, 2021, the Company announced a dividend of $0.25 per Class A common share from the earnings of the third quarter 2021 paid on December 2, 2021 to common shareholders of record as of November 22, 2021, amounting to $9,235.

On November 22, 2021, the Board of Directors announced its intention to increase the quarterly dividend to be paid to common shareholders by 50% to $0.375 per share, with effect from the first quarter of 2022.

On February 10, 2022, the Company announced a dividend of $0.25 per Class A common share from the earnings of the fourth quarter of 2021 paid on March 4, 2022 to common shareholders of record as of February 22, 2022, amounting to $9,257.

16. Share Capital (continued)

Common shares (continued)

On May 9, 2022, the Company announced a dividend of $0.375 per Class A common share from the earnings of the first quarter of 2022 paid on June 2, 2022, to common shareholders of record as of May 24, 2022 amounting to $13,836.

On August 4, 2022, the Company announced a dividend of $0.375 per Class A common share from the earnings of the second quarter of 2022 paid on September 2, 2022 to common shareholders of record as of August 23, 2022 amounting to $13,856.

On November 9, 2022, the Company announced a dividend of $0.375 per Class A common share from the earnings of the third quarter of 2022 paid on December 2, 2022, to common shareholders of record as of November 22, 2022 amounting to $13,548.

Preferred shares

On August 20, 2014, the Company issued 1,400,000 Depositary Shares (the "Depositary Shares"), each of which represents 1/100th of one share of the Company's 8.75% Series B Cumulative Perpetual Preferred Shares ("Series B Preferred Shares") representing an interest in 14,000 Series B 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) (NYSE:GSL-B), priced at $25.00 per Depositary Share. 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 Changes in Shareholders' Equity, when and if declared by the Board of Directors. An initial dividend was declared on September 22, 2014 for the third quarter 2014. Subsequent dividends have been declared for all quarters.

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. 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 net of offering costs of $856. 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 net of offering costs of $18,847. During the year ended December 31, 2021, the Company issued 2,076,992 Depositary Shares for net proceeds net of offering costs of $51,234.

On December 29, 2022, the Company entered into a new At Market Issuance Sales Agreement with B. Riley Securities, Inc. (the "Agent"), pursuant to which the Company may offer and sell, from time to time, up to $150,000,000 of its Depositary Shares. This new ATM Agreement terminated and replaced, in its entirety, the former at-the-market program that the Company had in place with the Agent for the Depositary Shares. Up to December 31, 2022, the Company had offering costs amounting to $300 and no sales had occurred under the new ATM Agreement.

As of December 31, 2022, there were 4,359,190 Depositary Shares outstanding, representing an interest in 43,592 Series B Preferred Shares.

17. Share-Based Compensation

On February 4, 2019, the Board of Directors adopted the Global Ship Lease, Inc. 2019 Omnibus Incentive Plan ("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 the 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 the Board of Directors or such other committee of the Board of Directors as may be designated by them. Unless terminated earlier by the 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, previous plans adopted in 2015 and 2008 were terminated.

In 2019, the Board of Directors approved awards to the Company's executive officers under the 2019 Plan, providing those executive officers with the opportunity to receive up to 1,359,375 Class A common shares in aggregate. The Board of Directors approved additional awards of 61,625 of Class A common shares to two other employees resulting in a total amount of awards of up to 1,421,000 shares. In July 2021, the Board of Directors approved the issuance of 17,720 shares to one member of senior management as a special bonus.

The 1,421,000 shares of incentive stock may be issued pursuant to the awards, in four tranches. The first tranche was to vest conditioned only on continued service over the three-year period which commenced January 1, 2019. Tranches two, three and four would vest when the Company's stock price exceeded $8.00, $11.00 and $14.00, respectively, over a 60-day period. The $8.00 threshold was achieved in January 2020, the $11.00 threshold was achieved in January 2021 and the $14.00 threshold was achieved in March 2021. Accordingly, 113,279 incentive shares vested in the year ended December 31, 2019, 317,188 incentive shares vested in the year ended December 31, 2020 and 1,008,253 incentive shares vested in the year ended December 31, 2021. Of the total of 430,467 incentive shares which vested up to December 31, 2020, 184,270 were settled and issued as Class A common shares in April 2020. A further 747,604 Class A common shares were settled and issued during the year ended December 31, 2021. A total of 1,438,720 incentive shares had vested as at December 31, 2021, of which 931,874 and 408,096 had been issued in 2021 and 2022, respectively.

On September 29, 2021, the Compensation Committee and the Board of Directors approved an increase in the aggregate number of Class A common shares available for issuance as awards under the 2019 Plan by 1,600,000 to 3,412,500, and approved new awards to senior management, totaling 1,500,000 shares of incentive stock, in three tranches with a grant date October 1, 2021. The first tranche, representing 55% of the total, is to vest quarterly conditioned only on continued service over the four-year period which commenced October 1, 2021. Tranches two and three, each representing 22.5% of the total, were to vest quarterly up to September 30, 2025, when our stock price exceeded $27.00 and $30.00, respectively, over a 60-day period. The Compensation Committee and Board of Directors also approved an increase the maximum number of Class A common shares that each non-employee director may be granted in any one year to 25,000 and subsequently approved stock-based awards to the then seven non-executive directors totaling 105,000 shares of incentive stock, or 15,000 each, to vest in a similar manner to those awarded to senior management.

During the year ended December 31, 2022, 28,528 unvested share awards were cancelled or withdrawn on the resignations of two directors and an award of 13,780 was made to one new director to vest in a similar manner to the other awards, with the first tranche adjusted for the date of appointment of the director.

As at December 31, 2022, 3,028,972 incentive Class A common shares had been awarded under the 2019 Plan leaving 383,528 Class A common shares available to be awarded under the 2019 Plan.

During the years ended December 31, 2022 and 2021, 218,366 and 55,175 incentive shares vested, respectively, under the new awards , of which $178,723 and $nil had been issued in 2022 and 2021, respectively.

(Expressed in thousands of U.S. dollars except share data)

17. Share-Based Compensation (continued)

A total of 1,712,261 incentive shares under both plans had vested as at December 31, 2022. Of the total incentive shares which vested under both plans up to December 31, 2022, 193,569 had not been issued.

Share based awards since January 1, 2021, 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, 2021	**928,908**	**$ 3.79**	**n/a**
Granted in March 2021	61,625	11.72	n/a
Granted in July 2021	17,720	16.93	n/a
Granted in October 2021	1,605,000	22.35	n/a
Vested in year ended December 31, 2021	(1,063,428)	n/a	16.59
Unvested as at December 31, 2021	**1,549,825**	**$ 22.35**	**n/a**
Vested in year ended December 31, 2022	(218,366)	n/a	19.36
Cancelled in May 2022	(14,748)	n/a	n/a
Unvested as at December 31, 2022	**1,316,711**	**$ 22.35**	**n/a**

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 Income 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.

For the years ended December 31, 2022, 2021 and 2020, the Company recognized a total of $10,104, $3,510 and $1,998, respectively, in respect of stock-based compensation.

18. Earnings per Share

Under the two-class method, net income, if any, is first reduced by the amount of dividends declared in respect of common shares for the current period, if any, and the remaining earnings are allocated to common shares and participating securities to the extent that each security can share the earnings assuming all earnings for the period are distributed.

Earnings are only allocated to participating securities in a period of net income if, based on the contractual terms, the relevant common shareholders have an obligation to participate in such earnings. As a result, earnings are only be allocated to the Class A common shareholders.

At December 31, 2022 and 2021, there were 1,316,711 and 1,549,825, respectively, shares of incentive share grants unvested as part of senior management’s and non-executive directors incentive awards approved on September 29, 2021.

(Expressed in thousands of U.S. dollars except share data)

18. Earnings per Share (continued)

	December 31, 2022	December 31, 2021	December 31, 2020
Numerator:			
Net income attributable to common shareholders	$ 283,389	$ 163,232	$ 37,568
Undistributed income attributable to Series C participating preferred shares	—	—	(15,883)
Net income available to common shareholders, basic and diluted	$ 283,389	$ 163,232	$ 21,685
Net income available to:			
Class A, basic and diluted	$ 283,389	$ 163,232	$ 21,685
Denominator:			
Class A Common shares			
Basic weighted average number of common shares outstanding	36,603,134	35,125,003	17,687,137
Plus weighted average number of RSUs with service conditions	601,211	383,012	65,388
Common share and common share equivalents, dilutive	37,204,345	35,508,015	17,752,525
Basic earnings per share:			
Class A	7.74	4.65	1.23
Diluted earnings per share:			
Class A	7.62	4.60	1.22
Series C Preferred Shares-basic and diluted earnings per share:			
Undistributed income attributable to Series C participating preferred shares	$ —	$ —	$ 15,883
Basic weighted average number of Series C Preferred shares outstanding, as converted	—	—	12,955,187
Plus weighted average number of RSUs with service conditions	—	—	47,895
Dilutive weighted average number of Series C Preferred shares outstanding, as converted	—	—	13,003,082
Basic earnings per share	—	—	1.23
Diluted earnings per share	—	—	1.22

19. Subsequent events

From January 1, 2023 and up to January 27, 2023, the Company repurchased a total of 582,178 common shares for a total investment of $10,000.

In February 2023, the Company declared a dividend of $0.375 per Class A common share from the earnings of the fourth quarter of 2022 to be paid on March 6, 2023 to common shareholders of record as of February 22, 2023 amounting to $13,548.

In February 2023, the Company agreed to sell GSL Amstel, a 1,118 TEU feeder and non-core asset with imminent special survey and dry-docking requirements, for approximately its book value as at December 31, 2022.

Exhibit 2.3

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"); and

(3) Depositary Shares, each of which represents 1/100th interest in a share of Series B Preferred Shares (the "Depositary Shares").

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"); and (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, and as further amended by the Certificate of Amendment effective December 28, 2022 (as amended, the "Certificate of Designation"), 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, and Certificate of Designation, 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

Our 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 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 outstanding common shares 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.

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.
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.
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. 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.	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.

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.

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.

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).

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 1/100th 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 1/100th 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.

1. Place and date of Agreement (date to be inserted) [•]	2 Date of commencement of Agreement (Cls. 2,12, 21 and 25) (date to be inserted) [•]
3. Owners (name, place of registered office and law of registry) (Cl. 1) (i) Name: [•] (ii) Place of registered office: [•] (iii) Law of registry: [•]	4. Managers (name, place of registered office and law of registry) (Cl. 1) (I) Name: **Technomar Shipping Inc.** (II) Place of registered office: **80 Broad Street Monrovia, Liberia** (III) Established office : **3-5 Menandrou Str. 14561, Kifissia Athens - Greece** (IV) Law of registry: **LIBERIA**
5. The Company (with reference to the ISM/ISPS Code) (state name and IMO Unique Company identification number. If the Company is a third party then also state registered office and principal place of business) (Cls. 1 and 9(c)(i)) (i) Name: **Technomar Shipping Inc.** (ii) IMO Unique Company identification number: **1605338** (iii) Place of registered office: **as per box 4** (iv) Principal place of business: **as per box 4**	6. Technical Management (state "yes" or "no" as agreed) (Cl. 4) **YES** 7. Crew Management (state "yes or no" as agreed (Cl. 5(a)) **YES** 8. Commercial Management (state "yes or no" as agreed) (Cl. 6) **NO**
9. Chartering Services period (only to be filled in if "yes" stated in Box 8) (Cl. 6(a)) **N/A**	10. Crew Insurance arrangements (state "yes" or "no" as agreed) - **YES** (i) Crew Insurances* (Cl. 5(b)) (ii) Insurance for persons proceeding to sea onboard (Cl 5(b)(i)) *only to apply if Crew Management (Cl.5(a)) agreed (see Box 7)
11. Insurance arrangements (state "yes" or "no" as agreed) (Cl. 7) **YES**	12. Optional insurances (state optional insurance(s) as agreed, such as piracy, kidnap and ransom, loss of hire and FD & D) (Cl 10(a)(iv)) **AS MAY BE INSTRUCTED BY OWNERS**
13. Interest (state rate of interest to apply after the due date to outstanding sums) (Cl.9(a)) **N/A**	14. Annual management fee (Cl. 12(a)) **Euro [•] per day**

15. Manager's nominated account (Cl. 12(a)) **TO BE ADVISED**	16. Daily rate (state rate for days in excess of those agreed in budget) (Cl. 12(c)) **N/A**
	17. Lay-up period/number of months (Cl. 12(d)) **3 (THREE) MONTHS**
18. Minimum contract period (state number of months) (Cl. 21(a)) **Twenty Four (24) months following the termination/expiry of either:** **(a) the Vessel's charterparty (existing at any time and as same may be extended or replaced with a new charter from time to time), or** **(b) the Vessel's credit facility or other debt agreement for which the Vessel serves as collateral (existing at any time and as same may be financed, refinanced, amended, supplemented and/or restated from time to time),** **whichever is the latest.**	19. Management fee on termination (state number of months to apply) (Cl. 22(e)) **SEE CLAUSE 22**
20. Severance Costs (state maximum amount) (Cl. 22(c)(ii)) **AS DEFINED**	21. Dispute Resolution **23(a)**
22. Notices (state full style contact details for serving notice and communication to the Owners) (Cl. 24) c/o Technomar Shipping Inc. AS PER BOX 4	23. Notices (state full style contact details for serving notice and communication to the Managers) (Cl. 24) AS PER BOX 4

It is mutually agreed between the party stated in Box 3 and the party stated in Box 4 that this Agreement consisting of PART I and PART II as well as Annexes "A" (Details of Vessel or Vessels), "B" (Details of Crew) and C ("Budget") attached hereto, shall be performed subject to the conditions contained herein. In the event of a conflict of conditions, the provisions of PART I and Annexes "A" "B" and "C" shall prevail over those of PART II to the extent of such conflict but no further.

Signature(s) (Owners) [•]	Signature(s) (Managers) [•]

SECTION 1 – Basis of the Agreement

1. Definitions

In this Agreement save where the context otherwise requires, the following words and expressions shall have the meanings hereby assigned to them:

"**Affiliate**" means, with respect to a specified Person, any Person that directly, or indirectly through one or more intermediaries, Controls, is Controlled by, or is under common Control with the specified Person.

"**Change in Majority Interests or Control**" means the occurrence of any one of the following:

(i) a transaction or series of transactions involving the sale, transfer or other disposition of equity or voting securities in the Owners or in any of its direct or indirect parent companies (including, without limitation, any transfer by the current owners of equity or voting securities in the Parent), to one or more Persons that are not, immediately prior to such sale, Affiliates of the Parent, of more than 50% of the beneficial equity or voting securities in the Owners or in any such parent companies;

(ii) a transaction or series of transactions involving the sale, transfer or other disposition, directly or indirectly, of all or substantially all of the assets of the Parent or its subsidiaries (taken as a whole) to one or more Persons that are not, immediately prior to such sale, transfer, or other disposition, Affiliates of the Parent;

(iii) any merger, consolidation or other business combination of the Owners or any of its direct or indirect parent companies (including, without limitation, the Parent) in which the owners of equity or voting securities in the Parent immediately before such transaction cease to own more than 50% of the equity or voting securities in the Parent (or equity or voting securities of its successors) or the Parent ceases to directly or indirectly own more than 50% of the equity or voting securities in the Owners or its parent companies (or equity or voting securities of their successors) as a result of such transaction;

(iv) the consummation of any transaction or a series of transactions (including, without limitation, any merger or consolidation), the result of which is that any "person"(as such term is used in Section 13(d)(3) of the U.S. Securities Exchange Act of 1934, as amended) becomes the beneficial owner, directly or indirectly of more than 50% of the Parent's voting securities (unless such "person" is, immediately prior to such acquisition, an Affiliate of the Parent), measured by voting power rather than number of shares;

(v) a change in the composition of the Board of Directors of the Parent within any consecutive period of thirty-six (36) months as a result of which fewer than a majority of the directors are Incumbent Directors;

The term "***Incumbent Director***" shall mean a person who either (1) is a member of the Board of Directors of the Parent (the "***Board***") upon conclusion of the Annual Meeting of Shareholders of the Parent for the year 2022 (the "***Effective Date***"), and for each term in office commencing after the Effective Date, has been elected, re-elected, appointed, and/or nominated to the Board, as applicable, in satisfaction of the following subparagraph (2), or (2) after the Effective Date, including for each subsequent term in office, has been elected, re-elected, appointed, and/or nominated to the Board, as applicable, with the affirmative vote of at least a majority of the Incumbent Directors including the affirmative vote of the Executive Chairman at the time of such election, re-election, appointment, or nomination, *provided that* , such person was not elected, re-elected, appointed, or nominated to the Board in connection with an actual or threatened proxy contest relating to the election of directors of the Parent; or

(vi) the employment of George Giouroukos (the "***Executive Chairman***") as the Executive Chairman of the Parent is terminated by the Parent.

"**Commercial Managers"** means Conchart Commercial Inc., a Marshall Islands corporation or Global Ship Lease Services Limited, a company incorporated in England (as applicable).

"**Commercial Management Agreement**" collectively means the agreements with respect to commercial management made between the Parent and/or its Subsidiaries, on the one hand, and the Commercial Managers, on the other hand, with respect to

each of the Vessels (as defined therein).

"**Company**" (with reference to the ISM Code and the ISPS Code) means the organization identified in **Box 5** or any replacement organization appointed by the Owners from time to time (see Sub-clauses 9(b)(i) or 9(c) (ii), whichever is applicable).

"**Confidential Information"** means all information (of whatever nature and however recorded or preserved) which:

(a) was disclosed by the Owners to the Managers, whether before or after the date of this Agreement, as a result of the discussions leading up to this Agreement, entering into this Agreement or the performance of this Agreement and is designated as "confidential information" by the Owners at the time of disclosure; or

(b) is information which relates to existing or proposed operations, business plans, market opportunities and business affairs of the Owners or its Affiliates and is clearly confidential from its nature and/or the circumstances in which it was imparted would be regarded as being confidential by a reasonable business person; or

(c) is clearly confidential from its nature and/or the circumstances in which it was imparted, and including information which relates to the commercial affairs, business (including but not limited to any information considered to be price sensitive information by the Owners), finances, infrastructure, products, services, developments, inventions, trade secrets, know-how, personnel, or contracts of, and any other information relating to, the Owners or its Affiliates (or its or their customers); or

(d) any information referred to in (a) to (c) above disclosed on the Owners' behalf by their Affiliates; and

(e) information extracted, copied or derived from information referred to in (a) to (d) above.

"**Control**" or "**Controlling**" or "**Controlled by**" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or otherwise.

"**Crew**" means the personnel of the numbers, rank and nationality specified in Annex "B" hereto, including but not limited to the Master and any officers.

"**Crew Insurances**" means insurance of liabilities in respect of crew risks which shall include but not be limited to death, permanent disability, sickness, injury, repatriation, shipwreck unemployment indemnity and loss of personal *effects* (see Sub- clause 5(b) (Crew Insurances) and Clause 7 (Insurance Arrangements) and Clause 10 (Insurance Policies) and **Boxes 10** and **11**).

"**Crew Support Costs**" means all expenses of a general nature which are not particularly referable to any individual vessel for the time being managed by the Managers and which are incurred by the Managers for the purpose of providing an efficient and economic management service and, without prejudice to the generality of the foregoing, shall include the cost of crew standby pay, training schemes for officers and ratings, cadet training schemes, sick pay, study pay, recruitment and interviews.

"**Dollars**" and "**US$**" means the lawful currency of the United States of America.

"**Exclusive Broker**" means Conchart Commercial Inc., a Marshall Islands corporation.

"**Exclusive Brokerage Deed**" means the Deed of Commercial Advisory Services and Exclusive Brokerage Services entered into on the same date as this Agreement made between the Parent, Global Ship Lease Services Limited and the Exclusive Broker with respect to the Vessels (as defined therein) (if applicable).

"**Flag State**" means the State whose flag the Vessel is flying.

"**Governmental Entity**" means and includes (whether having a distinct legal personality or not) any national or local government authority, board, commission, department, division, organ, instrumentality, court or agency and any association, organisation or institution of which any of the foregoing is a member or to whose jurisdiction any of the foregoing is subject or in whose activities any of the foregoing is a participant.

"**ISM Code**" means the International Management Code for the Safe Operation of Ships and for Pollution Prevention and any amendment thereto or substitution therefor.

"**ISPS Code**" means the International Code for the Security of Ships and Port Facilities and the relevant amendments to Chapter XI of SOLAS and any amendment thereto or substitution therefor.

"**Managers**" means the party identified in **Box 4**.

"**Management Services**" means the services specified in SECTION 2 - Services (Clauses 4 through 7) as indicated affirmatively

in **Boxes 6** through **8**, **10 and 11,** and all other functions performed by the Managers under the terms of this Agreement.

"**Manager Change of Control**" means (i) a transaction or series of transactions involving the sale, transfer or other disposition by George Giouroukos to one or more Persons that are not, immediately prior to such sale, Affiliates of George Giouroukos, of more than 50% of the equity interests in the Managers; or (ii) any merger, consolidation or other business combination of the Managers in which George Giouroukos immediately after such transaction ceases to own more than 50% of the equity interests in the Managers (or equity interests of their successors) as a result of such transaction.

"**Owners**" means the party identified in **Box 3**.

"**Parent**" means Global Ship Lease, Inc., a Marshall Islands corporation.

"**Parties**" means the Parties to this Agreement.

"**Person**" means any individual, corporation, association, partnership (general or limited), joint venture, trust, estate, limited liability company, or other legal entity or organization.

"**Severance Costs**" means the costs which are legally required to be paid to the Crew as a result of the early termination of any contracts for service on the Vessel.

"**SMS**" means the Safety Management System (as defined by the ISM Code).

"**STCW 95**" means the International Convention on Standards of Training, Certification and Watchkeeping for Seafarers, 1978, as amended in 1995 and any amendment thereto or substitution therefor.

"**Subsidiary(ies)**" means, with respect to any Person, (a) a corporation of which more than 50% of the voting power of shares entitled (without regard to the occurrence of any contingency) to vote in the election of directors or other governing body of such corporation is owned, directly or indirectly, at the date of determination, by such Person, by one or more Persons Controlled by such Person or a combination thereof, (b) a partnership (whether general or limited) in which such Person or a Person Controlled by such Person is, at the date of determination, a general or limited partner of such partnership, but only if more than 50% of the partnership interests of such partnership (considering all of the partnership interests of the partnership as a single class) is owned, directly or indirectly, at the date of determination, by such Person, one or more Persons Controlled by such Person, or a combination thereof, or (c) any other Person (other than a corporation or a partnership) in which such Person, one or more Persons Controlled by such Person, or a combination thereof, directly or indirectly, at the date of determination, has (i) at least a majority ownership interest or (ii) the power to elect or direct the election of a majority of the directors or other governing body of such Person.

"**TCMC**" means Technomar Crew Management Corporation, a crew manning company affiliated to the Managers with registered offices in Manila, Philippines.

"**Vessel**" means the vessel details of which are set out in Annex "A" attached hereto.

2. Commencement and Appointment

With effect from the date stated in Box 2 for the commencement of the Management Services and continuing unless and until terminated as provided herein, the Owners hereby appoint the Managers and the Managers hereby agree to act as the Managers of the Vessel in respect of the Management Services.

3. Authority of the Managers

Subject to the terms and conditions herein provided, during the period of this Agreement the Managers shall carry out the Management Services in respect of the Vessel as agents for and on behalf of the Owners. The Managers shall have authority to take such actions as they may from time to time in their absolute discretion consider to be necessary to enable them to perform the Management Services in accordance with sound ship management practice, including but not limited to compliance with all relevant rules and regulations.

SECTION 2 – Services

4. Technical Management

(*only applicable if agreed according to **Box* **6**).

The Managers shall provide technical management which includes, but is not limited to, the following services:

(a) ensuring that the Vessel complies with the requirements of the law of the Flag State;

(b) ensuring compliance with the ISM Code;

(c) ensuring compliance with the ISPS Code;

(d) providing competent personnel to supervise the maintenance and general efficiency of the Vessel;

(e) arranging and supervising special surveys, dry dockings, repairs, alterations and the maintenance of the Vessel to the standards agreed with the Owners provided that the Managers shall be entitled to incur the necessary expenditure to ensure that the Vessel will comply with all requirements and recommendations of the classification society. and with the law of the Flag State and of the places where the Vessel is required to trade;

(f) arranging the supply of necessary stores, spares and lubricating oil;

(g) appointing surveyors and technical consultants as the Managers may consider from time to time to be necessary;

(h) in accordance with the Owners' instructions, arranging and supervising the sale and/or purchase and legal and physical delivery of the Vessel under the sale and purchase agreement; provided, however services under this Sub-clause 4(h) shall not include negotiation of the sale agreement;

(i) arranging for the supply of provisions;

(j) arranging for the sampling and testing of bunkers;

(k) arranging for the provision of bunker fuels as required for the Vessel's trade;

(l) receiving and relaying voyage instructions;

(m) appointing stevedores;

(n) arranging surveys associated with the commercial operation of the Vessel;

(o) accounting and calculation of hire, freights, demurrage and/or dispatch monies due from or due to charterers of the Vessel; collection of any sums due to the Owners related to the operation of the Vessel;

(p) coordinate with the Commercial Managers and the Exclusive Broker (as applicable) with respect (i) the matters referenced in Clause 4(o) above, (ii) consolidation of accounts, budgets and other materials as may be requested by the Commercial Managers, the Exclusive Broker (as applicable) or Owners with respect to the Vessel and any other vessels subject to the Commercial Management Agreement and/or the Exclusive Brokerage Deed (as applicable) and for which the Managers hereunder provide any management services, and (iii) the scope of Management Services required hereunder in relation to any charterparty for the Vessel negotiated by the Commercial Managers or the Exclusive Broker (as applicable) on its behalf or on behalf of the Owners; and

(q) Perform the Management Services hereunder in compliance with, and in such a manner as to comply with the requirements of, any charterparty for the Vessel.

5. Crew Management and Crew Insurances

(a) *Crew Management*

(only applicable if agreed according to ***Box 7****)*

The Managers shall provide suitably qualified Crew who shall comply with the requirements of STCW 95. The provision of such crew management services includes, but is not limited to, the following services:

(i) selecting, engaging and providing for the administration of the Crew, including, as applicable, payroll arrangements, pension arrangements, tax, social security contributions and other mandatory dues related to their employment payable in each Crew member's country of domicile;

(ii) ensuring that the applicable requirements of the law of the Flag State in respect of rank, qualification and certification of the Crew and employment regulations, such as Crew's tax and social insurance, are satisfied;

(iii) ensuring that all Crew have passed a medical examination with a qualified doctor certifying that they are fit for the duties for which they are engaged and are in possession of valid medical certificates issued in accordance with appropriate Flag State requirements, it being understood that the Vessel shall always remain flagged with a Flag State requiring such medical certificates;

(iv) ensuring that the Crew shall have a common working language and/or a command of the English language of a sufficient standard to enable them to perform their duties safely;

(v) arranging transportation of the Crew including repatriation;

(vi) training of the Crew;

(vii) conducting union negotiations;

(viii) operating the Manager's drug and alcohol policy;

(ix) ensuring that any complaints with respect to the Master or any of the officers or any other members of the Crew are promptly investigated, and if such complaints are well-founded ensuring that changes in appointments are made without delay in accordance with Clause 15 (Replacement);

(x) if the Managers are the Company, ensuring that the Crew, on joining the Vessel, are given proper familiarization with their duties in relation to the Vessel's SMS and that instructions which are essential to the SMS are identified, documented and given to the Crew prior to sailing;

(xi) it is hereby agreed that for the employment of Filipino crew the Managers may sub-contract with TCMC or any other manning agent. Where the Mangers have sub-contracted to (i) TCMC for the employment of Filipino crew, the Owners will pay to the Managers the actual costs of TCMC calculated on the basis of crew days on board the Vessel, and there shall be no commission or other charges payable to TCMC in relation thereto and (ii) any other manning agent for the employment of Filipino crew, the Owners will pay to the Managers the costs of such manning agent calculated on the basis of crew days on board the Vessel and charged to the Manager along with the customary commission and all other charges in relation thereto;

(xii) if the Managers are not the Company: N/A; and

(xiii) where Managers are not providing technical management services in accordance with Clause 4 (Technical Management):
N/A

(b) Crew Insurances

(*only applicable if Sub-clause 5(a) applies* ***and*** if agreed according to ***Box 10***)

The Managers shall throughout the period of this Agreement provide the following services:

(i) arranging Crew Insurances in accordance with the sound practice of prudent managers of vessels of a similar type to the Vessel, with sound and reputable insurance companies, underwriters or associations. Insurances for any other persons proceeding to sea onboard the Vessel may be separately agreed by the Owners and the Managers (see **Box 10**);

(ii) ensuring that the Owners are aware of the terms, conditions, exceptions and limits of liability of the insurances in Sub-clause 5(b)(i);

(iii) ensuring that all premiums or calls in respect of the insurances in Sub-clause 5(b)(i) are paid by their due date;

(iv) if obtainable at no additional cost or as otherwise requested by the Owners, ensuring that insurances in Sub-clause 5(b)(i) name the Owners as a joint assured with full cover and, unless otherwise agreed, on terms such that Owners shall be under no liability in respect of premiums or calls arising in connection with such insurances;

(v) providing written evidence, to the reasonable satisfaction of the Owners, of the Managers' compliance with their obligations under Sub-clause 5(b)(ii), and 5(b)(iii) within a reasonable time of the commencement of this Agreement, and of each renewal date and, if specifically requested, of each payment date of the insurances in Sub-clause 5(b)(i).

6. Commercial Management

*(only applicable if agreed according to **Box 8**). – N/A*

7. Insurance Arrangements

*(only applicable if agreed according to **Box 11**).*

The Managers shall arrange insurances in accordance with Clause 10 (Insurance Policies), on such terms as the Owners shall have instructed or agreed, in particular regarding conditions, insured values, deductibles, franchises and limits of liability.

SECTION 3 – Obligations

8. Managers' Obligations

(a) The Managers undertake to use their best endeavours to provide the Management Services as agents for and on behalf of the Owners in accordance with sound ship management practice and to protect and promote the interests of the Owners in all matters relating to the provision of services hereunder. In performing and discharging its obligations, duties and liabilities under this Agreement, the Managers shall act in accordance with all instructions communicated to it by the Owners and the Managers shall at all times serve the Owners faithfully and diligently.

Notwithstanding anything herein to the contrary and for the avoidance of doubt, the parties acknowledge that the Managers shall continue to act as a technical manager with respect to vessels owned or operated by persons or entities other than the Owners, the Parent, or their respective Subsidiaries. In addition, and notwithstanding clause 8(a), in the performance of their management responsibilities under this Agreement, the Managers shall be entitled to have regard to their overall responsibility in relation to all other vessels as may from time to time be entrusted to their management and in particular, but without prejudice to the generality of the foregoing, the Managers shall be entitled to allocate available supplies, manpower and services in such manner as in the prevailing circumstances they consider in their discretion (reasonably exercised) to be fair and reasonable, but in no circumstances shall the Vessel be managed in a manner which is less favourable to the interests of the Owners.

In the performance and discharge of its obligations, duties and liabilities under this Agreement, the Managers shall take care not to exceed the authority given by the Owners under the terms of this Agreement and shall act at all times in accordance with the Owner's instructions.

In the performance and discharge of its obligations, duties and liabilities under this Agreement, the Manager shall act with reasonable care and skill in accordance with good industry practices and in compliance with all laws and regulations, and shall provide the Management Services hereunder and maintain the Vessel at a standard at least equivalent to the standards followed by it with respect to the other vessel(s) for which the Managers provide management services.

Notwithstanding anything contained herein to the contrary, the Managers shall at all times devote a sufficient amount of its time, resources and personnel to provide the Management Services contemplated by this Agreement.

(b) Where the Managers are providing technical management services in accordance with Clause 4 (Technical Management), they shall procure that the requirements of the Flag State are satisfied and they shall agree to be appointed as the Company, assuming the responsibility for the operation of the Vessel and taking over the duties and responsibilities imposed by the ISM Code and the ISPS Code, if applicable.

(c) In providing the Management Services, the Managers will at all times comply with, without limitation, the U.S. Foreign Corrupt Practices Act, any applicable country legislation implementing the OECD Convention on combating Bribery of Foreign Public Officials in International Business Transactions, and the UK Bribery Act 2010, and any other laws or regulations relating to anti-bribery, anti-terrorism, economic sanctions and anti-money laundering, to the extent applicable. The Managers shall not engage

in any activity, practice or conduct which constitutes a breach of any of the foregoing; in addition, the Managers shall not employ any Person, nor subcontract with any person or entity, to perform or discharge any of its obligations under this Agreement if that person or entity is designated or identified as a Specially Designated National, a Person subject to sanctions that prohibit all dealings or restrict dealings with such Person, a foreign terrorist organization or an organization that provides support to a foreign terrorist organization by the United States Government or any branch or department thereof (including, but not limited to, the Office of Foreign Asset Control).

9. Owners' Obligations

(a) The Owners shall pay all sums due to the Managers punctually in accordance with the terms of this Agreement.

(b) Where the Managers are providing technical management services in accordance with Clause 4 (Technical Management), the Owners shall:

(i) report (or where the Owners are not the registered owners of the Vessel procure that the registered owners report) to the Flag State administration the details of the Managers as the Company as required to comply with the ISM and ISPS Codes;

(ii) procure that any officers and ratings supplied by them or on their behalf comply with the requirements of STCW 95; and

(iii) instruct such officers and ratings to obey all reasonable orders of the Managers (in their capacity as the Company) in connection with the operation of the Managers' safety management system.

(c) Where the Managers are providing crew management services in accordance with Sub-clause 5(a) the Owners shall:

(i) inform the Managers, through the Commercial Managers, the Exclusive Broker (if applicable) or otherwise, prior to any order for the Vessel to any excluded or additional premium area under any of the Owners' Insurances by reason of war risks and/or piracy or like perils and pay whatever additional costs may properly be incurred by the Managers as a consequence of such orders including, if necessary, the costs of replacing any member of the Crew. Any delays resulting from negotiation with or replacement of any member of the Crew as a result of the Vessel being ordered to such an area shall be for the Owners' account. Should the Vessel be within an area which becomes an excluded or additional premium area the above provisions relating to cost and delay shall apply;

(ii) agree with the Managers prior to any change of flag of the Vessel and pay whatever additional costs may properly be incurred by the Managers as a consequence of such change; and

(iii) provide, at no cost to the Managers, in accordance with the requirements of the law of the Flag State, or higher standard, as mutually agreed, adequate Crew accommodation and living standards.

SECTION 4 – Insurance, Budgets, Income, Expenses and Fees

10. Insurance Policies

The Managers shall ensure that throughout the period of this Agreement:

(a) at the Owners' expense, the Vessel is insured for not less than its sound market value or entered for its full gross tonnage, as the case may be for:

(i) hull and machinery marine risks (including but not limited to crew negligence) and excess liabilities;

(ii) protection and indemnity ("PandI") risks (including but not limited to pollution risks, diversion expenses and, except to the extent insured separately by the Managers in accordance with Sub-clause 5(b)(i), Crew Insurances;

(iii) Freight, Demurrage and Defence cover ("FD & D");

NOTE: If the Managers are not providing crew management services under Sub-clause 5(a) (Crew Management) or have agreed not to provide Crew Insurances separately in accordance with Sub-clause 5(b)(i), then such insurances must be included in the protection and indemnity risks cover for the Vessel (see Sub-clause 10(a)(ii) above).

(iii) war risks (including but not limited to blocking and trapping, protection and indemnity, terrorism and crew risks); and

(iv) such optional insurances as may be agreed (such as piracy, kidnap and ransom, piracy loss of hire, loss of hire) (see Box 12)

Sub-clauses 10(a)(i) through 10(a)(iv) all in accordance with the best practice of prudent owners of vessels of a similar type to the Vessel, with sound and reputable insurance companies, underwriters or associations ("the Owners' Insurances");

(b) all premiums and calls on the Owners' Insurances are paid by their due date;

(c) In the event the Vessel is sold or this Agreement is terminated as per the terms hereunder the Owners will either pay directly, or remit, sufficient funds in the Vessel's Earnings Account to cover, the Vessel's PandI and FD & D estimated Release Calls as same will be calculated by the Vessel's Protection and Indemnity Association. The Managers will ensure that, in the event of payment from the Vessel's Earnings Account, when called by the Vessel's Protection and Indemnity Association, the Vessel's Release Calls are paid as appropriate and any balance remaining out of the amount originally remitted by the Owners will be released to the Owners.

(d) the Owners' Insurances name the Managers and, subject to underwriters' agreement, any third party designated by the Managers as a joint assured, with full cover. It is understood that in some cases, such as protection and indemnity, the normal terms for such cover may impose on the Managers and any such third party a liability in respect of premiums or calls arising in connection with the Owners' Insurances.

If obtainable at no additional cost, however, the Managers shall procure such insurances on terms such that neither the Managers nor any such third party shall be under any liability in respect of premiums or calls arising in connection with the Owners' Insurances. In any event, on termination of this Agreement in accordance with Clause 21 (Duration of the Agreement) and Clause 22 (Termination), the Owners or Managers shall procure that the Managers and any third party designated by the Managers as joint assured shall cease to be joint assured and, if reasonably achievable, that they shall be released from any and all liability for premiums and calls that may arise in relation to the period of this Agreement; and

(e) written evidence is provided, to the reasonable satisfaction of the Owners, of the Managers' compliance with their obligations under this Clause 10 within a reasonable time of the commencement of the Agreement, and of each renewal date and, if specifically requested, of each payment date of the Owners' Insurances.

11. Income Collected and Expenses Paid on Behalf of Owners

(a) All monies collected by the Managers under this Agreement (other than monies payable by the Owners to the Managers) and any interest thereon shall be held to the credit of the Owners in a separate bank account.

(b) All expenses incurred by the Managers under the terms of this Agreement on behalf of the Owners (including expenses as provided in Clause 12(c)) may be debited against the Owners in the account referred to under Sub-clause 11(a) but shall in any event remain payable by the Owners to the Managers on demand.

(c) The Managers shall provide the Owners with (i) monthly cash flow statements with respect to the Vessel and the Owners, and (ii) quarterly un-audited accounts and detailed analysis showing all movements and use of funds held in the separate bank account.

(d) The Managers shall pay, on behalf of the Owners and from the bank account referred to in Clause 11(a) above, all expenses of the Commercial Managers under the Commercial Management Agreement and all expenses of the Exclusive Broker under the Exclusive Brokerage Deed (as applicable).

12. Management Fee and Expenses

(a) The Owners shall pay to the Managers a daily management fee as stated in **Box 14** for their services as Managers under this Agreement, which shall be due and payable in monthly instalments in advance, the first instalment (pro rata if appropriate) being due and payable on the date of delivery of the Vessel to the Owners and subsequent instalments being due and payable every first New York banking day of every calendar month. The management fee shall be payable to the Managers' nominated account stated in Box 15.

(b) The management fee shall be subject to an annual review (at the end of each calendar year) in order to reflect any increases in the salaries of Managers' employees and other expenses (inflation). The proposed fee shall be presented in the annual budget in accordance with Sub-clause 13(a). Subject always to the prior written approval of the Owners, the management fee may increase annually on January 1 of each year by not more than two and one-half percent (2.5%).

(c) The Managers shall, at no extra cost to the Owners, provide their own office accommodation, office staff, facilities and stationery. Without limiting the generality of this Clause 12 (Management Fee and Expenses) the Owners shall reimburse the Managers for reasonable postage, communication, travelling and accommodation expenses, and other reasonable out of pocket expenses properly incurred by the Managers in pursuance of the Management Services including but not limited to the Vessel

apportioned cost of the Managers' "flying squad" and the "on board the Vessel" allowances as well as any other sundry administrative expenses, it being understood that the Managers shall not make any expenditure with respect to the items described in this sub-paragraph (c) in the aggregate in excess of US$5,000 in any given calendar month, without the prior written consent of the Owners. Notwithstanding the foregoing, any of the above items that may be included in the annual budget will not be part of this reimbursement.

(d) If the Owners decide to layup the Vessel and such layup lasts for more than the number of months stated in **Box 17**, the Management Fee is agreed to be Euro [190] per day and will be applicable for the period exceeding such period agreed in Box 17 until one month before the Vessel is again put into service. If the Managers are providing crew management services in accordance with Sub-clause 5(a), consequential costs of reduction and reinstatement of the Crew shall be for the Owners' account.

(e) Save as otherwise provided in this Agreement, all discounts and commissions obtained by the Managers in the course of the performance of the Management Services shall be credited to the Owners.

13. Budgets and Management of Funds

(a) The Managers shall prepare a budget. The budget shall also provide aggregate forecast expenditure by the Managers for those cost items to be reimbursed by Owners as detailed in Clause 12(c). The Managers' initial budget is set out In Annex "C" hereto. Subsequent budgets shall be for twelve month periods and shall be prepared by the Managers and presented to the Owners not less than one month before the end of the budget year.

(b) The Owners shall state to the Managers in a timely manner, but in any event within one month of presentation, whether or not they agree to each proposed annual budget. In the absence of any such indication by the Owners, within such one month period, the Managers shall be entitled to assume that the Owners have accepted the proposed budget.

(c) Following the agreement of the budget, the Managers shall prepare and present to the Owners their estimate of the working capital requirement for the Vessel and shall each month request the Owners in writing to pay the funds required to run the Vessel for the ensuing month, including the payment of any occasional or extraordinary item of expenditure, such as emergency repair costs, additional insurance premiums, bunkers or provisions. Such funds shall be received by the Managers within ten running days after the receipt by the Owners of the Managers' written request and shall be held to the credit of the Owners in a separate bank account.

(d) The Managers shall (i) establish and maintain an accounting system which meets the requirements of the Owners and provide regular accounting services, supply regular reports and records, (ii) maintain the records of all costs and expenditures incurred as well as data necessary or proper for settlement of accounts, (iii) prepare yearly operating budgets for the Vessel including any drydocking and special surveys, (iv) provide back-office administration and accounting services for the Vessel and the Owners, and (v) at all times maintain and keep true and correct accounts in respect of the Management Services in accordance with the relevant International Financial Reporting Standards or U.S GAAP as required, including records of all costs and expenditure incurred, and produce a comparison between budgeted and actual income and expenditure of the Vessel in such form and at such intervals as shall be mutually agreed. The Managers shall make such accounts available for inspection and auditing by the Owners and/or their representatives in the Managers' offices or by electronic means, provided reasonable notice is given by the Owners.

(e) The Managers shall assist the Owners and its Parent in complying with the requirements of Section 404 of the U.S. Sarbanes Oxley Act 2002, as it may be amended from time to time ("SOX"), governing the effectiveness of internal controls of service organizations retained by publicly held companies by taking or causing to be taken, all actions and doing, or causing to be done, all things and executing any and all documents and instruments which may reasonably be required, proper or advisable to conducting an evaluation on the internal controls of the Managers in compliance with SOX. The Managers agree to take or cause to be taken, all actions and to do, or cause to be done, all things and to execute any and all documents and instruments of any kind on an ongoing basis which might be reasonably necessary, proper or advisable to permit the Owners and its Parent to remain in compliance with SOX throughout the term of this Agreement, and, with the exception of the costs incurred by the Managers to obtain SAS 70 reports or any equivalents thereof, if require by the Owners or the Parent, which shall be payable by either the Owners or the Parent, each of the parties to this Agreement shall bear their own costs associated with such compliance.

(f) Notwithstanding anything contained herein, the Managers shall in no circumstances be required to use or commit their own funds to finance the provision of the Management Services except where the terms of this engagement provide that such Management Services are to be provided at no extra or additional cost to the Owners.

14. Trading Restrictions

If the Managers are providing crew management services in accordance with Sub-clause 5(a) (Crew Management), the Owners

and the Managers will, prior to the commencement of this Agreement, agree on any trading restrictions to the Vessel that may result from the terms and conditions of the Crew's employment.

15. Replacement

If the Managers are providing crew management services in accordance with Sub-clause 5(a) (Crew Management), the Owners may require the replacement, at their own expense, at the next reasonable opportunity, of any member of the Crew, including but not limited to any Master or officer, found on reasonable grounds to be unsuitable for service. If the Managers have failed to fulfil their obligations in providing suitable qualified Crew within the meaning of Sub- clause 5(a) (Crew Management), then such replacement shall be at the Managers' expense.

16. Managers' Right to Sub-Contract

Other than to its Affiliates or as otherwise set forth in this Agreement, the Managers shall not subcontract any of their obligations hereunder without the prior written consent of the Owners. In the event of such a sub-contract the Managers shall remain fully liable for the due performance of their obligations under this Agreement. Owners hereby agree that the Managers are allowed to sub-contract with TCMC (for the Filipino crew only) and with other manning agents as same may be necessary for the due performance of the Managers' services under clause 5 (a).

17. Responsibilities

(a) *Force Majeure* - Neither party shall be liable for any loss, damage or delay due to any of the following force majeure events and/or conditions to the extent that the party invoking force majeure is prevented or hindered from performing any or all of their obligations under this Agreement, provided they have made all reasonable efforts to avoid, minimise or prevent the effect of such events and/or conditions:

(i) acts of God;

(ii) any requisition, control, intervention, requirement or interference by a Governmental Entity;

(iii) any circumstances arising out of war, threatened act of war or warlike operations, acts of terrorism, sabotage or piracy, or the consequences thereof;

(iv) riots, civil commotion, blockades or embargoes;

(v) epidemics;

(vi) earthquakes, landslides, floods or other extraordinary weather conditions;

(vii) strikes, lockouts or other industrial action, unless limited to the employees (which shall not include the Crew) of the party seeking to invoke force majeure;

(viii) fire, accident, explosion except where caused by negligence of the party seeking to invoke force majeure; and

(ix) any other similar cause beyond the reasonable control of either party.

(b) *Liability to Owners*

Without prejudice to Sub-Clause 17(a), the Managers shall be under no liability whatsoever to the Owners for any loss, damage, delay or expense of whatsoever nature, whether direct or indirect (including but not limited to loss of profit arising out of or in connection with detention of or delay to the Vessel), and howsoever arising in the course of performance of the Management Services **UNLESS** the same is proved to have resulted solely from:

(i) the persistent and/or continuing negligence of the Managers which causes material losses and/or material additional expense to the Owners for a period of 3 (three) calendar months or more following a written notice from the Owners that it is dissatisfied with the performance of the Managers due to such negligence and stating the deficiencies to be remedied, provided however, that the Managers shall not be deemed to have acted negligently if the deficiencies arise or are continuing due to circumstances beyond the control of the Managers, the Exclusive Broker and TCMC, or if the Managers are taking reasonable steps to remedy such deficiencies; or

(ii) the gross negligence or wilful default of the Managers or its employees or agents, or sub-contractors employed by them in connection with the Vessel,

(iii) in which case (save where loss, damage, delay or expense has resulted from the Managers' personal act or omission committed with the intent to cause the same or recklessly and with knowledge that such loss, damage, delay or expense would probably result) the Managers' liability for each incident or series of incidents giving rise to a claim or claims shall never exceed a total of (A) three (3) times the annual management fee payable hereunder with respect to such liability arising under the foregoing sub-clause (i) or (B) ten (10) times the annual management fee payable hereunder with respect to such liability arising under the foregoing sub-clause (ii).

(iv) *Acts or omissions of the Crew* – Notwithstanding anything that may appear to the contrary in this Agreement, the Managers shall not be liable for any acts or omissions of the Crew, even if such acts or omissions are negligent, grossly negligent or wilful, except only to the extent that they are shown to have resulted from a failure by the Managers to discharge their obligations under Clause 5(a) (Crew Management), in which case their liability shall be limited in accordance with the terms of this Clause 17 (Responsibilities).

(c) *Indemnity* - Except to the extent and solely for the amount therein set out that the Managers would be liable under Sub- clause 17(b), the Owners hereby undertake to keep the Managers and their employees, agents and sub-contractors indemnified and to hold them harmless against all actions, proceedings, claims, demands or liabilities whatsoever or howsoever arising which may be brought against them or incurred or suffered by them arising out of or in connection with the performance of this Agreement, and against and in respect of all costs, loss, damages and expenses (including legal costs and expenses on a full indemnity basis) which the Managers may suffer or incur (either directly or indirectly) in the course of the performance of this Agreement.

(d) *"Himalaya"* - It is hereby expressly agreed that no employee or agent of the Managers (including every sub-contractor from time to time employed by the Managers) shall in any circumstances whatsoever be under any liability whatsoever to the Owners for any loss, damage or delay of whatsoever kind arising or resulting directly or indirectly from any act, neglect or default on his, her or its part while acting in the course of or in connection with his, her or its employment and, without prejudice to the generality of the foregoing provisions in this Clause 17 (Responsibilities), every exemption, limitation, condition and liberty herein contained and every right, exemption from liability, defence and immunity of whatsoever nature applicable to the Managers or to which the Managers are entitled hereunder shall also be available and shall extend to protect every such employee or agent of the Managers acting as aforesaid and for the purpose of all the foregoing provisions of this Clause 17 (Responsibilities) the Managers are or shall be deemed to be acting as agent or trustee on behalf of and for the benefit of all persons who are or might be their servants or agents from time to time (including sub-contractors as aforesaid) and all such persons shall to this extent be or be deemed to be parties to this Agreement.

18. General Administration

(a) The Managers shall keep the Owners and, if appropriate, the Company informed in a timely manner of any incident of which the Managers become aware which gives or may give rise to a material delay to the Vessel or material claims or disputes involving third parties. Without derogating from the foregoing, the Managers shall present the Owners with a report at least every six (6) months identifying all claims arising in or outstanding in such period, settlement and resolution status, and actions taken with respect thereto.

(b) The Managers shall handle and settle all claims and disputes arising out of the Management Services hereunder with respect to such claims or disputes relating to claims in excess of USD 100,000, unless the Owners instruct the Managers otherwise. The Managers shall keep the Owners appropriately informed in a timely manner throughout the handling of such claims and disputes.

(c) The Owners may request the Managers to bring or defend other actions, suits or proceedings related to the Management Services, on terms to be agreed.

(d) At Owners' cost, the Managers shall have power to obtain appropriate legal or technical or other outside expert advice in relation to the handling and settlement of claims in relation to Sub-clauses 18(b) and 18(c) and disputes and any other matters affecting the interests of the Owners in respect of the Vessel, including the appointment of auditors or other outside experts as may be necessary in the ordinary course of business.

(e) On giving reasonable notice with respect to proposed dates and the scope of inquiry, the Owners may request, and the Managers shall in a timely manner make available, all documentation, information and records in respect of the matters covered by this Agreement either related to mandatory rules or regulations or other obligations applying to the Owners in respect of the Vessel (including but not limited to STCW 95, the ISM Code and ISPS Code) to the extent permitted by relevant legislation and the Managers shall permit the Owners during regular business hours to inspect the Managers' premises, audit records and accounts and meet with executive personnel.

(f) The Managers shall provide the administration and support services set out in Appendix XX (collectively, the "Administrative

& Support Services") at their cost; provided, however, that, at the Owners' sole cost and expense, the Managers may employ the services of external advisors or other third-party service providers if reasonably necessary for the Managers to provide the Administrative & Support Services (including, without limitation, the services of accounting, tax or legal advisors, but expressly excluding day-to-day accounting services or other Administrative & Support Services that Managers provide to other clients in the ordinary course utilizing in-house expertise).

(g) On giving reasonable notice, the Managers may request, and the Owners shall in a timely manner make available, all documentation, information and records reasonably required by the Managers to enable them to perform the Management Services.

(h) The Owners shall arrange for the provision of any necessary guarantee bond or other security.

(i) Any costs reasonably incurred by the Managers in carrying out their obligations according to this Clause 18 (General Administration) unless otherwise expressly provided or agreed shall be reimbursed by the Owners.

19. Inspection of Vessel

The Owners may at any time after giving reasonable notice to the Managers inspect the Vessel for any reason they consider necessary.

20. Compliance with Laws and Regulations

The Parties will not do or permit to be done anything which might cause any breach or infringement of the laws and regulations the Flag State, or of any place where the Vessel trades, nor shall either of the Parties act in any manner which is prohibited under United States laws or regulations related to foreign trade controls.

In performing the Management Services, the Managers shall, and shall use all reasonable endeavours to procure that its Affiliates and sub-contractors shall, comply in all material respects with the written policies of the Owners, Global Ship Lease Services Limited or the Parent that are directly applicable to the Managers' provision of the Management Services and are made known to the Managers in advance in writing, which shall include, but not be limited to, the Owners' Anti-slavery and Human Trafficking Policy, Corporate and Social Responsibility Policy, Anti-bribery and Anti-corruption Policy, Business Ethics Policy, Data and Privacy Policy and Business Conduct Policy and any other policies of the Owners that are so applicable from time to time.

21. Duration of the Agreement

a. This Agreement shall come into effect at the date stated in **Box 2** and shall continue for the minimum contract period set out in Box 18. Either party may give not less than six (6) months written notice to the other during the minimum contract period that this Agreement is to be terminated at the expiry of the minimum contract period set out in Box 18.

b. Following the expiry of the minimum contract period set out in Box 18, and provided that neither party has issued a termination notice pursuant to Clause 21(a) to terminate this Agreement at the end of the minimum contract period, this Agreement may be terminated by either party by giving no less than six (6) months written notice to the other.

c. Should the Owners provide notice under either Clauses 21(a) or (b) above on the basis that they are able to secure more competitive terms from a recognized third party ship manager, they shall provide the Managers in reasonably documented detail, the more competitive terms offered to the Owners by such third party ship manager. The Managers shall have the right to send written notice to the Owners agreeing to match all such terms, in which case this Agreement shall not terminate and shall be deemed to be amended to incorporate such revised terms, as appropriate.

d. Notwithstanding Clauses 21(a) and (b) above, this Agreement may be terminated by either party at any time in accordance with Clause 22 (Termination).)

e. Where the Vessel is not at a mutually convenient port or place on the expiry of such period, this Agreement shall terminate on the subsequent arrival of the Vessel at the next mutually convenient port or place.

22. Termination

Owners' or Managers' default

(a) If either Party fails to meet their obligations under this Agreement, the other Party may give notice to the defaulting Party requiring it to remedy it. In the event that the defaulting Party fails to remedy within a reasonable time to the reasonable

satisfaction of the other Party, that other Party shall be entitled to terminate this Agreement with immediate effect by giving notice to the defaulting Party.

(b) Notwithstanding Clause 22(a):

(i) The Managers shall be entitled to terminate this Agreement with immediate effect by giving notice to the Owners if any monies payable by the Owners under the terms of this Agreement shall not have been received in the Managers' nominated account within thirty (30) days of receipt by the Owners of the Managers' written request, or if the Vessel is repossessed by a mortgagee.

(ii) Unless caused by the act or omission of the Exclusive Broker, if the Owners proceed with the employment of or continue to employ the Vessel in the carriage of contraband, blockade running, or in an unlawful trade, or on a voyage which in the reasonable opinion of the Managers is unduly hazardous or improper, the Managers may give notice of the default to the Owners, requiring them to remedy it as soon as practically possible. In the event that the Owners fail to remedy it within a reasonable time to the satisfaction of the Managers, the Managers shall be entitled to terminate the Agreement with immediate effect by notice.

(iii) If either party fails to meet their respective obligations under Sub-clause 5(b) (Crew Insurances) and Clause 10 (Insurance Policies), the other party may give notice to the party in default requiring them to remedy it within twenty (20) days, failing which the other party may terminate this Agreement with immediate effective by giving notice to the party in default.

(c) Extraordinary Termination

This Agreement shall be deemed to be terminated in the case of the sale of the Vessel (directly or via a sale of a Controlling interest in the Owners) or, if the Vessel becomes a total loss or is declared as a constructive or compromised or arranged total loss or is requisitioned or has been declared missing, or if bareboat chartered, unless otherwise agreed, when the bareboat charter comes to an end; provided, however, that the foregoing shall not apply to (A) the sale of any Vessel pursuant to a sale/leaseback transaction or (B) any termination or expiration of a bareboat charter of such Vessel by the Owners if such Vessel is purchased (or re-purchased) by the Owners.

(d) For the purpose of Sub-clause 22(c) hereof:

(i) the date upon which the Vessel is to be treated as having been sold or otherwise disposed of shall be the date on which the Vessel's Owners cease to be the registered owners of the Vessel;

(ii) the Vessel shall be deemed to be lost either when it has become an actual total loss or agreement has been reached with the Vessel's underwriters in respect of its constructive total loss or if such agreement with the Vessel's underwriters is not reached it is adjudged by a component tribunal that a constructive loss of the Vessel has occurred; and

(iii) the date upon which the Vessel is to be treated as declared missing shall be ten (10) days after the Vessel was last reported or when the Vessel is recorded as missing be the Vessel's underwriters, whichever occurs first. A missing Vessel shall be deemed lost in accordance with the provisions of Sub-clause 22(d)(ii).

The Managers' Default

(e) The Owner may terminate this Agreement for Cause (as hereinafter defined), but only after the Owners have provided the Managers with notice of such Cause and such Cause has not been cured within twenty (20) days of such notice; provided, however, that if any Cause is incapable of being cured, then no notice and cure period shall be required.

(f) **Cause** means any of the following:

(i) The Managers:

(A) persist and/or continue to be negligent in their performance of the Management Services which causes material losses and/or material additional expense to the Owners for a period of 3 (three) calendar months or more following a written notice from the Owners that it is dissatisfied with the performance of the Managers due to such negligence and stating the deficiencies to be remedied, provided however, that the Managers shall not be deemed to have acted negligently if the deficiencies arise or are continuing due to circumstances beyond the control of the Managers, the Exclusive Broker and TCMC or if the Managers are taking reasonable steps to remedy such deficiencies; and/or

(B) is or has been grossly negligent in its performance of the Management Services; and/or

(C) has engaged in wilful misconduct and/or bad faith and/or fraud;

(ii) The Managers wilfully fail to cooperate in any government, agency, regulatory or external self-governing body investigation that could have a material adverse effect on the Owners;

(iii) The Managers or any of their directors, officers or employees are convicted or plead nolo contendere to a felony or a misdemeanour involving moral turpitude that is reasonably likely to have a material adverse effect on the Owners;

(iv) The Managers or any of their directors, officers or employees commit any material violation of any U.S. federal law regulating securities or the business of the Owners or the Parent without having relied on the legal advice of the Owners' or the Parent's counsel to perform or omit to perform the act resulting in such violation or the Managers are the subject of any final order, judicial or administrative, obtained or issued by the United States Securities and Exchange Commission, for any securities violation involving fraud that in each case is reasonably likely to have a material adverse effect on the Owners or the Parent; and

(v) a material breach of the obligations of the Managers under this Agreement that is reasonably likely to have a material adverse effect on the Parent.

(g) The Managers shall be entitled to terminate this Agreement with immediate effect by giving notice to the Owners within a six (6) month period following a Change in Majority Interests or Control.

(h) Owners shall be entitled to terminate this Agreement with immediate effect by giving notice to the Managers within a six (6) month period following a Manager Change of Control.

(i) This Agreement shall terminate automatically in the event of an order being made or resolution passed for the winding up, dissolution, liquidation or bankruptcy of either Party (otherwise than for the purpose of reconstruction or amalgamation) or if a receiver or administrator is appointed, or if it suspends payment, ceases to carry on business or makes any special arrangement or composition with its creditors (any such event, an **Insolvency**).

(j) In addition, where the Managers provide Crew for the Vessel in accordance with Clause 5(a) (Crew Management):

the Owners shall continue to pay Crew Support Costs during the said further period of ninety (90) days; and

the Owners shall pay an equitable proportion of any Severance Costs which may be incurred. The Managers shall use their reasonable endeavours to minimise such Severance Costs.

(k) On the termination, for whatever reason, of this Agreement, the Managers shall arrange to deliver to Owners, if so requested, and upon reasonable notice, the originals where possible, or otherwise certified copies, of all contracts, charters and all documents specifically relating the Vessels and the Management Services provided under this Agreement. The Managers will ensure that such documents will be available for a period of two (2) years following the termination of this Agreement.

(l) The termination of this Agreement shall be without prejudice to all rights accrued between the Parties prior to the date of termination, including for the avoidance of doubt specifically the right of the Managers to receive the Management Fee (a) prior to the date of such termination and (b) in any event up to the expiry of the minimum contract period as per Box 18 provided that, in the event of termination of this Agreement for Cause by the Owners pursuant to clause 22 (e), no Management Fee shall be due or payable to the Managers hereunder for any period after the date of such termination.

(m) In addition to any other payments contemplated herein, ***(i)*** if this Agreement is terminated by the Managers pursuant to any of Clauses 21(a), 21(b), 22(a), 22(b)(i), 22(b)(ii), 22(b)(iii), 22(c) or 22(g) or ***(ii)*** if this Agreement terminates automatically pursuant to Clause 22(i) because of the Insolvency of the Owners, upon such termination the Managers shall be entitled to a lump sum payment in the amount set forth opposite such Clause reference in the following table:

Applicable Clause Reference	Termination Payment
clause 21(a)	50% of the annual management fee payable hereunder at the time of such termination
clause 21(b)	50% of the annual management fee payable hereunder at the time of such termination
clause 22(a)	Two (2) times the annual management fee payable hereunder at the time of such termination
clause 22(b)(i)	Two (2) times the annual management fee payable hereunder at the time of such termination
clause 22(b)(ii)	Two (2) times the annual management fee payable hereunder at the time of such termination
clause 22(b)(iii)	Two (2) times the annual management fee payable hereunder at the time of such termination
clause 22(c)	25% of the annual management fee payable hereunder at the time of such termination
clause 22(g)	Three (3) times the annual management fee payable hereunder at the time of such termination
clause 22(i)	Two (2) times the annual management fee payable hereunder at the time of such termination

(n) In addition to any other payments contemplated herein, ***(i)*** if this Agreement is terminated by the Owners pursuant to any of clauses 21(a), 21(b), 22(a), 22(b)(iii), 22(c), 22(e) or 22(h) , or ***(ii)*** if this Agreement terminates automatically pursuant to clause 22(i) because of the Insolvency of the Managers, upon such termination the Managers shall be entitled to a lump sum payment in the amount set forth opposite such clause reference in the following table:

Applicable Clause Reference	Termination Payment
clause 21(a)	Three (3) times the annual management fee payable hereunder at the time of such termination
clause 21(b)	Two (2) times the annual management fee payable hereunder at the time of such termination
clause 22(a)	25% of the annual management fee payable hereunder at the time of such termination
clause 22(b)(iii)	50% of the annual management fee payable hereunder at the time of such termination
clause 22(c)	One quarter of the annual management fee payable hereunder at the time of such termination
clause 22(e)	None
clause 22(h)	The annual management fee payable hereunder at the time of such termination
clause 22(i)	25% of the annual management fee payable hereunder at the time of such termination

23. BIMCO Dispute Resolution Clause

(a) This Agreement shall be governed by and construed in accordance with English law and any dispute arising out of or in connection with this Agreement shall be referred to arbitration in London in accordance with the Arbitration Act 1996 or any statutory modification or re-enactment thereof save to the extent necessary to give effect to the provisions of this Clause.

The arbitration shall be conducted in accordance with the London Maritime Arbitrators Association (LMAA) Terms current at the time when the arbitration proceedings are commenced.

The reference shall be to three arbitrators. A party wishing to refer a dispute to arbitration shall appoint its arbitrator and send notice of such appointment in writing to the other party requiring the other party to appoint its own arbitrator within 14 calendar days of that notice and stating that it will appoint its arbitrator as sole arbitrator unless the other party appoints its own arbitrator and gives notice that it has done so within the 14 days specified. If the other party does not appoint its own arbitrator and gives notice that it has done so within the 14 days specified, the party referring a dispute to arbitration may, without the requirement of any further prior notice to the other party, appoint its arbitrator as sole arbitrator and shall advise the other party accordingly. The award of a sole arbitrator shall be binding on both parties as if he had been appointed by agreement.

Nothing herein shall prevent the parties agreeing in writing to vary these provisions to provide for the appointment of a sole arbitrator.

In cases where neither the claim nor any counterclaim exceeds the sum of USD50,000 (or such other sum as the parties may agree) the arbitration shall be conducted in accordance with the LMAA Small Claims Procedure current at the time when the arbitration proceedings are commenced.

(b) Notwithstanding Sub-clauses 23(a) above, the parties may agree at any time to refer to mediation any difference and/or dispute arising out of or in connection with this Agreement.

(i) In the case of a dispute in respect of which arbitration has been commenced under Sub-clauses 23(a) above, the following shall apply:

(ii) Either party may at any time and from time to time elect to refer the dispute or part of the dispute to mediation by service on the other party of a written notice (the "Mediation Notice") calling on the other party to agree to mediation.

(iii) The other party shall thereupon within 14 calendar days of receipt of the Mediation Notice confirm that they agree to mediation, in which case the parties shall thereafter agree a mediator within a further 14 calendar days, failing which on the application of either party a mediator will be appointed promptly by the Arbitration Tribunal ("the Tribunal") or such person as the Tribunal may designate for that purpose. The mediation shall be conducted in such place and in accordance with such procedure and on such terms as the parties may agree or, in the event of disagreement, as may be set by the mediator.

(iv) If the other party does not agree to mediate, that fact may be brought to the attention of the Tribunal and may be taken into account by the Tribunal when allocating the costs of the arbitration as between the parties.

(v) The mediation shall not affect the right of either party to seek such relief or take such steps as it considers necessary to protect its interest.

(vi) Either party may advise the Tribunal that they have agreed to mediation. The arbitration procedure shall continue during the conduct of the mediation but the Tribunal may take the mediation timetable into account when setting the timetable for steps in the arbitration.

(vii) Unless otherwise agreed or specified in the mediation terms, each party shall bear its own costs incurred in the mediation and the parties shall share equally the mediator's costs and expenses.

(viii) The mediation process shall be without prejudice and confidential and no information or documents disclosed during it shall be revealed to the Tribunal except to the extent that they are disclosable under the law and procedure governing the arbitration.

(c) If **Box 21** in Part I is not appropriately filled in, Sub-clause 23(a) of this Clause shall apply.

24. Notices

(a) A notice or other communication given under this Agreement (a Notice) shall be:

(i) in writing;

(ii) in the English language; and

(iii) sent by the Permitted Method to the Notified Address.

(b) The Permitted Method means any of the methods set out in the first column below, the second column setting out the date on which a Notice given by such Permitted Method shall be deemed to be given provided the Notice is properly addressed and sent in full to the Notified Address:

(1) **Permitted Method**	**(2)** **Date on which Notice deemed given**
Personal delivery	When left at the Notified Address
Courier delivery	When left at the Notified Address
E-mail	When actually received by the recipient (or made available to the recipient) in readable form

(c) The "Notified Address" (including fax number) of each of the Parties is the address set out below, or as subsequently notified to all Parties in writing:

(i) to the Owners at: [•]
Attention: [•]

(ii) to Managers at: [•]
Attention: [•]
or to such other address as is notified by one Party to the other Party under this Agreement.

And in each case proof of posting, handing in or transmission shall be proof that notice has been given, unless proven to the contrary.

25. Entire Agreement
This Agreement constitutes the entire agreement between the parties and no promise, undertaking, representation, warranty or statement by either party prior to the date stated in **Box 2** shall affect this Agreement. Any modification of this Agreement shall not be of any effect unless in writing signed by or on behalf of the parties.

26. Third Party Rights
Except to the extent provided in Sub-clauses 17(c) (Indemnity) and 17(d) (Himalaya), no third parties may enforce any term of this Agreement.

27. Partial Validity
If any provision of this Agreement is or becomes or is held by any arbitrator or other competent body to be illegal, invalid or unenforceable in any respect under any law or jurisdiction, the provision shall be deemed to be amended to the extent necessary to avoid such illegality, invalidity or unenforceability, or, if such amendment is not possible, the provision shall be deemed to be deleted from this Agreement to the extent of such illegality, invalidity or unenforceability, and the remaining provisions shall continue in full force and effect and shall not in any way be affected or impaired thereby.

28. Confidentiality

(a) The Managers shall keep confidential the Confidential Information disclosed to it by or on behalf of the Owners or howsoever otherwise obtained, developed or created by the Managers.

(b) The Managers shall:

(i) use the Confidential Information solely in connection with the performance of its obligations under this Agreement; and

(ii) take all action reasonably necessary to secure the Confidential Information against theft, loss or unauthorised disclosure.

(c) The restrictions on use or disclosure of Confidential Information in this clause 28 do not apply to information which is:

(i) generally available in the public domain, other than as a result of the Managers' breach of any obligation under this clause 28; or

(ii) lawfully acquired from a third party who owes no obligation of confidentiality in respect of the information; or

(iii) independently developed by the Managers, or was in the Managers' lawful possession prior to receipt from the Owners.

(d) The Managers may disclose the Confidential Information without the prior written consent of the Owners:

(i) to their Affiliates and subcontractors, to whom disclosure is required for the performance of its obligations under this Agreement, but only to the extent necessary to perform such obligations (together the **Permitted Disclosees**); or

(ii) if, and to the extent that, such information is required to be disclosed (including by way of an Announcement) by the rules of any stock exchange or by any governmental, regulatory or supervisory body (including, without limitation, any taxation authority) or court of competent jurisdiction (**Relevant Authority**) to which the Managers are subject, provided

that the Managers shall, if it is not so prohibited by law, provide the Owners with prompt notice of any such requirement or request.

(e) The Managers shall:

(i) before disclosing Confidential Information to a Permitted Disclosee, to the extent reasonably practicable, notify the Owners in writing of the intended disclosure and the identity of the intended Permitted Disclosee;

(ii) ensure that such Permitted Disclosee is aware of and complies with the Managers' obligations under this clause 28 as if it were the Managers; and

(iii) be responsible for the acts and omissions of any Permitted Disclosee in relation to the Confidential Information as if they were the acts or omissions of the Managers.

(f) The parties agree that damages may not be an adequate remedy for the Managers' breach of this clause 28 and (to the extent permitted by the court) the Owners shall be entitled to seek an injunction or specific performance in respect of such breach.

29. Interpretation

In this Agreement:

(a) *Singular/Plural*
The singular includes the plural and vice versa as the context admits or requires.

(b) Headings
The index and heading to the clauses and appendices to this Agreement are for convenience only and shall not affect its construction or interpretation.

(c) Day
"Day" means a calendar day unless expressly stated to the contrary

30. Acts of the Commercial Managers and Exclusive Broker (as applicable)

Notwithstanding anything contained in this Agreement to the contrary, the Owners shall have no liability, through indemnification or otherwise, for any damages, losses, or claims of any kind whatsoever of the Managers arising from or in any way related to the acts or omissions of the Commercial Managers and/or the Exclusive Broker, nor shall the Managers have any right to terminate this Agreement for any circumstance or event arising out of or in any way related to any acts or omissions of the Commercial Managers and/or the Exclusive Broker.

31. Owners' Right to Assign

(a) The Owners may assign all of their rights under this Agreement to any mortgagee of the Vessel provided that such assignment shall not otherwise prejudice the rights of the Managers to terminate this Agreement pursuant to the terms hereof. Upon satisfaction of the condition set forth in the first sentence of this Clause 31(a), the Managers hereby agree to enter into an acknowledgment of such assignment in such form as the mortgagee may reasonably request.

(b) The Managers may not assign all or any of their rights under this Agreement without the prior written consent of the Owners;

(c) Neither party shall be entitled to transfer all or any of its obligations, duties or liabilities under this Agreement unless:
(i) the same is expressly permitted under the terms of this Agreement; or
(ii) it has received the prior written consent of the other party.

APPENDIX

Accounting and Records. The Managers shall, on behalf of the Group, establish an accounting system, including the development, implementation and maintenance over financial reporting and disclosure controls and procedures, and maintain Books and Records, with such modifications as may be necessary to comply with Applicable Laws. The Books and Records shall contain particulars of receipts and disbursements relating to the Group's assets and liabilities and shall be kept pursuant to normal commercial practices that will permit consolidated financial statements to be prepared for the Parent in accordance with US GAAP and stand-alone and, if required, consolidated financial statements for its Subsidiaries under appropriate GAAP. The Books and Records shall be the property of the Group but shall be kept at the Managers' primary office or such other place as the Group and the Managers may mutually agree. Upon expiration or termination of this Agreement, all of the Books and Records shall be provided to the Parent or as the Parent shall direct. The internal control over financial reporting and disclosure controls and procedures shall be designed to be effective in the context of the Parent's management's obligation to report annually on such controls.

Reporting Requirements. The Managers shall prepare and deliver to the Chief Executive Officer and the Chief Financial Officer of the Parent the following reports, which the Managers shall use its reasonable best efforts to prepare and deliver within the time periods specified below or, if not so specified, within the time period requested by the relevant party:

(a) a quarterly report, including draft Earnings Release, to be delivered within 30 days of the end of each Fiscal Quarter (45 days for the Fiscal Quarter ending December 31 in each year) setting out the interim financial results of the Company for such quarter and for the applicable Fiscal Year through the end of such Fiscal Quarter;

(b) as and when requested by the Board of Directors, the Chief Executive Officer or the Chief Financial Officer, draft reports regarding financial and other information required in connection with Applicable Laws (including annual and other reports that may be required to be filed under the Exchange Act and all other Applicable Laws); and

(c) as and when reasonably requested by the Parent from time to time, such other reports with respect to financial and other information of the Group.

Financial Statements and Tax Returns. At the instruction of the Chief Financial Officer, the Managers shall prepare and deliver for review by the Chief Financial Officer and the Audit Committee of the Board of Directors the following, which the Managers shall use its reasonable best efforts to prepare and deliver within the time periods specified below or, if not so specified, within the time period requested by the relevant party:

(a) within 30 days of the end of each Fiscal Quarter, unaudited financial statements of the Parent for such Fiscal Quarter, reviewed by the external auditors of the Parent, prepared in accordance with US GAAP and the rules and regulations of the SEC, on a consolidated basis with all Subsidiaries of the Parent;

(b) within 45 days of the end of each Fiscal Year, financial statements of the Parent for such Fiscal Year, audited by the external auditors of the Parent, prepared in accordance with US GAAP and the rules and regulations of the SEC, on a consolidated basis with all Subsidiaries of the Parent;

(c) within any deadlines imposed by any regulatory authorities or in order to comply with covenants in borrowing facilities, financial statements of the Parent and Subsidiaries (included on a sub-consolidated basis if required) for such Fiscal Year, audited by the external auditors, prepared in accordance with US GAAP or other GAAP as appropriate; and

(d) tax returns for the Parent and all of its Subsidiaries required to be filed by Applicable Laws.

Notwithstanding the foregoing, in the event that the Parent's reporting obligations are accelerated under the Exchange Act beyond what such obligations are at the time of the commencement of this Agreement, the Managers shall use its reasonable best efforts to provide to the Parent the financial statements referred to in clauses (a) and (b) above within such periods as shall be required for the Parent to comply with any reporting requirements under the Exchange Act or other similar applicable laws and regulations.

In addition, the Managers shall attend to the timely calculation and payment of all taxes payable by the Group. At the instruction of the Chief Financial Officer, the Managers shall cause the Parent's external accountants to review the Parent's unaudited financial statements, audit the Parent's and the Subsidiaries' annual financial statements, review internal controls and finalize tax returns. The Managers shall make available to the Parent's accountants the relevant Books and Records for the Company and the Subsidiaries and shall assist the accountants in their duties.

Legal and Securities Compliance Services.

(a) Responsibilities of the Managers.

The Managers shall assist the Group with the following items, whether or not related to any of the Vessels:

(i) compliance with all Applicable Laws, including all relevant securities laws and the rules and regulations of the SEC, the New York Stock Exchange or any other securities exchange upon which the Parent's securities are listed;

(ii) arranging for the provision of advisory services to the Parent with respect to the Parent's obligations under applicable securities laws in the United States and disclosure and reporting obligations under applicable securities laws, including the preparation for review, approval and filing by the Parent of reports and other documents with the SEC and all other applicable regulatory authorities;

(iii) maintaining the Group's corporate existence and good standing in all necessary jurisdictions and assisting in all other corporate and regulatory compliance matters;

(iv) providing information required by any credit rating agencies;

(v) providing support to the Parent with respect to investor relations including maintenance and monitoring of its website;

(vi) providing legal support for transactions, including but not limited to negotiation and documentation of Memoranda of Agreement for the sale and purchase of vessels, new building contracts for vessels, charter parties, vessel financings; and

(vii) adjusting and negotiating settlements, with or on behalf of claimants or underwriters, of any claim, damages for which are recoverable under insurance policies (subject to any applicable deductible).

(b) Administration and Settlement of Legal Actions.

If any Legal Action is commenced against or is required to be commenced in favor of the Group or any of the Vessels, the Managers shall arrange for the commencement or defense of such Legal Action, as the case may be, in the name of, on behalf of and at the expense of the Group, including retaining and instructing legal counsel, investigating the substance of the Legal Action and entering pleadings with respect to the Legal Action. The Managers shall assist the Group in administering and supervising any such Legal Actions and shall keep the Group advised of the status thereof. The Managers may settle any Legal Action on behalf of a Group where the amount of settlement is less than $500,000 with the approval of the Chief Executive Officer or the Chief Financial Officer and, in excess of such amount, with the approval of the Board of Directors.

(c) Interaction with Regulatory Authorities.

Notwithstanding anything in this Appendix or otherwise, the Managers shall not act for or on behalf of the Group in its relationships with any regulatory authorities except to the extent specifically authorized by the Parent from time to time.

Bank Accounts.

The Managers shall oversee banking services for the Group and shall, where necessary, establish in the name of the Parent and its Subsidiaries such bank accounts with such financial institutions as the Parent and its Subsidiaries may request. The Managers shall administer and manage all of the Group's cash and accounts, including making any deposits and withdrawals reasonably necessary for the management of its business and day-to-day operations. The Managers shall promptly deposit all moneys payable to the Group and received by the Managers into a bank account held in the name of the Parent or its Subsidiaries. This provision, and any and all other provisions required to give effect to this provision, shall become effective on the Effective Date.

Corporate Planning.

The Managers shall:

(a) oversee preparation of annual budget, including working capital requirements;

(b) develop forecasts and projections, including profitability analysis; and

(c) obtain investment appraisals;

Other Services.

The Managers shall assist the Group to:

(a) identify, negotiate and secure opportunities for the Group to acquire vessels or companies which own vessels, or to construct vessels, and to negotiate and carry out the purchase of existing vessels, newbuilding vessels or companies which are the registered owners of vessels.

(b) obtain, on behalf of the Group, general insurance, director and officer liability insurance and other insurance of the Group not related to the Vessels that would normally be obtained for companies in a similar business to that of the Group;

(c) if so required by the Group, administer payroll services, for any employee, officer or director of the Parent and its Subsidiaries;

(d) provide the Group with information technology support including email;

(e) provide office space and office equipment for personnel of the Group at the location of the Managers or any subsidiary thereof or as otherwise reasonably designated by the Parent, and clerical, secretarial, accounting and administrative assistance as may be reasonably necessary;

(f) at the request and under the direction of the Parent, handle all administrative and clerical matters in respect of (i) board and committee meetings of the Parent and its Subsidiaries, (ii) the call and arrangement of all annual and special meetings of shareholders, the Parent and any of its subsidiaries, (iii) the preparation of all materials (including notices of meetings and proxy or similar materials) in respect thereof and (iv) the submission of all such materials to the Parent in sufficient time prior to the dates upon which they must be mailed, filed or otherwise relied upon so that the Parent has full opportunity to review, approve, execute and return them to the Managers for filing or mailing or other disposition as the Parent may require or direct;

(g) provide, at the request and under the direction of the Parent, such communications to the transfer agent for the Parent as may be necessary or desirable;

(h) make recommendations to the Parent for the appointment of auditors, accountants, legal counsel and other accounting, financial or legal advisers, and technical, commercial, marketing or other independent experts; *provided, however,* that nothing herein shall permit the Managers to engage any such adviser or expert for the Parent without the Parent's specific approval;

(i) providing assistance and advice to the Group with respect to financing, including (i) the monitoring and administration of the compliance with any applicable financing terms and conditions in effect with investors, banks, lenders or other financial institutions and (ii) the identification and negotiation of new capital or financings or re-financings; and

(j) attend to all other administrative matters necessary to ensure the professional management of the Group's business or as reasonably requested by the Group from time to time

DEFINITIONS AND INTERPRETATION

Unless otherwise defined in this Appendix, capitalized terms used herein but not otherwise defined in this Appendix shall have the meaning given such term in Clause 1 (Definitions) of Part II of this Agreement.

"**Applicable Laws**" means, in respect of any Person, property, transaction or event, all laws, statutes, ordinances, regulations, municipal by-laws, treaties, judgments and decrees applicable to that Person, property, transaction or event, all applicable official directives, rules, consents, approvals, authorizations, guidelines, orders, codes of practice and policies of any Governmental Authority having authority over that Person, property, transaction or event and having the force of law, and all general principles of common law and equity.

"**Board of Directors**" means the board of directors of the Parent, as the same may be constituted from time to time.

"**Books and Records**" means all books of accounts and records, including tax records, sales and purchase records, Vessel records, computer software, formulae, business reports, plans and projections and all other documents, files, correspondence and other information of the Group with respect to the Vessels or the Business (whether or not in written, printed, electronic or computer printout form).

"**Business**" means the Group's business of owning, operating and/or chartering or re-chartering Vessels to other Persons and any other lawful act or activity customarily conducted in conjunction therewith.

"**Chief Executive Officer**" means the chief executive officer of the Parent.

"**Chief Financial Officer**" means the chief financial officer of the Parent.

"**Disclosing Party**" means a party who has disclosed Confidential Information hereunder to the other party or on whose behalf Confidential Information has been disclosed to the other party.

"**Effective Date**" means the date on which this Agreement shall become effective in accordance with box 2.

"**Exchange Act**" means the Securities Exchange Act of 1934, as amended.

"**Fiscal Quarter**" means a fiscal quarter for the Group

"**Fiscal Year**" means the fiscal year of the Parent, being the twelve-month period ending December 31.

"**GAAP**" means the generally accepted accounting principles

"**Group**" means the Parent and all of its Subsidiaries, or any one of them as the context might require

"**Governmental Authority**" means any domestic or foreign government, including any federal, provincial, state, territorial or municipal government, any multinational or supranational organization, any government agency (including the SEC), any tribunal, labor relations board, commission or stock exchange (including the New York Stock Exchange), and any other authority or organization exercising executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, government.

"**Legal Action**" means any action, suit or other proceeding concerning the Owner and/or the Vessel in any jurisdiction.

"Parent" means Global Ship Lease, Inc.

"**Receiving Party**" means a party to whom Confidential Information of a Disclosing Party has been disclosed hereunder.

"**SEC**" means the United States Securities and Exchange Commission.

Annex A – Vessel Details

[•]

[•]

Annex B – Crew

Master and crew to be appointed as appropriate to the trading and operational requirements of the Vessel, always subject to the relevant governing laws and regulations.

Annex C – Budget

[•]

BIMCO

STANDARD SHIP MANAGEMENT AGREEMENT PART I

1. Place and date of Agreement date to be inserted

[•]

2. Date of commencement of Agreement (Cls. 2,12, 21 and 25) date to be inserted.

[•]

3. Owners (name, place of registered office and law of registry) (Cl. 1)

(i) Name: [•]

(ii) Place of registered office: [•]

(iii) Law of registry: [•]

3(a) Guarantors (name, place of registered office and law of registry) (Cl.32)

(i) Name: **GLOBAL SHIP LEASE, INC.**

(ii) Place of registered office: **Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, MH96960, Marshall Islands**

(iii) Law of registry: **Marshall Islands**

4. Managers (name, place of registered office and law of registry) (Cl. 1)

(I) Name: **CONCHART COMMERCIAL INC.**

(II) Place of registered office: **Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, MH96960, Marshall Islands**

(III) Law of registry: **Marshall Islands**

5. The Company (with reference to the ISM/ISPS Code) (state name and IMO Unique Company identification number. If the Company is a third party then also state registered office and principal place of business (Cls. 1 and 9(c)(i))

(i) Name: **N/A**

(ii) IMO Unique Company Identification number: **N/A**

(iii) Place of registered office: **N/A**

(iv) Principal place of business: **N/A**

6. Technical Management (state "yes" or "no" as agreed) (Cl. 4)

NO

7. Crew Management (state "yes or no" as agreed (Cl. 5(a))

NO

8. Commercial Management (state "yes or no" as agreed) (Cl. 6)

YES

9. Chartering Services period (only to be filed in if "yes" stated in Box 8) (Cl. 6(a))

YES
(as amended)

10. Crew Insurance arrangements (state "yes" or "no" as agreed) - **NO**

(i) Crew Insurances* (Cl. 5(b))

(ii) Insurance for persons proceeding to sea onboard (Cl 5(b)(i)):

*only to apply if Crew Management (Cl.5(a)) agreed (see Box 7)

11. Insurance arrangements (state "yes" or "no" as agreed) (Cl. 7)

NO

12. Optional insurances (state optional insurance(s) as agreed, such as piracy, kidnap and ransom, loss of hire and FD & D) (Cl. 10(a)(iv))

N/A

13. Interest (state rate of interest to apply after the due date to outstanding sums) (Cl.9(a))

N/A

14. Annual management fee (Cl. 12(a))

SEE CLAUSE 12(A)

15. Managers' nominated account (Cl. 12(a)) [•]	16. Daily rate (state rate for days in excess of those agreed in budget) (Cl 12(c)) **N/A** 17. Lay-up period/number of months (Cl. 12(d)) **N/A**
18. Minimum Contract Period (state number of months) (Cl. 21) **Twenty Four (24) months following the termination/expiry of either:** **(a) the Vessel's charterparty (existing at any time and as same may be extended or replaced with a new charter from time to time), or** **(b) the Vessel's credit facility or other debt agreement for which the Vessel serves as collateral (existing at any time and as same may be financed, refinanced, amended, supplemented and/or restated from time to time),** **whichever is the latest.**	19. Management fee on termination (state number of months to apply) **Cl. 22**
20. Severance Code (state maximum amount) (Cl 22(g)(ii)) **N/A**	21. Dispute Resolution (state alternative Cl 23(a), 23(b) or 23(c), if Cl.23(c) place of arbitration must be stated) (Cl. 23) **23(a)**
22. Notices (state full contact details for serving notice and communication to the Owners)(Cl 24) **c/o TECHNOMAR SHIPPING INC.** **3-5 MENANDROU STREET** **14561, KIFISSIA** **ATHENS - GREECE**	23. Notices (state full contact details for serving notice and communication to the Managers) **c/o TECHNOMAR SHIPPING INC.** **3-5 MENANDROU STREET** **14561, KIFISSIA** **ATHENS GREECE**

It is mutually agreed between the parties stated in Box 3, Box 3 (a) and the party stated in Box 4 that this Agreement consisting of PART I and PART II as well as Annex "A" (Details of Vessel) attached hereto, shall be performed subject to the conditions contained herein. In the event of a conflict of conditions, the provisions of PART I and Annex "A" shall prevail over those of PART II to the extent of such conflict but no further.

Signature(s) (Owners) [•]	Signature(s) (Managers) [•]
Signature(s) (Parent) [•]	

SECTION 1 – Basis of the Agreement

1. Definitions

In this Agreement save where the context otherwise requires, the following words and expressions shall have the meanings hereby assigned to them:

"**Affiliate**" means, with respect to a specified Person, any Person that directly, or indirectly through one or more intermediaries, Controls, is Controlled by, or is under common Control with the specified Person.

"**Change in Majority Interests or Control**" means the occurrence of any one of the following:

(i) a transaction or series of transactions involving the sale, transfer or other disposition of equity or voting securities in the Owners or in any of its direct or indirect parent companies (including, without limitation, any transfer by the current owners of equity or voting securities in the Parent), to one or more Persons that are not, immediately prior to such sale, Affiliates of the Parent, of more than 50% of the beneficial equity or voting securities in the Owners or in any such parent companies;

(ii) a transaction or series of transactions involving the sale, transfer or other disposition, directly or indirectly, of all or substantially all of the assets of the Parent or its subsidiaries (taken as a whole) to one or more Persons that are not, immediately prior to such sale, transfer, or other disposition, Affiliates of the Parent;

(iii) any merger, consolidation or other business combination of the Owners or any of its direct or indirect parent companies (including, without limitation, the Parent) in which the owners of equity or voting securities in the Parent immediately before such transaction cease to own more than 50% of the equity or voting securities in the Parent (or equity or voting securities of its successors) or the Parent ceases to directly or indirectly own more than 50% of the equity or voting securities in the Owners or its parent companies (or equity or voting securities of their successors) as a result of such transaction;

(iv) the consummation of any transaction or a series of transactions (including, without limitation, any merger or consolidation), the result of which is that any "person"(as such term is used in Section 13(d)(3) of the U.S. Securities Exchange Act of 1934, as amended) becomes the beneficial owner, directly or indirectly of more than 50% of the Parent's voting securities (unless such "person" is, immediately prior to such acquisition, an Affiliate of the Parent), measured by voting power rather than number of shares;

(v) a change in the composition of the Board of Directors of the Parent within any consecutive period of thirty-six (36) months as a result of which fewer than a majority of the directors are Incumbent Directors;

The term "***Incumbent Director***" shall mean a person who either (1) is a member of the Board of Directors of the Parent (the "***Board***") upon conclusion of the Annual Meeting of Shareholders of the Parent for the year 2022 (the "***Effective Date***"), and for each term in office commencing after the Effective Date, has been elected, re-elected, appointed, and/or nominated to the Board, as applicable, in satisfaction of the following subparagraph (2), or (2) after the Effective Date, including for each subsequent term in office, has been elected, re-elected, appointed, and/or nominated to the Board, as applicable, with the affirmative vote of at least a majority of the Incumbent Directors including the affirmative vote of the Executive Chairman at the time of such election, re-election, appointment, or nomination, *provided that*, such person was not elected, re-elected, appointed, or nominated to the Board in connection with an actual or threatened proxy contest relating to the election of directors of the Parent; or

(vi) the employment of George Giouroukos (the "***Executive Chairman***") as the Executive Chairman of the Parent is terminated by the Parent.

"**CMA CGM**" means CMA CGM S.A., a French company.

"**CMA CGM Charter**" means a charter of the Vessel between the Owners and CMA CGM or any of its Affiliates.

"**CMA CGM Charter Brokerage Fee**" means the fee payable by Owners to the Managers in respect of any new charter for the Vessel entered into by CMA CGM or any of its Affiliates and set out in clause 12 (c) below.

"**Commission**" means the commission payable by the Owners to the Managers as set out in clause 12 (a) below.

"**Confidential Information**" means all information (of whatever nature and however recorded or preserved) which:

(a) was disclosed by the Owners to the Managers, whether before or after the date of this Agreement, as a result of the discussions leading up to this Agreement, entering into this Agreement or the performance of this Agreement and is designated as "confidential information" by the Owners at the time of disclosure; or

(b) is information which relates to existing or proposed operations, business plans, market opportunities and business affairs of the Owners or their Affiliates and is clearly confidential from its nature and/or the circumstances in which it was imparted would be regarded as being confidential by a reasonable business person; or

(c) is clearly confidential from its nature and/or the circumstances in which it was imparted, and including information which relates to the commercial affairs, business (including but not limited to any information considered to be price sensitive information by the Owners), finances, infrastructure, products, services, developments, inventions, trade secrets, know-how, personnel, or contracts of, and any other information relating to, the Owners or their Affiliates (or its or their customers); or

(d) any information referred to in (a) to (c) above disclosed on the Owners' behalf by their Affiliates; and

(e) information extracted, copied or derived from information referred to in (a) to (d) above.

"**Control**" or "**Controlling**" or "**Controlled by**" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or otherwise.

"**Crew**" means the master, officers and ratings of a Vessel.

"**Dollars**" and "**US$**" means the lawful currency of the United States of America.

"**Governmental Entity**" means and includes (whether having a distinct legal personality or not) any national or local government authority, board, commission, department, division, organ, instrumentality, court or agency and any association, organisation or institution of which any of the foregoing is a member or to whose jurisdiction any of the foregoing is subject or in whose activities any of the foregoing is a participant.

"**Managers**" means the party identified in **Box 4**.

"**Management Services**" means the services specified in SECTION 2 - Services (Clauses 4 through 7) as indicated affirmatively in **Boxes 6** through **8**, **10 and 11,** and all other functions performed by the Managers under the terms of this Agreement.

"**Manager Change of Control**" means (i) a transaction or series of transactions involving the sale, transfer or other disposition by George Giouroukos to one or more Persons that are not, immediately prior to such sale, Affiliates of George Giouroukos, of more than 50% of the equity interests in the Managers; or (ii) any merger, consolidation or other business combination of the Managers in which George Giouroukos immediately after such transaction ceases to own more than 50% of the equity interests in the Managers (or equity interests of their successors) as a result of such transaction.

"**Owners**" means the party identified in **Box 3**.

"**Parent**" means Global Ship Lease, Inc., a Marshall Islands corporation.

"**Parties**" means the parties to this Agreement.

"**Person**" means any individual, corporation, association, partnership (general or limited), joint venture, trust, estate, limited liability

company, or other legal entity or organization.

"**Subsidiary(ies)**" means, with respect to any Person, (a) a corporation of which more than 50% of the voting power of shares entitled (without regard to the occurrence of any contingency) to vote in the election of directors or other governing body of such corporation is owned, directly or indirectly, at the date of determination by such Person, by one or more Persons Controlled by such Person or a combination thereof, (b) a partnership (whether general or limited) in which such Person or a Person Controlled by such Person is, at the date of determination, a general or limited partner of such partnership, but only if more than 50% of the partnership interests of such partnership (considering all of the partnership interests of the partnership as a single class) is owned, directly or indirectly, at the date of determination, by such Person, one or more Persons Controlled by such Person, or a combination thereof, or (c) any other Person (other than a corporation or a partnership) in which such Person, one or more Persons Controlled by such Person, or a combination thereof, directly or indirectly, at the date of determination, has (i) at least a majority ownership interest or (ii) the power to elect or direct the election of a majority of the directors or other governing body of such Person.

"**TCMC**" means Technomar Crew Management Corporation, a crew manning company affiliated to the Technical Managers with registered offices in Manila, Philippines.

"**Technical Managers**" means Technomar Shipping Inc., a Liberian corporation

"**Technical Management Agreement**" means, with respect to the Vessel, the agreement with respect to technical management services between the Owners and the Technical Managers; and

"**Vessel**" means the vessels, details of which are set out in Annex "A" attached hereto, now or hereinafter owned by the Owners.

2. Commencement and Appointment

With effect from the date stated in **Box 2** for the commencement of the Management Services and continuing unless and until terminated as provided herein, the Owners hereby appoint the Managers and the Managers hereby agree to act as the Managers of the Vessel in respect of the Management Services.

Any and all actions of the Managers in performance of this Agreement before the signing thereof are hereby ratified by the Owners in all respects.

3. Authority of the Managers

Subject to the terms and conditions herein provided, during the period of this Agreement the Managers shall carry out the Management Services in respect of the Vessel as agents for and on behalf of the Owners. The Managers shall have authority to take such actions as they may from time to time in their absolute discretion consider to be necessary to enable them to perform the Management Services in accordance with sound ship management practice, including but not limited to compliance with all relevant rules and regulations.

SECTION 2 – Services

4. Technical Management N/A

(*only applicable if agreed according to **Box* 6).

5. Crew Management and Crew Insurances N/A

(a) Crew Management

*(only applicable if agreed according to **Box* 7)

6. Commercial Management

*(applicable as agreed according to **Box 8).*

The Managers shall provide the following services for the Vessel in accordance with the Owners' instructions, which shall include but not be limited to:

(a) Marketing the Vessel for sale and providing evaluations of possible future earnings and period of employment arranged for the Vessel that will become available for further employment and for ships that are considered/negotiated to be purchased by the Owners;

(b) Seek and negotiate employment for the Vessel including the negotiations and execution of charter parties or other contracts related to the employment of the Vessel. Prior to conclusion of negotiations, the Managers will seek Owners approval for the range of Freight or Hire rate, the period of employment and approval of possible charterers. Managers will also provide the Owners with any obtained references for the potential charterers' reputation and their past performances;

(c) Monitor the developments of the market and keep Owners advised regularly of developments in the market, including fixture reports;

(d) Monitor and keep Owners advised regularly of developments related to new rules and regulations with respect to trading and cargo restrictions, including but not limited to those issued by the United States and any such regulations issued by the United Nations, and including recommendations from recognised shipping entities such as the IMO, Bimco and the National Shipbrokers Association;

(e) Participate in and follow up on international events organized by various national and international bodies, shipping forums, workshops and conferences, where charterers, brokers and/or various agents meet to exchange information and discuss market developments;

(f) Co-ordinating with the charterers and the Technical Managers of the Vessel, for arranging the provision of bunker fuels quantity as required for the Vessel's trade and relevant charter party;

(g) Voyage estimation and assistance in the calculation of hire, freights, demurrage and/or despatch monies due from or due to the charterers of the Vessel. Assist in the collection of any sums due to the Owners related to the commercial operation of the Vessel;

(h) Conveying voyage instruction issued by the charterers to the Technical Managers and follow up compliance with the provisions of the relevant charter party;

(I) Communicate with agents, whenever is deemed necessary, to collect information related to ship's position and cost related issues or other information needed for any commercial evaluation or estimation;

(j) Negotiate M.O.A. details as per Owners' authority and follow up the sale & purchase transactions until the completion of transfer of title to the Vessel under M.O.A. provisions or M.O.A. termination;

(k) In accordance with the Owners' instructions, arranging the pre-purchase inspections of vessels, arranging the pre-purchase class records inspections of vessels, arranging the preparation of the pre-purchase reports; provided, however, the Managers may subcontract the services described in this Clause 6(k) to the Technical Managers;

(l) Coordinate with the Technical Managers with respect to (i) the obligations of the Owners, always in compliance with the terms and conditions applicable to it under the Technical Management Agreement, (ii) consolidation of accounts, budgets and other materials as may be requested by the Owners with respect to the Vessel for which the Technical Managers provide management services under the Technical Management Agreement, and (iii) the scope of management services required of the Technical Managers under the Technical Management Agreement in relation to any charterparty for the Vessel;

(m) Prepare accounts as may be reasonably requested by the Owners incorporating and consolidating individual accounts for the Vessel prepared by the Technical Managers; provided, however, the Managers may subcontract the services described in this Clause 6(m) to the Technical Managers; and

Deliver to the Technical Managers a copy of each charterparty for the Vessel.

The Owners shall not appoint any Person to perform the foregoing services on its behalf other than the Manager.

7. Insurance Arrangements N/A
*(only applicable if agreed according to **Box 11**).*

SECTION 3 – Obligations

8. Managers' Obligations

(a) The Managers undertake to use their best endeavours to provide the Management Services as agents for and on behalf of the Owners in accordance with sound ship brokerage and ship management practice and to protect and promote the interests of the Owners in all matters relating to the provision of services hereunder. In performing and discharging its obligations, duties and liabilities under this Agreement, the Managers shall act in accordance with all instructions communicated to it by the Owners and the Managers shall at all times serve the Owners faithfully and diligently.

Notwithstanding anything herein to the contrary and for the avoidance of doubt, the parties acknowledge that the Managers shall continue to act as a commercial manager (including performing brokerage functions) with respect to vessels owned or operated by persons or entities other than the Owners, the Parent, or their respective Subsidiaries. In addition, and notwithstanding clause 8(a), in the performance of their management responsibilities under this Agreement, the Managers shall be entitled to have regard to their overall responsibility in relation to all other vessels as may from time to time be entrusted to their management and in particular, but without prejudice to the generality of the foregoing, the Managers shall be entitled to allocate available supplies, manpower and services in such manner as in the prevailing circumstances they consider in their discretion (reasonably exercised) to be fair and reasonable, but in no circumstances shall the Vessel be managed in a manner which is less favourable to the interests of the Owners.

In the performance and discharge of its obligations, duties and liabilities under this Agreement, the Managers shall take care not to exceed the authority given by the Owners under the terms of this Agreement and shall act at all times in accordance with the Owner's instructions.

In the performance and discharge of its obligations, duties and liabilities under this Agreement, the Managers shall act with reasonable care and skill in accordance with good industry practices and in compliance with all laws and regulations, and shall provide the Management Services hereunder and maintain the Vessel at a standard at least equivalent to the standards followed by it with respect to the other vessel(s) for which the Managers provide management services.

Notwithstanding anything contained herein to the contrary, the Managers shall at all times devote a sufficient amount of its time, resources and personnel to provide the Management Services contemplated by this Agreement.

(b) The Managers in providing the Management Services will at all times comply with, without limitation, the U.S. Foreign Corrupt Practices Act, any applicable country legislation implementing the OECD Convention on combating Bribery of Foreign Public Officials in International Business Transactions, and the UK Bribery Act 2010, and any other laws or regulations relating to applicable anti-bribery, anti-terrorism, economic sanctions and anti-money laundering, to the extent applicable. The Managers shall not engage in any activity, practice or conduct which constitutes a breach of any of the foregoing; in addition, the Managers shall not employ any Person, nor subcontract with any person or entity, to perform or discharge any of its obligations under this Agreement if that person or entity is designated or identified as a Specially Designated National, a Person subject to sanctions that prohibit all dealings with such Person, a foreign terrorist organisation or an organization that provides support to a foreign terrorist organization by the United States Government or any branch or department thereof (including, but not limited to, the Office of Foreign Asset Control).

9. Owners' Obligations

(a) The Owners shall pay all sums due to the Managers punctually in accordance with the terms of this Agreement.

(b) Deleted. N/A

(c) Deleted. N/A

(d) Deleted. N/A

(e) Deleted N/A

SECTION 4 – Insurance, Budgets, Income, Expenses and Fees

10. Insurance Policies Deleted. N/A

11. Expenses Paid on Behalf of Owners

(a) Deleted N/A

(b) All expenses incurred by the Managers under the terms of this Agreement on behalf of the Owners (including expenses as provided in Clause 12(c)) will be arranged to be paid to the Managers by the Technical Managers by using amounts standing to the credit of the bank account referred to in Clause 11(a) of the Technical Management Agreement.

(c) Deleted. N/A.

12. Management Fee and Expenses

(a) The Owners shall pay to the Managers, who shall be named (i) broker in each charterparty (or equivalent agreement) providing for the charter fixture of a vessel, or (ii) broker in each memorandum of agreement (or equivalent agreement) providing for the sale and purchase of a Vessel, a commission of (i) one and one quarter percent (1.25%) on all monies earned by the relevant Owners on each charter fixture of a Vessel and (ii) one percent (1.00%) based on the sale and purchase price for any sale and purchase of a Vessel (directly or via sale of a Controlling interest in the relevant Vessel owners) (the **Commission**), which shall be payable:

a. on receipt of the sales proceeds, freights, demurrage or hire by the Technical Managers or the Owners (as the case may be);and

b. on the delivery date of any vessel purchased ***[or, at the discretion of the Managers, at the termination of this Agreement for any reason together with any lump sum provided for under clauses 22 (i), 22(j) or 22(k) of this Agreement]***

to the Managers' nominated account stated in **Box 15**;

(b) The Owners shall not pay the Commission to the Managers for any CMA CGM Charter in effect as at 15 November 2018 (if applicable). However, the Owners shall pay the Commission to the Managers on any extensions to such charters agreed after March 31, 2021.

(c) The Managers shall, at no extra cost to the Owners, provide their own office accommodation, office staff, facilities and stationery. Without limiting the generality of this Clause 12 (Management Fee and Expenses) the Owners shall reimburse the Managers for, reasonable postage, communication, travelling and accommodation expenses, and other reasonable out of pocket expenses properly incurred by the Managers in pursuance of the Management Services, including travelling in order to assist in settlements of disputes and outstanding accounts as requested by Owners, it being understood that the Managers shall not make any expenditure in the aggregate in excess of US$[20,000] in any given calendar month without the prior written consent of the Owners.

(d) Deleted. N/A

(e) Deleted. N/A

13. Budgets and Management of Funds

(a) The Managers shall assist the Owner to prepare a budget with forecast gross and net revenues for the Vessel.

(b) Notwithstanding anything contained herein, the Managers shall in no circumstances be required to use or commit their own funds to finance the provision of the Management Services.

14. Trading Restrictions

The Managers shall coordinate with the Owners and the Technical Managers with respect to any trading restrictions to the Vessel.

15. Replacement. Deleted. N/A

16. Managers' Right to Sub-Contract

Except as expressly permitted by Clauses 6(k) and (m) and Clause 18(f) and except to its Affiliates, the Managers shall not subcontract any of their obligations hereunder without the prior written consent of the Owners. In the event of such a sub- contract the Managers shall remain fully liable for the due performance of their obligations under this Agreement. For sake of clarity it is agreed that the involvement of brokers for concluding/fixing any charter is not to be considered as subcontracting.

17. Responsibilities

(a) *Force Majeure* - Neither party shall be liable for any loss, damage or delay due to any of the following force majeure events and/or conditions to the extent that the party invoking force majeure is prevented or hindered from performing any or all of their obligations under this Agreement, provided they have made all reasonable efforts to avoid, minimise or prevent the effect of such events and/or conditions:

(i) acts of God;

(ii) any requisition, control, intervention, requirement or interference by a Government Entity;

(iii) any circumstances arising out of war, threatened act of war or warlike operations, acts of terrorism, sabotage or piracy, or the consequences thereof;

(iv) riots, civil commotion, blockades or embargoes;

(v) epidemics;

(vi) earthquakes, landslides, floods or other extraordinary weather conditions;

(vii) strikes, lockouts or other industrial action, unless limited to the employees (which shall not include the Crew) of the party seeking to invoke force majeure;

(viii) fire, accident, explosion except where caused by negligence of the party seeking to invoke force majeure; and

(ix) any other similar cause beyond the reasonable control of either party.

(b) Liability to Owners

Without prejudice to Sub-Clause 17(a), the Managers shall be under no liability whatsoever to the Owners for any loss, damage, delay or expense of whatsoever nature, whether direct or indirect (including but not limited to loss of profit arising out of or in connection with detention of or delay to the Vessel), and howsoever arising in the course of performance of the Management Services UNLESS the same is proved to have resulted solely from:

(i) the persistent and/or continuing negligence of the Managers which causes material losses and/or material additional expense to the Owners for a period of 3 (three) calendar months or more following a written notice from the Owners that it is dissatisfied with the performance of the Managers due to such negligence and stating the deficiencies to be remedied, provided however, that the Managers shall not be deemed to have acted negligently if the deficiencies arise or are continuing due to circumstances beyond the control of the Managers, the Technical Managers and TCMC, or if the Managers are taking reasonable steps to remedy such deficiencies; or

(ii) the gross negligence or wilful default of the Managers or its employees or agents, or sub-contractors employed by them

in connection with a Vessel,

(iii) in which case (save where loss, damage, delay or expense has resulted from the Managers' personal act or omission committed with the intent to cause the same or recklessly and with knowledge that such loss, damage, delay or expense would probably result) the Managers' liability for each incident or series of incidents giving rise to a claim or claims shall never exceed a total of (A) three (3) times the average monthly Commission payable under clause 12(a) for the twelve (12) months preceding such incident(s) for claims made in respect of the circumstances described in (i) above or ten (10) times the average monthly Commission payable under clause 12(a) for the twelve (12) months preceding such incident(s) for claims made in respect of the circumstances described in (ii) above.

(iv) Acts or omissions of the Crew – Deleted. N/A

(c) *Indemnity –*

Except to the extent and solely for the amount therein set out that the Managers would be liable under Sub- clause 17(b), the Owners hereby undertake to keep the Managers and their employees, agents and sub-contractors indemnified and to hold them harmless against all actions, proceedings, claims, demands or liabilities whatsoever or howsoever arising which may be brought against them or incurred or suffered by them arising out of or in connection with the performance of this Agreement, and against and in respect of all costs, loss, damages and expenses (including legal costs and expenses on a full indemnity basis) which the Managers may suffer or incur (either directly or indirectly) in the course of the performance of this Agreement.

(d) *"Himalaya" –*

It is hereby expressly agreed that no employee or agent of the Managers (including every sub-contractor from time to time employed by the Managers) shall in any circumstances whatsoever be under any liability whatsoever to the Owners for any loss, damage or delay of whatsoever kind arising or resulting directly or indirectly from any act, neglect or default on his, her or its part while acting in the course of or in connection with his, her or its employment and, without prejudice to the generality of the foregoing provisions in this Clause 17 (Responsibilities), every exemption, limitation, condition and liberty herein contained and every right, exemption from liability, defence and immunity of whatsoever nature applicable to the Managers or to which the Managers are entitled hereunder shall also be available and shall extend to protect every such employee or agent of the Managers acting as aforesaid and for the purpose of all the foregoing provisions of this Clause 17 (Responsibilities) the Managers are or shall be deemed to be acting as agent or trustee on behalf of and for the benefit of all persons who are or might be their servants or agents from time to time (including sub-contractors as aforesaid) and all such persons shall to this extent be or be deemed to be parties to this Agreement.

18. General Administration

(a) The Managers shall keep the Owners informed in a timely manner of any incident of which the Managers become aware which gives or may give rise to a material delay to the Vessel or material claims or disputes involving third parties.

(b) The Managers shall handle and settle all claims and disputes arising out of the Management Services hereunder, unless the Owners instruct the Managers otherwise.

(c) The Owners may request the Managers to bring or defend other actions, suits or proceedings related to the Management Services, on terms to be agreed.

(d) At the Owners' cost, the Managers shall have power to obtain appropriate legal or technical or other outside expert advice in relation to the handling and settlement of claims in relation to Sub-clauses 18(b) and 18(c) and disputes and any other matters affecting the interests of the Owners in respect of the Vessel, including the appointment of auditors or other outside experts as may be necessary in the ordinary course of business.

(e) On giving reasonable notice with respect to proposed dates and the scope of inquiry, the Owners may request, and the Managers shall in a timely manner make available, all documentation, information and records in respect of the matters covered by this Agreement and the Managers shall permit the Owners during regular business hours to inspect the Managers' premises, audit records and accounts and meet with executive personnel.

(f) The Managers shall provide monthly financial reports, or other necessary reports reasonably required, to enable the Owners and the Parent to fulfil on a timely basis any applicable reporting requirement that is or may become applicable to it or its successors,

provided that the Owners have given the Managers advance written notice of which reports are so required, the form and content required for such reports and reasonably sufficient time to hire or retain additional personnel to prepare such reports; and provided further that the Managers and the Owners have agreed on the additional costs and expenses to be borne by the Owners and paid to the Managers for performing such services. If the Owners determine in their sole discretion that the Parent will likely be unable to, or be unable to without an unreasonable effort or expense, timely file any reports or believe the Parent is likely to receive a "material weakness" qualification from their auditors with respect to their internal controls, in either case due to the Managers' failure or probable failure to provide necessary information with the required timeframe, then the Managers hereby agree to give authorized employees of the Owners, their accountants or other designated personnel or advisors access to such documents, books, records, data other information and staff of the Managers and their Affiliates (for the avoidance of doubt only being the Technical Managers and TCMC), and related to the matters covered by, or services provided by the Mangers under, this Agreement as is reasonably required to permit the Parent to timely meet any reporting obligations to which it is at any time obligated, or chooses to comply, or to remedy the deficiency with respect to its internal controls as required, or as may be required, by Section 404 of the U.S. Sarbanes Oxley Act. The Managers further agree to cause their Affiliates (the Technical Managers and TCMC) and their employees to cooperate with the designated representatives and the designated representatives shall be entitled to meet with such employees and/or request information from such affiliates (being limited to the Technical Managers and TCMC) or the employees in order to obtain information in respect of the matters covered by this Agreement that is reasonably necessary to permit the Parent to timely meet any reporting obligations to which they are at any time obligated, or choose to comply, or to remedy the deficiency with respect to their internal controls as required, or as may be required, by Section 404 of the U.S. Sarbanes Oxley Act. Notwithstanding anything to the contrary, neither the Managers nor their Affiliates (being limited to the Technical Managers and TCMC) or their respective employees shall be required to provide any information that is not in respect of the matters covered by, or services provided by the Mangers under, this Agreement. The Owners shall bear all costs and expenses associated with the designated representatives services. Notwithstanding anything to the contrary contained herein, the Managers shall not be liable for any failure to timely provide the reports required hereunder so long as the Managers have otherwise complied with the provisions under this Clause 18(f); provided, however, the Managers may subcontract the services described in this Clause 18(f) to the Technical Managers.

(g) On giving reasonable notice, the Managers may request, and the Owners shall in a timely manner make available, all documentation, information and records reasonably required by the Managers to enable them to perform the Management Services.

(h) Any reasonable costs incurred by the Managers in carrying out their obligations according to this Clause 18 (General Administration) shall be reimbursed by the Owners.

19. Inspection of Vessel. Deleted N/A

20. Compliance with Laws and Regulations

(a) The Parties will not do or permit to be done anything which might to cause any breach or infringement of the laws and regulations of the flag state of the Vessel, or of the places where the Vessel trades, nor shall either of the parties act in any manner which is prohibited under United States laws or regulations related to foreign trade controls.

(b) In performing its obligations under this Agreement, the Managers shall and shall use all reasonable endeavours to procure that their Affiliates and sub-contractors shall comply in all material respects with the Parent's written policies that are directly applicable to the Managers' provision of the Management Services and are made known to the Managers in advance in writing, which shall include, but not be limited to, the Parent's Anti-slavery and Human Trafficking Policy, Corporate and Social Responsibility Policy, Anti-bribery and Anti-corruption Policy, Business Ethics Policy, Data and Privacy Policy and Business Conduct Policy and any other policies of the Parent that are so applicable from time to time.

21. Duration of the Agreement

(a) This Agreement shall come into effect at the date stated in **Box 2** and shall continue for the minimum period stated in **Box 18** (the "**Minimum Contract Period**"). Either party may give not less than six (6) months' written notice to the other during the Minimum Contract Period that this Agreement is to be terminated at the expiry of the Minimum Contract Period.

(b) Following the expiry of the Minimum Contract Period, and provided that neither party has issued a termination notice pursuant to clause 21(a) to terminate this Agreement at the end of the Minimum Contract Period, this Agreement may be terminated by either party by giving no less than six (6) months' written notice to the other.

(c) Notwithstanding clause 21(a) and 21(b), this Agreement may be terminated by either party at any time in accordance with clause 22 (Termination).

22. Termination

Owners' or Managers' default

(a) If either party fails to meet their obligations under this Agreement, the other party may give notice to the defaulting party requiring them to remedy it. In the event that the defaulting party fails to remedy within a reasonable time to the reasonable satisfaction of the other party, that other party shall be entitled to terminate this Agreement with immediate effect by giving notice to the defaulting party.

(b) Notwithstanding Clause 22 (a):

(i) The Managers shall be entitled to terminate this Agreement with immediate effect by giving notice to the Owners if any monies payable by the Owners under the terms of this Agreement shall not have been received in the Managers nominated account within thirty (30) days of receipt by the Owners of the Managers written request, or if the Vessel is repossessed by a mortgagee.

(ii) Unless caused by the act or omission of the Managers, if the Owners proceed with the employment of or continue to employ the Vessel in the carriage of contraband, blockade running, or in an unlawful trade, or on a voyage which in the reasonable opinion of the Managers is unduly hazardous or improper, the Managers may give notice of the default to the Owners, requiring them to remedy it as soon as practically possible. In the event that the Owners fail to remedy it within a reasonable time to the satisfaction of the Managers, the Managers shall be entitled to terminate the Agreement with immediate effect by notice.

(c) Managers' default

(i) The Owners may terminate this Agreement for Cause (as hereinafter defined), but only after the Owners have provided the Managers with notice of such Cause and such Cause has not been cured within twenty (20) days of such notice; provided, however, that if any Cause is incapable of being cured, then no notice and cure period shall be required.

(ii) Cause means any of the following:

The Managers:

(A) persist and/or continue to be negligent in their performance of the Management Services which causes material losses and/or material additional expense to the Owners for a period of 3 (three) calendar months or more following a written notice from the Owners that they are dissatisfied with the performance of the Managers due to such negligence and stating the deficiencies to be remedied, provided however, that the Managers shall not be deemed to have acted negligently if the deficiencies arise or are continuing due to circumstances beyond the control of the Managers, the Technical Managers and TCMC or if the Managers are taking reasonable steps to remedy such deficiencies; and/or

(B) was or have been grossly negligent in its performance of the Management Services; and/or

(C) have engaged in wilful misconduct and/or bad faith and/or fraud;

(iii) The Managers wilfully fail to cooperate in any government, agency, regulatory or external self-governing body investigation that could have a material adverse effect on the Owners;

(iv) The Managers or any of their directors, officers or employees are convicted or plead nolo contendere to a felony or a misdemeanour involving moral turpitude that is reasonably likely to have a material adverse effect on the Owners;

(v) The Managers or any of their directors, officers or employees commit any material violation of any U.S. federal law regulating securities or the business of the Owners or the Parent without having relied on the legal advice of the Owners or the Parent's counsel to perform or omit to perform the act resulting in such violation or the Managers are the subject of any final order, judicial or administrative, obtained or issued by the United States Securities and Exchange Commission, for any securities violation involving fraud that in each case is reasonably likely to have a material adverse effect on the Owners or the Parent; and

(vi) a material breach of the obligations of the Managers under this Agreement that is reasonably likely to have a material adverse effect on the Parent.

(d) The Managers shall be entitled to terminate this Agreement with immediate effect by giving notice to the Owners within a six (6) month period following a Change in Majority Interests or Control.

(e) The Owners shall be entitled to terminate this Agreement with immediate effect by giving notice to the Managers within a six (6) month period following a Manager Change of Control.

(f) This Agreement shall terminate automatically in the event of an order being made or resolution passed for the winding up, dissolution, liquidation or bankruptcy of either party (otherwise than for the purpose of reconstruction or amalgamation) or if a receiver or administrator is appointed, or if it suspends payment, ceases to carry on business or makes any special arrangement or composition with its creditors (any such event, an "Insolvency").

(g) On the termination, for whatever reason, of this Agreement, the Managers shall arrange to deliver to the Owners, if so requested, and upon reasonable notice, the originals where possible, or otherwise certified copies, of all contracts, charter- parties and all documents specifically relating the Vessel and the Management Services provided under this Agreement. The Managers will ensure that such documents will be available for a period of two (2) years following the termination of this Agreement.

(h) The termination of this Agreement shall be without prejudice to all rights accrued between the parties prior to the date of termination, including specifically the right of the Managers to receive the Commission or CMA CGM Charter Brokerage Fee, with respect to any charter of the Vessel delivered thereunder for the period during which such charter continues beyond the date of such termination or any consummated/completed sale and purchase transaction of the Vessel (directly or via sale of a Controlling interest in the Owners) prior to the date of such termination; provided that, in the event of termination of this Agreement for "Cause" by the Owners pursuant to Clause 22(c)(i), no Commission or CMA CGM Charter Brokerage Fee shall be due or payable to the Managers hereunder for any period after the date of such termination.

(i) In addition to any other payments contemplated herein, if this Agreement is terminated by the Managers pursuant to ***(i)*** any of clauses 21(a), 21(b), 22(a), 22(b)(i), 22(b)(ii), or 22(d) or ***(ii)*** if this Agreement terminates automatically pursuant to clause 22(f) because of the Insolvency of the Owners, upon such termination the Managers shall be entitled to a lump sum payment in the amount set forth opposite such clause reference in the following table:

Applicable Clause Reference	**Termination Payment**
clause 21(a)	Six (6) times the average monthly Commission paid or accrued to the Managers for the six (6) month period preceding such termination
clause 21(b)	Six (6) times the average monthly Commission paid or accrued to the Managers for the six (6) month period preceding such termination
clause 22(a)	Twelve (12) times the average monthly Commission paid or accrued to the Managers for the twelve (12) month period preceding such termination (or if this Agreement has been in effect for a lesser period, such lesser period)
clause 22(b)(i)	Twelve (12) times the average monthly Commission paid or accrued to the Managers for the twelve (12) month period preceding such termination
clause 22(b)(ii)	Twelve (12) times the average monthly Commission paid or accrued to the Managers for the twelve (12) month period preceding such termination (or if this Agreement has been in effect for a lesser period, such lesser period)

clause 22(d)	Thirty Six (36) times the average monthly Commission paid or accrued to the Managers for the six (6) month period preceding such termination (or if this Agreement has been in effect for a lesser period, such lesser period)
clause 22(f)	Twelve (12) times the average monthly Brokerage Fee paid or accrued to the Managers for the twelve (12) times month period preceding such termination (or if this Agreement has been in effect for a lesser period, such lesser period)

(j) In addition to any other payments contemplated herein, if this Agreement is terminated by the Owners pursuant to ***(i)*** any of clauses 21(a), 21(b), 22(a), 22(c)(i), or 22(e) or ***(ii)*** if this Agreement terminates automatically pursuant to clause 22(f) because of the Insolvency of the Managers, upon such termination the Managers shall be entitled to a lump sum payment in the amount set forth opposite such clause reference in the following table:

Applicable clause Reference	**Termination Payment**
clause 21(a)	Thirty Six (36) times the average monthly Commission paid or accrued to the Managers for the twelve (12) month period preceding such termination
clause 21(b)	Twelve (12) times the average monthly Commission paid or accrued to the Managers for the twelve (12) month period preceding such termination
clause 22(a)	Three (3) times the average monthly Commission or accrued to the Managers for the three (3) month period preceding such termination (or if this Agreement has been in effect for a lesser period, such lesser period)
clause 22(c)(i)	None
clause 22(e)	Twelve (12) times the average monthly Commission paid or accrued to the Managers for the twelve (12) month period preceding such termination (or if this Agreement has been in effect for a lesser period, such lesser period)
clause 22(f)	Three (3) times the average monthly Commission paid or accrued to the Managers for the three (3) month period preceding such termination (or if this Agreement has been in effect for a lesser period, such lesser period)

(k) This Agreement shall be deemed to be terminated (i) in the case of the sale of the Vessel (directly or via sale of a Controlling interest in the Vessel owner) subject to the terms of this Agreement, (ii) if the Vessel subject to the terms of this Agreement becomes a total loss or is declared as a constructive or compromised or arranged total loss or is requisitioned or has been declared missing or (iii) if the Vessel is bareboat chartered, unless otherwise agreed, when the bareboat charter comes to an end; provided, however, that the foregoing shall not apply to (A) the sale of the Vessel pursuant to a sale/leaseback transaction or (B) any termination or expiration of the bareboat charter of the Vessel by the Owners if the Vessel is purchased (or re-purchased) by the Owners. In the event that this Agreement is terminated pursuant to the preceding sentence, the Managers shall be entitled to a lump sum payment in the amount of three (3) times the average monthly Commission paid or accrued to the Managers for the three (3) month period preceding such termination.

(l) For the purpose of Clause 22(k) hereof:

1. the date upon which the Vessel is to be treated as having been sold or otherwise disposed of shall be the date on which the Owners cease to be the registered owners of such Vessel;

2. the Vessel shall be deemed to be lost either when it has become an actual total loss or agreement has been reached with the Vessel's underwriters in respect of its constructive total loss or if such agreement with the Vessel's underwriters is not reached it is adjudged by a component tribunal that a constructive loss of the Vessel has occurred; and

3. the date upon which the Vessel is to be treated as declared missing shall be ten (10) days after the Vessel was last reported or when the Vessel is recorded as missing by the Vessel's underwriters, whichever occurs first. A missing Vessel shall be deemed lost in accordance with the provisions of paragraph (ii) of Clause 22(j).

23. BIMCO Dispute Resolution Clause

(a) This Agreement shall be governed by and construed in accordance with English law and any dispute arising out of or in connection with this Agreement shall be referred to arbitration in London in accordance with the Arbitration Act 1996 or any statutory modification or re-enactment thereof save to the extent necessary to give effect to the provisions of this Clause.

The arbitration shall be conducted in accordance with the London Maritime Arbitrators Association (LMAA) Terms current at the time when the arbitration proceedings are commenced.

The reference shall be to three arbitrators. A party wishing to refer a dispute to arbitration shall appoint its arbitrator and send notice of such appointment in writing to the other party requiring the other party to appoint its own arbitrator within 14 calendar days of that notice and stating that it will appoint its arbitrator as sole arbitrator unless the other party appoints its own arbitrator and gives notice that it has done so within the 14 days specified. If the other party does not appoint its own arbitrator and gives notice that it has done so within the 14 days specified, the party referring a dispute to arbitration may, without the requirement of any further prior notice to the other party, appoint its arbitrator as sole arbitrator and shall advise the other party accordingly. The award of a sole arbitrator shall be binding on both parties as if he had been appointed by agreement.

Nothing herein shall prevent the parties agreeing in writing to vary these provisions to provide for the appointment of a sole arbitrator.

In cases where neither the claim nor any counterclaim exceeds the sum of US$50,000 (or such other sum as the parties may agree) the arbitration shall be conducted in accordance with the LMAA Small Claims Procedure current at the time when the arbitration proceedings are commenced.

(b) Notwithstanding Sub-clause 23(a) above, the parties may agree at any time to refer to mediation any difference and/or dispute arising out of or in connection with this Agreement.

(i) In the case of a dispute in respect of which arbitration has been commenced under Sub-clause 23(a) above, the following shall apply:

(ii) Either party may at any time and from time to time elect to refer the dispute or part of the dispute to mediation by service on the other party of a written notice (the "Mediation Notice") calling on the other party to agree to mediation;

(iii) The other party shall thereupon within 14 calendar days of receipt of the Mediation Notice confirm that they agree to mediation, in which case the parties shall thereafter agree a mediator within a further 14 calendar days, failing which on the application of either party a mediator will be appointed promptly by the Arbitration Tribunal ("the Tribunal") or such person as the Tribunal may designate for that purpose. The mediation shall be conducted in such place and in accordance with such procedure and on such terms as the parties may agree or, in the event of disagreement, as may be set by the mediator;

(iv) If the other party does not agree to mediate, that fact may be brought to the attention of the Tribunal and may be taken into account by the Tribunal when allocating the costs of the arbitration as between the parties;

(v) The mediation shall not affect the right of either party to seek such relief or take such steps as it considers necessary to protect its interest;

(vi) Either party may advise the Tribunal that they have agreed to mediation. The arbitration procedure shall continue during the conduct of the mediation but the Tribunal may take the mediation timetable into account when setting the timetable for steps in the arbitration;

(vii) Unless otherwise agreed or specified in the mediation terms, each party shall bear its own costs incurred in the mediation and the parties shall share equally the mediator's costs and expenses; and

(viii) The mediation process shall be without prejudice and confidential and no information or documents disclosed during it shall be revealed to the Tribunal except to the extent that they are disclosable under the law and procedure governing the arbitration.

(c) If **Box 21** in Part I is not appropriately filled in, Sub-clause 23(a) of this Clause shall apply.

24. Notices

(a) A notice or other communication given under this Agreement (a Notice) shall be:

(i) in writing;

(ii) in the English language; and

(iii) sent by the Permitted Method to the Notified Address.

(b) The Permitted Method means any of the methods set out in the first column below, the second column setting out the date on which a Notice given by such Permitted Method shall be deemed to be given provided the Notice is properly addressed and sent in full to the Notified Address:

(1) **Permitted Method**	**(2)** **Date on which Notice deemed given**
Personal delivery	When left at the Notified Address
Courier delivery	When left at the Notified Address
E-mail	When actually received by the recipient (or made available to the recipient) in readable form

(c) The "Notified Address" (including fax number) of each of the Parties is the address set out below, or as subsequently notified to all Parties in writing:

(i) to the Owners at: [•]
Attention: [•]

(ii) to Managers at: [•]
Attention: [•]

or to such other address as is notified by one Party to the other Party under this Agreement.

25. Entire Agreement

This Agreement constitutes the entire agreement between the parties and no promise, undertaking, representation, warranty or statement by either party prior to the date stated in **Box 2** shall affect this Agreement. Any modification of this Agreement shall not be of any effect unless in writing signed by or on behalf of the parties.

26. Third Party Rights

Except to the extent provided in Sub-clauses 17(c) (Indemnity) and 17(d) (Himalaya), no third parties may enforce any term of this Agreement.

27. Partial Validity

If any provision of this Agreement is or becomes or is held by any arbitrator or other competent body to be illegal, invalid or unenforceable in any respect under any law or jurisdiction, the provision shall be deemed to be amended to the extent necessary to avoid such illegality, invalidity or unenforceability, or, if such amendment is not possible, the provision shall be deemed to be deleted from this Agreement to the extent of such illegality, invalidity or unenforceability, and the remaining provisions shall continue in full force and effect and shall not in any way be affected or impaired thereby.

28. Confidentiality

The Managers shall keep confidential the Confidential Information disclosed to it by or on behalf of the Owners or howsoever otherwise obtained, developed or created by the Managers.

The Managers shall:

(a) use the Confidential Information solely in connection with the performance of its obligations under this Agreement; and

(b) take all action reasonably necessary to secure the Confidential Information against theft, loss or unauthorised disclosure.

The restrictions on use or disclosure of Confidential Information in this clause 28 do not apply to information which is:

(a) generally available in the public domain, other than as a result of the Managers' breach of any obligation under this clause 28; or

(b) lawfully acquired from a third party who owes no obligation of confidentiality in respect of the information; or

(c) independently developed by the Managers, or was in the Managers' lawful possession prior to receipt from the Owners.

The Managers may disclose the Confidential Information without the prior written consent of the Owners:

(a) to its Affiliates and subcontractors, to whom disclosure is required for the performance of its obligations under this Agreement, but only to the extent necessary to perform such obligations (together the **Permitted Disclosees**); or

(b) if, and to the extent that, such information is required to be disclosed (including by way of an announcement) by the rules of any stock exchange or by any governmental, regulatory or supervisory body (including, without limitation, any taxation authority) or court of competent jurisdiction (**Relevant Authority**) to which the Owners or Managers are subject, provided that the Managers shall, if they are not so prohibited by law, provide the Owners with prompt notice of any such requirement or request.

The Managers shall:

(a) before disclosing Confidential Information to a Permitted Disclosee, to the extent reasonably practicable, notify the Owners in writing of the intended disclosure and the identity of the intended Permitted Disclosee;

(b) ensure that such Permitted Disclosee is aware of and complies with the Managers' obligations under this clause 28 as if it were the Managers; and

(c) be responsible for the acts and omissions of any Permitted Disclosee in relation to the Confidential Information as if they were the acts or omissions of the Managers.

The parties agree that damages may not be an adequate remedy for the Managers' breach of this clause 28 and (to the extent permitted by the court) the Owners shall be entitled to seek an injunction or specific performance in respect of such breach.

29. Interpretation

In this Agreement:

(a) Singular/Plural
The singular includes the plural and vice versa as the context admits or requires.

(b) Headings
The index and heading to the clauses and appendices to this Agreement are for convenience only and shall not affect its construction or interpretation.

(c) Day
"Day" means a calendar day unless expressly stated to the contrary.

30. Acts of the Technical Managers

Notwithstanding anything contained in this Agreement to the contrary, the Owners shall have no liability, through indemnification or otherwise, for any damages, losses, or claims of any kind whatsoever of the Managers arising from or in any way related to the acts or omissions of the Technical Managers, nor shall the Managers have any right to terminate this Agreement for any circumstance or event arising out of or in any way related to any acts or omissions of the Technical Managers.

31. Assignment and transfer

(a) The Owners may assign all of their rights under this Agreement to any mortgagee of the Vessel provided that such assignment shall not otherwise prejudice the rights of the Managers under this Agreement, including its rights to terminate this Agreement pursuant to the terms hereof. Upon satisfaction of the condition set forth in the first sentence of this Clause 31(a), the Managers hereby agree to enter into an acknowledgment of such assignment in such form as the mortgagee may reasonably request.

(b) The Managers may not assign all or any of their rights under this Agreement without the prior written consent of the Owners;

(c) Neither party shall be entitled to transfer all or any of its obligations, duties or liabilities under this Agreement unless:

(i) the same is expressly permitted under the terms of this Agreement; or
(ii) it has received the prior written consent of the other party.

32. Guarantee

The Parent hereby irrevocably, absolutely and unconditionally guarantees to Conchart the full payment and performance by Owners of all of Owners' liabilities and obligations under this Agreement (all such liabilities and obligations of Owners being the **Owners' Obligations**) when and as the same are to be paid or performed, as the case may be. Owners' obligations hereunder shall not be affected by any facts or circumstances that might constitute a discharge of or defence to any Owners' Obligation available to the Parent but not available to Owners, and the Parent hereby expressly waives and renounces any and all such discharges and defences.

Annex A – Details of Vessel

[•]

Dated _____ December 2021

US$60,000,000

ZEUS ONE MARINE LLC
HEPHAESTUS MARINE LLC and
PERICLES MARINE LLC
as joint and several Borrowers

and

GLOBAL SHIP LEASE, INC.
as Parent Guarantor

and

THE BANKS AND FINANCIAL INSTITUTIONS
listed in Part B of Schedule 1
as Lenders

and

E.SUN COMMERCIAL BANK, LTD.
CATHAY UNITED BANK
MEGA INTERNATIONAL COMMERCIAL BANK CO., LTD., OFFSHORE BANKING BRANCH and
TAISHIN INTERNATIONAL BANK
as Mandated Lead Arrangers

and

E.SUN COMMERCIAL BANK, LTD.
as Facility Agent

and

E.SUN COMMERCIAL BANK, LTD.
as Security Agent

FACILITY AGREEMENT

relating to the financing of capital expenditure and for general corporate purposes
secured on m.vs. "ORCA I", "DOLPHIN II" and "ATHENA"

Index

Clause Page

Schedules

THIS AGREEMENT is made on ____ December 2021

PARTIES

(1) **ZEUS ONE MARINE LLC**, a limited liability company formed in the Republic of the Marshall Islands with registration number LLC-960215, whose registered address is at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960, as a borrower ("**Borrower A**")

(2) **HEPHAESTUS MARINE LLC**, a limited liability company formed in the Republic of the Marshall Islands with registration number LLC-960215, whose registered address is at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960, as a borrower ("**Borrower B**")

(3) **PERICLES MARINE LLC**, a limited liability company formed in the Republic of the Marshall Islands with registration number LLC-960215, whose registered address is at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960, as a borrower ("**Borrower C**")

(4) **GLOBAL SHIP LEASE, INC.**, a corporation incorporated in the Republic of the Marshall Islands, whose registered address is at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960 as the parent guarantor (the "**Parent Guarantor**")

(5) **THE BANKS AND FINANCIAL INSTITUTIONS** listed in Part B of Schedule 1 (*The Parties*) as lenders (the "**Original Lenders**")

(6) **E.SUN COMMERCIAL BANK, LTD., CATHAY UNITED BANK, MEGA INTERNATIONAL COMMERCIAL BANK CO., LTD., OFFSHORE BANKING BRANCH** and **TAISHIN INTERNATIONAL BANK** as mandated lead arrangers (the "**Mandated Lead Arrangers**")

(7) **E.SUN COMMERCIAL BANK, LTD.** as agent of the other Finance Parties (the "**Facility Agent**")

(8) **E.SUN COMMERCIAL BANK, LTD.** as security agent for the Secured Parties (the "**Security Agent**")

BACKGROUND

The Lenders have agreed to make available to the Borrowers a senior secured term loan facility in an aggregate amount of up to the lower of (i) $60,000,000 and (ii) 40 per cent. of the aggregate Initial Market Value of the Ships for the purpose of financing the capital expenditure and for general corporate purposes secured on the Ships, divided into 3 Tranches, as follows:

(A) Tranche A in an aggregate amount of up to the lesser of (A) $24,300,000 and (B) 40.5 per cent. of the Total Commitments;

(B) Tranche B in an aggregate amount of up to the lesser of (A) $24,540,000 and (B) 40.9 per cent. of the Total Commitments; and

(C) Tranche C in an aggregate amount of up to the lesser of (A) $11,160,000 and (B) 18.6 per cent. of the Total Commitments.

OPERATIVE PROVISIONS

SECTION 1

INTERPRETATION

1 DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Agreement:

"**Account Bank**" means:

(a) in relation to each of the Earnings Accounts, Joh. Berenberg, Gossler & Co. KG, acting in such capacity through its office at Neuer Jungfernstieg 20, 20354 Hamburg, Germany; or

(b) any replacement bank or other financial institution as may be approved by the Facility Agent acting with the authorisation of the Majority Lenders.

"**Accounts**" means the Earnings Accounts, as specified in Schedule 8 (*Accounts*).

"**Account Security**" means a document creating Security over any Account in agreed form.

"**Affiliate**" means, in relation to any person, a Subsidiary of that person or a Holding Company of that person or any other Subsidiary of that Holding Company.

"**Applicable Lender**" has the meaning given in Clause 8.1 (*Calculation of interest*).

"**Approved Brokers**" means any firm or firms of insurance brokers approved in writing by the Facility Agent, such approval not to be unreasonably withheld.

"**Approved Classification**" means, in relation to a Ship, as at the date of this Agreement, the classification in relation to that Ship specified in Schedule 7 (*Details of the Ships*) or the equivalent classification with another Approved Classification Society.

"**Approved Classification Society**" means, in relation to a Ship, as at the date of this Agreement, the classification society in relation to that Ship specified in Schedule 7 (*Details of the Ships*) or any other classification society which is a member of the International Association of Classification Societies (but excluding the Russian Register of Shipping, China Classification Society and the Indian Register of Shipping) approved in writing by the Facility Agent acting with the authorisation of the Majority Lenders (such approval not to be unreasonably withheld).

"**Approved Commercial Manager**" means, in relation to a Ship, as at the date of this Agreement, Conchart Commercial Inc. or any other person approved in writing by the Facility Agent acting with the authorisation of the Majority Lenders as the commercial manager of that Ship.

"**Approved Flag**" means, in relation to a Ship, as at the date of this Agreement, the flag of the Republic of Panama, the Republic of Liberia, the Republic of the Marshall Islands, and of the Hellenic Republic or such other flag approved in writing by the Facility Agent acting with the authorisation of the Lenders (such consent not to be unreasonably withheld).

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

"**Approved Technical Manager**" means, in relation to a Ship, as at the date of this Agreement, Technomar Shipping Inc. or any other person approved in writing by the Facility Agent acting with the authorisation of the Majority Lenders as the technical manager of that Ship.

"**Approved Valuer**" means any of Barry Rogliano Salles, Kontiki Valuations Ltd, Maersk Brokers K/S and Howe Robinson Partners and, in the event that three or more (or, in relation to the proviso contained in the definition of "Market Value", two or more) of such sale and purchase shipbrokers cease, or are unable, to provide a copy of the valuation:

(a) in relation to a Ship, any other firm or firms of independent and reputable sale and purchase shipbrokers which have knowledge and experience of valuing new design de beam-high specification-reefers or containerships; or

(b) in relation to any other vessel which does not have the same characteristics as the Ship, any other firm or firms of independent and reputable sale and purchase shipbrokers,

which is, or as the case may be, are mutually agreed in writing by the Borrowers and the Facility Agent (with the authorisation of the Lenders with such approval not to be unreasonably withheld).

"**Article 55 BRRD**" means Article 55 of Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms.

"**Assignable Charter**" means a Charter in respect of the Ship (including an Initial Charter or, if applicable, a Replacement Charter) which has or is capable of having, by virtue of any optional extensions, a duration of 12 months or more or any bareboat charter in respect of that Ship and any guarantee of the obligations of the bareboat charterer under such bareboat charter, entered or to be entered into by the Borrower which is the owner thereof and a charterer or, as the context may require, bareboat charterer and, in the plural, means all of them.

"**Assignment Agreement**" means an agreement substantially in the form set out in Schedule 5 (*Form of Assignment Agreement*) or any other form agreed between the relevant assignor and assignee.

"**Authorisation**" means an authorisation, consent, approval, resolution, licence, exemption, filing, notarisation, legalisation or registration.

"**Availability Period**" means, in relation to each Tranche, the period from and including the date of this Agreement to and including the date falling three months from the date of this Agreement, or such longer period as the Facility Agent and the Borrowers may agree in writing on the instruction of all the 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 any Advance that is due to be made on or before the proposed Utilisation Date.

"**Available Facility**" means the aggregate for the time being of each Lender's Commitment in respect of the Loan.

"**Bail-In Action**" means the exercise of any Write-down and Conversion Powers.

"**Bail-In Legislation**" means:

(a) in relation to an EEA Member Country which has implemented, or which at any time implements, Article 55 BRRD, the relevant implementing law or regulation as described in the EU Bail-In Legislation Schedule from time to time;

(b) in relation to any state other than such an EEA Member Country and the United Kingdom, any analogous law or regulation from time to time which requires contractual recognition of any Write-down and Conversion Powers contained in that law or regulation; and

(c) in relation to the United Kingdom, the UK Bail-In Legislation.

"**Borrower**" means Borrower A, Borrower B or Borrower C.

"**Break Costs**" means the amount (if any) by which:

(a) the interest which a Lender should have received for the period from the date of receipt of all or any part of its participation in the Loan or an **Unpaid Sum** to the last day of the current Interest Period in relation to the Loan, the relevant part of the Loan or that Unpaid Sum, had the principal amount or Unpaid Sum received been paid on the last day of that Interest Period;

exceeds

(b) the amount which that Lender would be able to obtain by placing an amount equal to the principal amount or Unpaid Sum received by it on deposit with a leading bank in the Relevant Interbank Market for a period starting on the Business Day following receipt or recovery and ending on the last day of the current Interest Period.

"**Business Day**" means a day (other than a Saturday or Sunday) on which banks are open for general business:

(a) in Taiwan and London regarding the fixing of any interest rate which is required to be determined under this Agreement or any Finance Document;

(b) in Hamburg, Taiwan, Hong Kong and New York in respect of any payment which is required to be made under a Finance Document; and

(c) in Athens, Taiwan, Hong Kong and Piraeus regarding any other action to be taken under this Agreement or any other Finance Document.

"**Carbon Intensity and Climate Alignment Certificate**" means a certificate from a Recognised Organisation relating to a Ship and a calendar year setting out:

(a) the average efficiency ratio of that Ship for all voyages performed by it over that calendar year using ship fuel oil consumption data required to be collected and

reported in accordance with Regulation 22A of Annex VI in respect of that calendar year; and

(b) the climate alignment of that Ship for such calendar year,

in each case as calculated in accordance with the Poseidon Principles.

"**Charter**" means, in relation to a Ship, any charter relating to that Ship (including, without limitation, the Initial Charter or any Assignable Charter relating to that Ship), or other contract for its employment, whether or not already in existence.

"**Charter Guarantee**" means any guarantee, bond, letter of credit or other instrument (if any and whether or not already issued) supporting a Charter, the form of which shall not be subject to the Facility Agent's prior approval.

"**Charterparty Assignment**" means, in relation to an Initial Charter or an Assignable Charter of a Ship, a specific deed of assignment of the rights, title and interests of the relevant Borrower under the Initial Charter or that Assignable Charter (as the case may be) in the agreed form.

"**Code**" means the US Internal Revenue Code of 1986.

"**Commercial Management Agreement**" means, in relation to a Ship, the agreement entered into between the Borrower owning that Ship and the Approved Commercial Manager regarding the commercial management of that Ship.

"**Commitment**" means:

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

(b) in relation to any other Lender, the amount of any Commitment transferred to it under this Agreement,

to the extent not cancelled, reduced or transferred by it under this Agreement.

"**Compliance Certificate**" means a certificate in the form set out in Schedule 6 (*Form of Compliance Certificate*) or in any other form agreed between the Parent Guarantor and the Facility Agent.

"**Confidential Information**" means all information relating to any Transaction Obligor, the Group, the Finance Documents or the Facility of which a Finance Party becomes aware in its capacity as, or for the purpose of becoming, a Finance Party or which is received by a Finance Party in relation to, or for the purpose of becoming a Finance Party under, the Finance Documents or the Facility from either:

(a) any member of the Group or any of its advisers; or

(b) another Finance Party, if the information was obtained by that Finance Party directly or indirectly from any member of the Group or any of its advisers,

in whatever form, and includes information given orally and any document, electronic file or any other way of representing or recording information which contains or is derived or copied from such information but excludes:

(i) information that:

(A) is or becomes public information other than as a direct or indirect result of any breach by that Finance Party of Clause 44 (*Confidential Information*); or

(B) is identified in writing at the time of delivery as non-confidential by any member of the Group or any of its advisers; or

(C) is known by that Finance Party before the date the information is disclosed to it in accordance with paragraphs (a) or (b) above or is lawfully obtained by that Finance Party after that date, from a source which is, as far as that Finance Party is aware, unconnected with the Group and which, in either case, as far as that Finance Party is aware, has not been obtained in breach of, and is not otherwise subject to, any obligation of confidentiality; and

(ii) any Funding Rate or Reference Bank Quotation.

"**Confidentiality Undertaking**" means a confidentiality undertaking in substantially the appropriate form recommended by the LMA from time to time or in any other form agreed between the Borrowers and the Facility Agent.

"**Corresponding Debt**" means any amount, other than any Parallel Debt, which an Obligor owes to a Secured Party under or in connection with the Finance Documents.

"**Correction Rate**" means, at any relevant time in relation to an Applicable Lender, the amount (expressed as a rate per annum) by which that Applicable Lender's Cost of Funding exceeds LIBOR.

"**Cost of Funding**" means, in relation to a Lender, the rate per annum determined by that Lender to be the rate at which deposits in Dollars are offered to that Lender by leading banks in the Relevant Interbank Market at that Lender's request at or about the Specified Time on the Quotation Day for an Interest Period and for a period equal to that Interest Period and for delivery on the first Business Day of it, or, if that Lender uses other ways to fund deposits in Dollars, such rate as determined by that Lender to be the Lender's cost of funding deposits in Dollars for that Interest Period, such determination being conclusive and binding in the absence of manifest error.

"**Default**" means an Event of Default or a Potential Event of Default.

"**Delegate**" means any delegate, agent, attorney or co-trustee appointed by the Security Agent.

"**Disruption Event**" means either or both of:

(a) a material disruption to those payment or communications systems or to those financial markets which are, in each case, required to operate in order for payments to be made in connection with the Facility (or otherwise in order for the transactions

contemplated by the Finance Documents to be carried out) which disruption is not caused by, and is beyond the control of, any of the Parties or, if applicable, any Transaction Obligor; or

(b) the occurrence of any other event which results in a disruption (of a technical or systems-related nature) to the treasury or payments operations of a Party or, if applicable, any Transaction Obligor preventing that, or any other, Party or, if applicable, any Transaction Obligor:

(i) from performing its payment obligations under the Finance Documents; or

(ii) from communicating with other Parties or, if applicable, any Transaction Obligor in accordance with the terms of the Finance Documents,

and which (in either such case) is not caused by, and is beyond the control of, the Party or, if applicable, any Transaction Obligor whose operations are disrupted.

"**Dividend Payment**" means, in relation to an Obligor, any of the following:

(a) a declaration, making or payment of any dividend, charge, fee or other distribution (or interest on any unpaid dividend, charge, fee or other distribution) (whether in cash or in kind) on or in respect of its equity interests;

(b) a repayment or distribution of any dividend or share premium reserve; or

(c) a redemption, repurchase, defeasance, retirement or repayment of any of its issued shares or a resolution to do any of the foregoing.

"**Document of Compliance**" has the meaning given to it in the ISM Code.

"**dollars**" and "**$**" mean the lawful currency, for the time being, of the United States of America.

"**Earnings**" means, in relation to a Ship, all moneys whatsoever which are now, or later become, payable (actually or contingently) to a Borrower or the Security Agent and which arise out of or in connection with or relate to the use or operation of that Ship, including (but not limited to):

(a) the following, save to the extent that any of them is, with the prior written consent of the Facility Agent, pooled or shared with any other person:

(i) all freight, hire and passage moneys including, without limitation, all moneys payable under, arising out of or in connection with a Charter or a Charter Guarantee;

(ii) the proceeds of the exercise of any lien on sub-freights;

(iii) compensation payable to a Borrower or the Security Agent in the event of requisition of that Ship for hire or use;

(iv) remuneration for salvage and towage services;

(v) demurrage and detention moneys;

(vi) without prejudice to the generality of sub-paragraph (i) above, damages for breach (or payments for variation or termination) of any charterparty or other contract for the employment of that Ship;

(vii) all moneys which are at any time payable under any Insurances in relation to loss of hire;

(viii) all monies which are at any time payable to a Borrower in relation to general average contribution; and

(b) if and whenever that Ship is employed on terms whereby any moneys falling within sub-paragraphs (i) to (viii) of paragraph (a) above are pooled or shared with any other person, that proportion of the net receipts of the relevant pooling or sharing arrangement which is attributable to that Ship.

"**Earnings Account**" means, in relation to a Borrower:

(a) an account in the name of that Borrower with the Account Bank designated "Earnings Account";

(b) any other account in the name of that Borrower with the Account Bank which may, with the prior written consent of the Facility Agent, be opened in the place of the account referred to in paragraph (a) above, irrespective of the number or designation of such replacement account; or

(c) any sub-account of any account referred to in paragraphs (a) or (b) above.

"**EEA Member Country**" means any member state of the European Union, Iceland, Liechtenstein and Norway.

"**Environmental Approval**" means any present or future permit, ruling, variance or other Authorisation required under Environmental Law.

"**Environmental Claim**" means any claim by any governmental, judicial or regulatory authority or any other person which arises out of an Environmental Incident or an alleged Environmental Incident or which relates to any Environmental Law and, for this purpose, "**claim**" includes a claim for damages, compensation, contribution, injury, fines, losses and penalties or any other payment of any kind, including in relation to clean-up and removal, whether or not similar to the foregoing; an order or direction to take, or not to take, certain action or to desist from or suspend certain action; and any form of enforcement or regulatory action, including the arrest or attachment of any asset.

"**Environmental Incident**" means:

(a) any release, emission, spill or discharge of Environmentally Sensitive Material whether within a Ship or from a Ship into any other vessel or into or upon the air, water, land or soils (including the seabed) or surface water; or

(b) any incident in which Environmentally Sensitive Material is released, emitted, spilled or discharged into or upon the air, water, land or soils (including the seabed) or surface water from a vessel other than any Ship and which involves a collision between any Ship and such other vessel or some other incident of navigation or operation, in either case, in connection with which a Ship is actually or potentially liable to be arrested,

attached, detained or injuncted and/or a Ship and/or any Transaction Obligor and/or any operator or manager of a Ship is at fault or allegedly at fault or otherwise liable to any legal or administrative action; or

(c) any other incident in which Environmentally Sensitive Material is released, emitted, spilled or discharged into or upon the air, water, land or soils (including the seabed) or surface water otherwise than from a Ship and in connection with which a Ship is actually or potentially liable to be arrested and/or where any Transaction Obligor and/or any operator or manager of a Ship is at fault or allegedly at fault or otherwise liable to any legal or administrative action, other than in accordance with an Environmental Approval.

"**Environmental Law**" means any present or future law relating to pollution or protection of human health or the environment, to conditions in the workplace, to the carriage, generation, handling, storage, use, release or spillage of Environmentally Sensitive Material or to actual or threatened releases of Environmentally Sensitive Material.

"**Environmentally Sensitive Material**" means and includes all contaminants, oil, oil products, toxic substances and any other substance (including any chemical, gas or other hazardous or noxious substance) which is (or is capable of being or becoming) polluting, toxic or hazardous.

"**EU Bail-In Legislation Schedule**" means the document described as such and published by the LMA from time to time.

"**Event of Default**" means any event or circumstance specified as such in Clause 27 (*Events of Default*).

"**Facility**" means the term loan facility made available under this Agreement as described in Clause 2 (*The Facility*).

"**Facility Office**" means the office or offices notified by a Lender to the Facility Agent in writing on or before the date it becomes a Lender (or, following that date, by not less than 5 Business Days' written notice) as the office or offices through which it will perform its obligations under this Agreement.

"**FATCA**" means:

(a) sections 1471 to 1474 of the Code or any associated regulations;

(b) any treaty, law or regulation of any other jurisdiction, or relating to an intergovernmental agreement between the US and any other jurisdiction, which (in either case) facilitates the implementation of any law or regulation referred to in paragraph (a) above; or

(c) any agreement pursuant to the implementation of any treaty, law or regulation referred to in paragraphs (a) or (b) above with the US Internal Revenue Service, the US government or any governmental or taxation authority in any other jurisdiction.

"**FATCA Application Date**" means:

(a) in relation to a "withholdable payment" described in section 1473(1)(A)(i) of the Code (which relates to payments of interest and certain other payments from sources within the US), 1 July 2014; or

(b) in relation to a "passthru payment" described in section 1471(d)(7) of the Code not falling within paragraph (a) above, the first date from which such payment may become subject to a deduction or withholding required by FATCA.

"**FATCA Deduction**" means a deduction or withholding from a payment under a Finance Document required by FATCA.

"**FATCA Exempt Party**" means a Party that is entitled to receive payments free from any FATCA Deduction.

"Fee Letter" means any letter or letters dated on or about the date of this Agreement between any of the Mandated Lead Arrangers, the Facility Agent and the Security Agent and any Obligor setting out the amount of any of the fees referred to in Clause 11 (*Fees*) and the time of payment of the same.

"**Finance Document**" means:

(a) this Agreement;

(b) any Fee Letter;

(c) each Utilisation Request;

(d) any Security Document;

(e) any Negative Pledge;

(f) any Managers' Undertaking;

(g) any Subordination Agreement;

(h) any other document which is executed for the purpose of establishing any priority or subordination arrangement in relation to the Secured Liabilities; or

(i) any other document designated as such by the Facility Agent and the Borrowers.

"**Finance Party**" means the Facility Agent, the Security Agent, an Account Bank and/or a Lender.

"**Financial Indebtedness**" means any indebtedness for or in relation to:

(a) moneys borrowed;

(b) any amount raised by acceptance under any acceptance credit facility or dematerialised equivalent;

(c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;

(d) the amount of any liability in relation to any lease or hire purchase contract which would, in accordance with GAAP, be treated as a balance sheet liability (other than any liability in respect of a lease or hire purchase contract which would, in accordance with GAAP in force prior to 1 January 2019, have been treated as an operating lease);

(e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);

(f) any amount raised under any other transaction (including any forward sale or purchase agreement) of a type not referred to in any other paragraph of this definition having the commercial effect of a borrowing;

(g) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value (or, if any actual amount is due as a result of the termination or close-out of that derivative transaction, that amount) shall be taken into account);

(h) any counter-indemnity obligation in relation to a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and

(i) the amount of any liability in relation to any guarantee or indemnity for any of the items referred to in paragraphs (a) to (h) above.

"**Funding Rate**" means any individual rate notified by a Lender to the Facility Agent pursuant to paragraph Clause 10 (*Changes to the calculation of interest*).

"**GAAP**" means generally accepted accounting principles in the United States of America including IFRS.

"**General Assignment**" means, in relation to a Ship, the general assignment creating first ranking Security over:

(a) that Ship's Earnings, its Insurances and any Requisition Compensation in relation to that Ship; and

(b) any Assignable Charter and any Charter Guarantee in relation to any Assignable Charter in respect of that Ship,

in agreed form.

"**Green Passport**" means, in relation to a Ship, a green passport statement of compliance or any other equivalent or superseding document acceptable to the Facility Agent (acting on the instructions of the Majority Lenders), issued by a classification society being a member of the International Association of Classification Societies (IACS) which includes a list of any and all materials known to be potentially hazardous utilised in the construction of that Ship and specifies their precise location on board that Ship.

"**Group**" means the Parent Guarantor and its Subsidiaries for the time being.

"**Holding Company**" means, in relation to a person, any other person in relation to which it is a Subsidiary.

"**IFRS**" means international accounting standards within the meaning of the IAS Regulation 1606/2002 to the extent applicable to the relevant financial statements.

"**Indemnified Person**" has the meaning given to it in Clause 14.2 (*Other indemnities*).

"**Initial Market Value**" means, in relation to a Ship, the Market Value thereof determined pursuant to paragraph 6.2 of Part A of Schedule 2 (*Conditions Precedent*).

"**Initial Charter**" means:

(a) in relation to Ship A, a time charter dated 24 May 2019 (as amended and supplemented from time to time) and made between Borrower A and the relevant Initial Charterer, in relation to the employment of that Ship for a minimum duration ending on 20 April 2024, at a gross charter hire rate of $21,000 per day;

(b) in relation to Ship B, a time charter dated 10 November 2020 (as amended and supplemented from time to time) and made between Borrower B and the relevant Initial Charterer, in relation to the employment of that Ship for a minimum duration ending on 5 March 2025, at a gross charter hire rate of $24,500 per day until 20 April 2022 and a gross charter hire rate of 53,500 per day thereafter; and

(c) in relation to Ship C, a time charter dated 7 April 2021 (as amended and supplemented from time to time) and made between Borrower C and the relevant Initial Charterer, in relation to the employment of that Ship for a minimum duration ending on 3 April 2024, at a gross charter hire rate of $21,500 per day.

"**Initial Charterer**" means:

(a) in relation to Ship A, Maersk Line A/S;

(b) in relation to Ship B, Orient Overseas Container Line Ltd; and

(c) in relation to Ship C, Hapag-Lloyd AG.

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

(a) all policies and contracts of insurance and reinsurance, including entries of that Ship in any protection and indemnity or war risks association, effected in relation to that Ship, that Ship's Earnings or otherwise in relation to that Ship whether before, on or after the date of this Agreement; and

(b) all rights (including, without limitation, any and all rights or claims which the Borrower owning that Ship may have under or in connection with any cut-through clause relative to any reinsurance contract relating to the aforesaid policies or contracts of insurance) and other assets relating to, or derived from, any of such policies, contracts or entries, including any rights to a return of premium and any rights in relation to any claim whether or not the relevant policy, contract of insurance or entry has expired on or before the date of this Agreement.

"**Interest Payment Date**" has the meaning given to it in paragraph (a) of Clause 8.2 (*Payment of interest*).

"**Interest Period**" means, in relation to the Loan or any part of the Loan, each period determined in accordance with Clause 9 (*Interest Periods*) and, in relation to an Unpaid Sum, each period determined in accordance with Clause 8.3 (*Default interest*).

"**Interpolated Screen Rate**" means, in relation to the Loan or any part of the Loan, the rate (rounded to four decimal places) which results from interpolating on a linear basis between:

(a) the applicable Screen Rate for the longest period (for which that Screen Rate is available) which is less than the Interest Period of the Loan or that part of the Loan; and

(b) the applicable Screen Rate for the shortest period (for which that Screen Rate is available) which exceeds the Interest Period of the Loan or that part of the Loan,

each as of the Specified Time for dollars.

"**ISM Code**" means the International Safety Management Code for the Safe Operation of Ships and for Pollution Prevention (including the guidelines on its implementation), adopted by the International Maritime Organisation, as the same may be amended or supplemented from time to time.

"**ISPS Code**" means the International Ship and Port Facility Security (ISPS) Code as adopted by the International Maritime Organization's (IMO) Diplomatic Conference of December 2002, as the same may be amended or supplemented from time to time.

"**ISSC**" means an International Ship Security Certificate issued under the ISPS Code.

"**Legal Reservations**" means:

(a) the principle that equitable remedies may be granted or refused at the discretion of a court and the limitation of enforcement by laws relating to insolvency, reorganisation and other laws generally affecting the rights of creditors;

(b) the time barring of claims under the Limitation Acts, the possibility that an undertaking to assume liability for or indemnify a person against non-payment of UK stamp duty may be void and defences of set-off or counterclaim;

(c) similar principles, rights and defences under the laws of any Relevant Jurisdiction; and

(d) any other matters which are set out as qualifications or reservations as to matters of law of general application in any legal opinion delivered pursuant to Clause 4 (*Conditions of Utilisation*).

"**Lender**" means:

(a) any Original Lender; and

(b) any bank, financial institution, trust, fund or other entity which has become a Party as a Lender in accordance with Clause 28 (*Changes to the Lenders*),

which in each case has not ceased to be a Party as such in accordance with this Agreement.

"**LIBOR**" means, in relation to the Loan or any part of the Loan:

(a) the applicable Screen Rate as of the Specified Time for dollars and for a period equal in length to the Interest Period of the Loan or that part of the Loan; or

(b) as otherwise determined pursuant to Clause 43.5 (*Replacement of Screen Rate*),

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

"**LLC Shares**" shall have, in respect of each Borrower, the meaning ascribed thereto in that Borrower's limited liability company agreement.

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

"**Loan**" means the loan to be made available under the Facility or the aggregate principal amount outstanding for the time being of the borrowings under the Facility and a "**part of the Loan**" means a Tranche, a part of a Tranche or any other part of the Loan as the context may require.

"**Major Casualty**" means, in relation to a Ship, any casualty to that Ship in relation to which the claim or the aggregate of the claims against all insurers, before adjustment for any relevant franchise or deductible, exceeds $1,000,000 or the equivalent in any other currency.

"**Majority Lenders**" means:

(a) if no Tranche has yet been advanced, a Lender or Lenders whose Commitments aggregate more than 67 per cent. of the Total Commitments; or

(b) at any other time, a Lender or Lenders whose participations in the Loan aggregate more than 67 per cent. of the amount of the Loan then outstanding or, if the Loan has been repaid or prepaid in full, a Lender or Lenders whose participations in the Loan immediately before repayment or prepayment aggregate more than 67 per cent. of the Loan immediately before such repayment.

"**Management Agreement**" means a Technical Management Agreement or a Commercial Management Agreement.

"**Manager's Undertaking**" means, in relation to a Ship, the letter of undertaking from the Approved Technical Manager and the letter of undertaking from the Approved Commercial Manager subordinating the rights of the Approved Technical Manager and the Approved Commercial Manager respectively against that Ship and the relevant Borrower to the rights of the Finance Parties in agreed form.

"**Margin**" means 2.75 per cent. per annum.

"**Market Value**" means, in relation to a Ship or any other vessel, at any date, an amount equal to the market value of that Ship or that vessel shown by a copy of valuation addressed and provided to the Facility Agent and prepared:

(a) as at a date not more than 30 days previously;

(b) by an Approved Valuer selected and appointed by the Facility Agent;

(c) with or without physical inspection of that Ship or that vessel (as the Facility Agent may require (acting on the instructions of the Majority Lenders)); and

(d) on the basis of a sale for prompt delivery for cash on normal arm's length commercial terms as between a willing seller and a willing buyer, free of any Charter.

Provided that if the Borrowers disagree with the copy of the valuation obtained by the Facility Agent as above, they shall be entitled to obtain a second copy of valuation from an Approved Valuer selected by the Borrowers and appointed by the Facility Agent and prepared in

accordance with paragraphs (a) – (d) above. In that case, the Market Value of that Ship shall be the arithmetic mean of the two copies of valuations issued (one from the Approved Valuer selected by the Borrowers and appointed by the Facility Agent and one from the Approved Valuer selected and appointed by the Facility Agent). If the Borrowers do not select an Approved Valuer within 14 days after the Facility Agent's request to receive a copy of the valuation of a Ship, the Market Value of that Ship shall be that shown in the sole copy of valuation obtained by the Facility Agent.

"**Material Adverse Effect**" means in the reasonable opinion of the Majority Lenders a material adverse effect on:

(a) the business, operations, property, condition (financial or otherwise) or prospects of the Group as a whole; or

(b) the ability of any Transaction Obligor to perform its obligations under any Finance Document to which it is a party; or

(c) the validity or enforceability of, or the effectiveness or ranking of any Security granted or intended to be granted pursuant to any of, the Finance Documents or the rights or remedies of any Finance Party under any of the Finance Documents.

"**Member**" means Poseidon Containers Holdings LLC, a limited liability company formed in the Marshall Islands.

"**Merger**" means a reverse triangular merger involving the Parent Guarantor and the Member, as a result of which the Member became the indirect, wholly-owned Subsidiary of the Parent Guarantor.

"**Minimum Liquidity Amount**" has the meaning given in Clause 21.1 (*Borrowers' minimum liquidity*).

"**Month**" means a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month, except that:

(a) (subject to paragraph (c) below) if the numerically corresponding day is not a Business Day, that period shall end on the next Business Day in that calendar month in which that period is to end if there is one, or if there is not, on the immediately preceding Business Day;

(b) if there is no numerically corresponding day in the calendar month in which that period is to end, that period shall end on the last Business Day in that calendar month; and

(c) if an Interest Period begins on the last Business Day of a calendar month, that Interest Period shall end on the last Business Day in the calendar month in which that Interest Period is to end.

The above rules will only apply to the last Month of any period.

"**Mortgage**" means, in relation to a Ship, a first preferred Panamanian ship mortgage or, as the case may be, a first preferred or priority ship mortgage at the applicable ship registry of the Approved Flag on that Ship in agreed form.

"**Negative Pledge**" means, in relation to the LLC shares of each Borrower, the negative pledge agreement to be given by the Member in favour of the Security Agent as security for the obligations of the Borrowers under this Agreement and the other Finance Documents, in such form as the Lenders may approve or require and in the plural means all of them.

"**Obligor**" means a Borrower or the Parent Guarantor.

"**Operating Expenses"** means the aggregate expenditure necessarily incurred by each Borrower in operating, insuring, maintaining, repairing and generally trading the Ship owned by it (including, without limitation any crewing fees paid under a Management Agreement) and general and administrative expenses paid in respect of that Ship.

"**Original Financial Statements**" means, in relation to the Parent Guarantor, the audited consolidated financial statements of the Group for its financial year ended 2020.

"**Original Jurisdiction**" means, in relation to an Obligor, the jurisdiction under whose laws that Obligor is formed as at the date of this Agreement.

"**Overseas Regulations**" means the Overseas Companies Regulations 2009 (SI 2009/1801).

"**Parallel Debt**" means any amount which an Obligor owes to the Security Agent under Clause 31.2 (*Parallel Debt (Covenant to pay the Security Agent)*) or under that Clause as incorporated by reference or in full in any other Finance Document.

"**Participating Member State**" means any member state of the European Union that has the euro as its lawful currency in accordance with legislation of the European Union relating to Economic and Monetary Union.

"**Party**" means a party to this Agreement.

"**Perfection Requirements**" means the making or procuring of filings, stampings, registrations, notarisations, endorsements, translations and/or notifications of any Finance Document (and/or any Security created under it) necessary for the validity, enforceability (as against the relevant Obligor or any relevant third party) and/or perfection of that Finance Document.

"**Permitted Charter**" means, in relation to a Ship, a Charter:

(a)

(i) which is a time, voyage or consecutive voyage charter;

(ii) the duration of which does not exceed and is not capable of exceeding, by virtue of any optional extensions, 12 months plus a redelivery allowance of not more than 30 days unless prior approval has been obtained from the Facility Agent;

(iii) which is entered into on *bona fide* arm's length terms at the time at which that Ship is fixed; and

(iv) in relation to which not more than two months' hire is payable in advance; and

(b) an Initial Charter,

and any other Charter which is approved in writing by the Facility Agent acting with the authorisation of the Majority Lenders which authorisation no Lender shall unreasonably withhold or delay.

"**Permitted Financial Indebtedness**" means:

(a) any Financial Indebtedness incurred under the Finance Documents;

(b) any Financial Indebtedness that is subordinated to all Financial Indebtedness incurred under the Finance Documents pursuant to a Subordination Agreement and which is, in the case of any such Financial Indebtedness of the Borrower, the subject of Subordinated Debt Security; and

(c) any normal trading debt of each Borrower incurred in the ordinary course of its business operations of owning and operating the relevant Ship and issuing guarantees thereunder.

"**Permitted Security**" means:

(a) Security created by the Finance Documents;

(b) liens for unpaid master's and crew's wages in accordance with first class ship ownership and management practice and not being enforced through arrest;

(c) liens for salvage;

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

(e) any other lien arising by operation of law or otherwise in the ordinary course of the operation, repair or maintenance of any Ship:

(i) not as a result of any default or omission by any Borrower; and

(ii) subject, in the case of liens for repair or maintenance, to Clause 24.14 (*Restrictions on chartering, appointment of managers etc.*),

provided such lien does not secure amounts more than 60 days overdue (unless the overdue amount is being contested in good faith by appropriate steps and for the payment of which adequate reserves are held and provided further that such proceedings do not give rise to a material risk of the relevant Ship or any interest in it being seized, sold, forfeited or lost).

"**Poseidon Principles**" means the financial industry framework for assessing and disclosing the climate alignment of ship finance portfolios published in June 2019 as the same may be amended or replaced to reflect changes in applicable law or regulation or the introduction of or changes to mandatory requirements of the International Maritime Organisation from time to time.

"**Potential Event of Default**" means any event or circumstance specified in Clause 27 (*Events of Default*) which would (with the expiry of a grace period, the giving of notice, the making of any determination under the Finance Documents or any combination of any of the foregoing) be an Event of Default.

"**Prohibited Person**" means a person that is:

(a) listed on, or owned or controlled by a person listed on any Sanctions List;

(b) located in, incorporated under the laws of, or owned or controlled by, or acting on behalf of, a person located in or organised under the laws of a Sanctioned Country; or

(c) otherwise a target of Sanctions

"**Protected Party**" has the meaning given to it in Clause 12.1 (*Definitions*).

"**Quotation Day**" means, in relation to any period for which an interest rate is to be determined, two Business Days (in London, England) before the first day of that period unless market practice differs in the Relevant Interbank Market in which case the Quotation Day will be determined by the Facility Agent in accordance with market practice in the Relevant Interbank Market (and if quotations would normally be given by leading banks in the Relevant Interbank Market on more than one day, the Quotation Day will be the last of those days).

"**Receiver**" means a receiver or receiver and manager or administrative receiver of the whole or any part of the Security Assets.

"**Recognised Organisation**" means an organisation representing any Ship's flag state and, for the purposes of Clause 24.21 (*Poseidon Principles*) duly authorized to determine whether the relevant Borrower has complied with regulation 22A of Annex VI.

"**Reference Bank Quotation**" means any quotation supplied to the Facility Agent by a Reference Bank.

"**Reference Bank Rate**" means the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Facility Agent at its request by the Reference Banks:

(a) if:

(i) the Reference Bank is a contributor to the Screen Rate; and

(ii) it consists of a single figure,

as the rate (applied to the relevant Reference Bank and the relevant currency and period) which contributors to the Screen Rate are asked to submit to the relevant administrator; or

(b) in any other case, as the rate at which the relevant Reference Bank could fund itself in dollars for the relevant period with reference to the unsecured wholesale funding market.

"**Reference Banks**" means the Hamburg branch of Hamburg Commercial Bank AG, the head office of any other bank which is a Lender at the relevant time (unless such Lender has advised the Facility Agent in writing that it does not wish to be a Reference Bank) and any of their respective successors and any banks as may be appointed by the Facility Agent (acting on the instructions of the Majority Lenders) in consultation with the Borrowers.

"**Related Fund**" in relation to a fund (the "first fund"), means a fund which is managed or advised by the same investment manager or investment adviser as the first fund or, if it is

managed by a different investment manager or investment adviser, a fund whose investment manager or investment adviser is an Affiliate of the investment manager or investment adviser of the first fund.

"**Relevant Interbank Market**" means the London interbank market.

"**Relevant Jurisdiction**" means, in relation to a Transaction Obligor:

(a) its Original Jurisdiction;

(b) any jurisdiction where any asset subject to, or intended to be subject to, any of the Transaction Security created, or intended to be created, by it is situated;

(c) any jurisdiction where it conducts its business; and

(d) the jurisdiction whose laws govern the perfection of any of the Security Documents entered into by it.

"**Relevant Nominating Body**" means any applicable central bank, regulator or other supervisory authority or a group of them, or any working group or committee sponsored or chaired by, or constituted at the request of, any of them or the Financial Stability Board.

"**Repayment Date**" means each date on which a Repayment Instalment is required to be paid under Clause 6.1 (*Repayment of Loan*).

"**Repayment Instalment**" has the meaning given to it in Clause 6.1 (*Repayment of Loan*).

"**Repeating Representation**" means each of the representations set out in Clause 19 (*Representations*) except Clause 19.10 (*Insolvency*), Clause 19.11 (*No filing or stamp taxes*), Clause 19.12 (*Deduction of Tax*), Clause 19.20 (*Initial Charter*) and any representation of any Transaction Obligor made in any other Finance Document that is expressed to be a "Repeating Representation" or is otherwise expressed to be repeated.

"**Replacement Benchmark**" means a benchmark rate which is:

(a) formally designated, nominated or recommended as the replacement for a Screen Rate by:

(i) the administrator of that Screen Rate (provided that the market or economic reality that such benchmark rate measures is the same as that measured by that Screen Rate); or

(ii) any Relevant Nominating Body,

and if replacements have, at the relevant time, been formally designated, nominated or recommended under both paragraphs, the "Replacement Benchmark" will be the replacement under paragraph (ii) above;

(b) in the opinion of the Majority Lenders and the Borrowers, generally accepted in the international or any relevant domestic syndicated loan markets as the appropriate successor to a Screen Rate; or

(c) in the opinion of the Majority Lenders and the Borrowers, an appropriate successor to a Screen Rate.

"**Replacement Charter**" has the meaning ascribed to it in Clause 7.7 (*Termination of Initial Charter*) hereof.

"**Representative**" means any delegate, agent, manager, administrator, nominee, attorney, trustee or custodian.

"**Requisition**" means in relation to a Ship:

(a) any expropriation, confiscation, requisition (excluding a requisition for hire or use which does not involve a requisition for title) or acquisition of that Ship, whether for full consideration, a consideration less than its proper value, a nominal consideration or without any consideration, which is effected (whether *de jure* or *de facto*) by any government or official authority or by any person or persons claiming to be or to represent a government or official authority unless it is within 45 days redelivered to the full control of the relevant Borrower (or any other longer period as the Facility Agent may agree at the request of the relevant Borrower); and

(b) any capture or seizure of that Ship (including any hijacking or theft) by any person whatsoever (unless it is within 45 days redelivered to the full control of the relevant Borrower (or any other longer period as the Facility Agent may agree at the request of the relevant Borrower)).

"**Requisition Compensation**" includes all compensation or other moneys payable to a Borrower by reason of any Requisition or any arrest or detention of a Ship in the exercise or purported exercise of any lien or claim.

"**Resolution Authority**" means any body which has authority to exercise any Write-down and Conversion Powers.

"**Safety Management Certificate**" has the meaning given to it in the ISM Code.

"**Safety Management System**" has the meaning given to it in the ISM Code.

"**Sanctions**" means any trade, economic or financial sanctions laws, regulations, embargoes or restrictive measures administered, enacted or enforced by a Sanctions Authority.

"**Sanctions Authority**" means:

(a) the Security Council of the United Nations;

(b) the United States;

(c) the United Kingdom;

(d) the European Union;

(e) any member state of the European Union (including, without limitation, The Netherlands and France);

(f) any country to which any member of the Group or an Approved Manager is registered or has material (financial or otherwise) interests or operations; and

(g) the governments and official institutions or agencies of any of the foregoing paragraphs, including without limitation the U.S. Office of Foreign Asset Control ("**OFAC**"), the U.S. Department of State, and Her Majesty's Treasury ("**HMT**").

"**Sanctioned Country**" means a country or territory that is the subject or the target of Sanctions (including, without limitation, Cuba, Iran, North Korea, Syria and Crimea).

"**Sanctions List**" means the Specially Designated Nationals and Blocked Persons list maintained by OFAC, the Consolidated List of Financial Sanctions Targets maintained by HMT, or any similar list maintained by, or public announcement of a Sanctions designation made by, a Sanctions Authority, each as amended, supplemented or substituted from time to time.

"**Screen Rate**" means the London interbank offered rate administered by ICE Benchmark Administration Limited (or any other person which takes over the administration of that rate) for dollars for the relevant period displayed (before any correction, recalculation or republication by the administrator) on page LIBOR01 or LIBOR02 of the Thomson Reuters screen (or any replacement Thomson Reuters page which displays that rate) or on the appropriate page of such other information service which publishes that rate from time to time in place of Thomson Reuters. If such page or service ceases to be available, the Facility Agent may specify another page or service displaying the relevant rate after consultation with the Borrowers.

"**Screen Rate Replacement Event**" means, in relation to a Screen Rate:

(a) the methodology, formula or other means of determining that Screen Rate has, in the opinion of the Majority Lenders and the Borrowers, materially changed; or

(b)

(i)

(A) the administrator of that Screen Rate or its supervisor publicly announces that such administrator is insolvent; or

(B) information is published in any order, decree, notice, petition or filing, however described, or filed with a court, tribunal, exchange, regulatory authority or similar administrative, regulatory or judicial body which reasonably confirms that the administrator of that Screen Rate is insolvent,

(C) provided that, in each case, at that time, there is no successor administrator to continue to provide that Screen Rate; or

(ii) the administrator of that Screen Rate publicly announces that it has ceased or will cease, to provide that Screen Rate permanently or indefinitely and, at that time, there is no successor administrator to continue to provide that Screen Rate; or

(iii) the supervisor of the administrator of that Screen Rate publicly announces that such Screen Rate has been or will be permanently or indefinitely discontinued; or

(iv) the administrator of that Screen Rate or its supervisor announces that that Screen Rate may no longer be used; or

(c) the administrator of that Screen Rate determines that that Screen Rate should be calculated in accordance with its reduced submissions or other contingency or fallback policies or arrangements and either:

(i) the circumstance(s) or event(s) leading to such determination are not (in the opinion of the Majority Lenders and the Borrowers) temporary; or

(ii) that Screen Rate is calculated in accordance with any such policy or arrangement for a period no less than 15 Business Days; or

in the opinion of the Majority Lenders and the Borrowers, that Screen Rate is otherwise no longer appropriate for the purposes of calculating interest under this Agreement.

"**Secured Liabilities**" means all present and future obligations and liabilities, (whether actual or contingent and whether owed jointly or severally or in any other capacity whatsoever) of each Transaction Obligor to any Secured Party under or in connection with each Finance Document.

"**Secured Party**" means each Finance Party from time to time party to this Agreement, a Receiver or any Delegate.

"**Security**" means a mortgage, pledge, lien, charge, assignment, hypothecation or security interest or any other agreement or arrangement having the effect of conferring security.

"**Security Assets**" means all of the assets of the Transaction Obligors which from time to time are, or are expressed to be, the subject of the Transaction Security.

"Security Cover Ratio" means, at any relevant time, the aggregate of:

(a) the aggregate Market Value of the Ships then subject to a Mortgage; plus

(b) the net realisable value of additional Security previously provided under Clause 25 (*Security Cover*),

expressed as a percentage of the Loan, as at that time.

"**Security Document**" means:

(a) any Mortgage;

(b) any General Assignment;

(c) any Charterparty Assignment;

(d) any Account Security;

(e) any Subordinated Debt Security;

(f) any other document (whether or not it creates Security) which is executed as security for the Secured Liabilities; or

(g) any other document designated as such by the Facility Agent and the Borrowers.

"**Security Period**" means the period starting on the date of this Agreement and ending on the date on which the Facility Agent is satisfied that there is no outstanding Commitment in force and that the Secured Liabilities have been irrevocably and unconditionally paid and discharged in full.

"**Security Property**" means:

(a) the Transaction Security expressed to be granted in favour of the Security Agent as trustee for the Secured Parties and all proceeds of that Transaction Security;

(b) all obligations expressed to be undertaken by a Transaction Obligor to pay amounts in relation to the Secured Liabilities to the Security Agent as trustee for the Secured Parties and secured by the Transaction Security together with all representations and warranties expressed to be given by a Transaction Obligor or any other person in favour of the Security Agent as trustee for the Secured Parties;

(c) the Security Agent's interest in any turnover trust created under the Finance Documents;

(d) any other amounts or property, whether rights, entitlements, choses in action or otherwise, actual or contingent, which the Security Agent is required by the terms of the Finance Documents to hold as trustee on trust for the Secured Parties,

except:

(i) rights intended for the sole benefit of the Security Agent; and

(ii) any moneys or other assets which the Security Agent has transferred to the Facility Agent or (being entitled to do so) has retained in accordance with the provisions of this Agreement.

"**Selection Notice**" means a notice substantially in the form set out in Part B of Schedule 3 (*Requests*) given in accordance with Clause 9 (*Interest Periods*).

"**Servicing Party**" means the Facility Agent or the Security Agent.

"**Ship**" means Ship A, Ship B or Ship C.

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

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

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

"**Specified Time**" means a day or time determined in accordance with Schedule 9 (*Timetables*).

"**Subordinated Creditor**" means:

(a) a Transaction Obligor; or

(b) any other person who becomes a Subordinated Creditor in accordance with this Agreement.

"**Subordinated Debt Security**" means a Security over Subordinated Liabilities entered into or to be entered into by a Subordinated Creditor in favour of the Security Agent in an agreed form.

"**Subordinated Finance Document**" means:

(a) a Subordinated Loan Agreement; and

(b) any other document relating to or evidencing Subordinated Liabilities.

"**Subordinated Liabilities**" means all indebtedness owed or expressed to be owed by the Borrowers to a Subordinated Creditor whether under the Subordinated Finance Documents or otherwise.

"**Subordinated Loan Agreement**" means any loan agreement made between (i) a Borrower and (ii) a Subordinated Creditor.

"**Subordination Agreement**" means a subordination agreement entered into or to be entered into by a Subordinated Creditor and the Security Agent, subordinating, *inter alia* all the Subordinated Creditor's rights and interests under any Subordinated Loan Agreement to the rights and interests of the Finance Parties in agreed form.

"**Subsidiary**" means a subsidiary undertaking within the meaning of section 1162 of the Companies Act 2006.

"**Tax**" means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same).

"**Tax Credit**" has the meaning given to it in Clause 12.1 (*Definitions*).

"**Tax Deduction**" has the meaning given to it in Clause 12.1 (*Definitions*).

"**Tax Payment**" has the meaning given to it in Clause 12.1 (*Definitions*).

"**Technical Management Agreement**" means the agreement entered into between a Borrower and an Approved Technical Manager regarding the technical management of the Ship owned by that Borrower.

"**Termination Date**" means the date falling 54 months from the first Utilisation Date.

"Testing Date" means each date falling on the earlier of (a) the date on which the audited or, as the case may be, unaudited, financial statements referred to in Clause 20.2 (*Financial statements*) are actually delivered to the Facility Agent pursuant to the provisions of that Clause and (b) the latest date by which each such financial statements are required to be delivered to the Facility Agent pursuant to Clause 20.2 (*Financial statements*), commencing

with the financial statements for the 6-month period ending on 31 December 2021 in relation to the Parent Guarantor.

"**Third Parties Act**" has the meaning given to it in Clause 1.5 (*Third party rights*).

"**Total Commitments**" means the aggregate of the Commitments, being, at the date of the Agreement, an aggregate amount of up to the lower of (i) $60,000,000 and (ii) 40 per cent. of the aggregate Initial Market Value of the Ships.

"**Total Loss**" means, in relation to a Ship:

(a) actual, constructive, compromised, agreed or arranged total loss of that Ship; or

(b) any Requisition of that Ship unless that Ship is returned to the full control of the relevant Borrower within 45 days of such Requisition (or such longer period as may be requested by the Borrowers and agreed to by the Facility Agent).

"**Total Loss Date**" means, in relation to the Total Loss of a Ship:

(a) in the case of an actual loss of that Ship, the date on which it occurred or, if that is unknown, the date when that Ship was last heard of;

(b) in the case of a constructive, compromised, agreed or arranged total loss of that Ship, the earlier of:

(i) the date on which a notice of abandonment is given (or deemed or agreed to be given) to the insurers; and

(ii) the date of any compromise, arrangement or agreement made by or on behalf of the relevant Borrower with that Ship's insurers in which the insurers agree to treat that Ship as a total loss; and

(c) in the case of any other type of Total Loss, the date (or the most likely date) on which it appears to the Facility Agent that the event constituting the total loss occurred.

"**Tranche**" means Tranche A, Tranche B or Tranche C.

"**Tranche A**" means, that part of the Loan made or to be made available to the Borrowers in a principal amount not exceeding $24,300,000.

"**Tranche B**" means, that part of the Loan made or to be made available to the Borrowers in a principal amount not exceeding $24,540,000.

"**Tranche C**" means, that part of the Loan made or to be made available to the Borrowers in a principal amount not exceeding $11,160,000.

"**Transaction Document**" means:

(a) a Finance Document;

(b) a Subordinated Finance Document;

(c) any Assignable Charter; or

(d) any other document designated as such by the Facility Agent and a Borrower.

"**Transaction Obligor**" means an Obligor or any other member of the Group who executes a Transaction Document.

"**Transaction Security**" means the Security created or evidenced or expressed to be created or evidenced under the Security Documents.

"**Transfer Certificate**" means a certificate substantially in the form set out in Schedule 4 (*Form of Transfer Certificate*) or any other form agreed between the Facility Agent and the Borrowers.

"**Transfer Date**" means, in relation to an assignment or a transfer, the later of:

(a) the proposed Transfer Date specified in the relevant Assignment Agreement or Transfer Certificate; and

(b) the date on which the Facility Agent executes the relevant Assignment Agreement or Transfer Certificate.

"**UK Bail-In Legislation**" means Part 1 of the United Kingdom Banking Act 2009 and any other law or regulation applicable in the United Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial institutes or their affiliates (otherwise than through liquidation, administration or other insolvency proceedings).

"**UK Establishment**" means a UK establishment as defined in the Overseas Regulations.

"**Unpaid Sum**" means any sum due and payable but unpaid by a Transaction Obligor under the Finance Documents.

"**US**" means the United States of America.

"**US Tax Obligor**" means:

(a) a person which is resident for tax purposes in the US; or

(b) a person some or all of whose payments under the Finance Documents are from sources within the US for US federal income tax purposes.

"**Utilisation**" means the utilisation of any part of the Facility.

"**Utilisation Date**" means the date of a Utilisation, being the date on which the relevant Tranche is to be made.

"**Utilisation Request**" means a notice substantially in the form set out in Part A of Schedule 3 (*Requests*).

"**VAT**" means:

(a) any value added tax imposed by the Value Added Tax Act 1994;

(b) any tax imposed in compliance with the Council Directive of 28 November 2006 on the common system of value added tax (EC Directive 2006/112); and

(c) any other tax of a similar nature, whether imposed in the United Kingdom or a member state of the European Union in substitution for, or levied in addition to, such tax referred to in paragraph (a) above, or imposed elsewhere.

"**Write-down and Conversion Powers**" means:

(a) in relation to any Bail-In Legislation described in the EU Bail-In Legislation Schedule from time to time, the powers described as such in relation to that Bail-In Legislation in the EU Bail-In Legislation Schedule;

(b) in relation to any other applicable Bail-In Legislation other than the UK Bail-In Legislation:

(i) any powers under that Bail-In Legislation to cancel, transfer or dilute shares issued by a person that is a bank or investment firm or other financial institution or affiliate of a bank, investment firm or other financial institution, to cancel, reduce, modify or change the form of a liability of such a person or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or any other person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that Bail-In Legislation that are related to or ancillary to any of those powers; and

(ii) any similar or analogous powers under that Bail-In Legislation; and

(c) in relation to any UK Bail In Legislation, any powers under that UK Bail-In Legislation to cancel, transfer or dilute shares issued by a person that is a bank or investment firm or other financial institution or affiliate of a bank, investment firm or other financial institution, to cancel, reduce, modify or change the form of a liability of such a person or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or any other person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that UK Bail-In Legislation that are related to or ancillary to any of those powers.

1.2 Construction

(a) Unless a contrary indication appears, a reference in this Agreement to:

(i) the "**Account Bank**", the "**Mandated Lead Arrangers**", the "**Facility Agent**", any "**Finance Party**", any "**Lender**", any "**Obligor**", any "**Party**", any "**Secured Party**", the "**Security Agent**", any "**Transaction Obligor**" or any other person shall be construed so as to include its successors in title, permitted assigns and permitted transferees to, or of, its rights and/or obligations under the Finance Documents;

(ii) "**assets**" includes present and future properties, revenues and rights of every description;

(iii) a liability which is "**contingent**" means a liability which is not certain to arise and/or the amount of which remains unascertained;

(iv) "**document**" includes a deed and also a letter, fax, email or telex;

(v) "**expense**" means any kind of cost, charge or expense (including all legal costs, charges and expenses) and any applicable Tax including VAT;

(vi) a "**Finance Document**", a "**Security Document**" or "**Transaction Document**" or any other agreement or instrument is a reference to that Finance Document, Security Document or Transaction Document or other agreement or instrument as amended, replaced, novated, supplemented, extended or restated;

(vii) a "**group of Lenders**" includes all the Lenders;

(viii) "**indebtedness**" includes any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent;

(ix) "**law**" includes any order or decree, any form of delegated legislation, any treaty or international convention and any regulation or resolution of the Council of the European Union, the European Commission, the United Nations or its Security Council;

(x) "**proceedings**" means, in relation to any enforcement provision of a Finance Document, proceedings of any kind, including an application for a provisional or protective measure;

(xi) a "**person**" includes any individual, firm, company, corporation, government, state or agency of a state or any association, trust, joint venture, consortium, partnership or other entity (whether or not having separate legal personality);

(xii) a "**regulation**" includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;

(xiii) a provision of law is a reference to that provision as amended or re-enacted from time to time;

(xiv) a time of day is a reference to London time;

(xv) any English legal term for any action, remedy, method of judicial proceeding, legal document, legal status, court, official or any legal concept or thing shall, in respect of a jurisdiction other than England, be deemed to include that which most nearly approximates in that jurisdiction to the English legal term;

(xvi) words denoting the singular number shall include the plural and vice versa; and

(xvii) "**including**" and "**in particular**" (and other similar expressions) shall be construed as not limiting any general words or expressions in connection with which they are used.

(b) The determination of the extent to which a rate is "**for a period equal in length**" to an Interest Period shall disregard any inconsistency arising from the last day of that Interest Period being determined pursuant to the terms of this Agreement.

(c) Section, Clause and Schedule headings are for ease of reference only and are not to be used for the purposes of construction or interpretation of the Finance Documents.

(d) Unless a contrary indication appears, a term used in any other Finance Document or in any notice given under, or in connection with, any Finance Document has the same meaning in that Finance Document or notice as in this Agreement.

(e) A Potential Event of Default is "**continuing**" if it has not been remedied or waived and an Event of Default is "**continuing**" if it has not been waived or, if the Facility Agent deems that is capable of remedy, has not been remedied within the period of time specified by the Facility Agent.

1.3 Construction of insurance terms

In this Agreement:

"**approved**" means, for the purposes of Clause 23 (*Insurance Undertakings*), approved in writing by the Facility Agent.

"**excess risks**" means, in respect of a Ship, the proportion of claims for general average, salvage and salvage charges not recoverable under the hull and machinery policies in respect of that Ship in consequence of its insured value being less than the value at which that Ship is assessed for the purpose of such claims.

"**obligatory insurances**" means all insurances effected, or which any Borrower is obliged to effect, under Clause 23 (*Insurance Undertakings*) or any other provision of this Agreement or of another Finance Document.

"**policy**" includes a slip, cover note, certificate of entry or other document evidencing the contract of insurance or its terms.

"**protection and indemnity risks**" means the usual risks covered by a protection and indemnity association managed in London, including pollution risks and the proportion (if any) of any sums payable to any other person or persons in case of collision which are not recoverable under the hull and machinery policies by reason of the incorporation in them of clause 6 of the International Hull Clauses (1/11/02) (1/11/03), clause 8 of the Institute Time Clauses (Hulls) (1/10/83) (1/11/95) or the Institute Amended Running Down Clause (1/10/71) or any equivalent provision.

"**war risks**" includes the risk of mines and all risks excluded by clauses 29, 30 or 31 of the International Hull Clauses (1/11/02), clauses 29 or 30 of the International Hull Clauses (1/11/03), clauses 24, 25 or 26 of the Institute Time Clauses (Hulls) (1/11/95) or clauses 23, 24 or 25 of the Institute Time Clauses (Hulls) (1/10/83) or any equivalent provision.

1.4 Agreed forms of Finance Documents

References in Clause 1.1 (*Definitions*) to any Finance Document being in "agreed form" are to that Finance Document:

(a) in a form attached to a certificate dated the same date as this Agreement (and signed by each Borrower and the Facility Agent); or

(b) in any other form agreed in writing between each Borrower and the Facility Agent acting with the authorisation of the Majority Lenders or, where Clause 43.2 (*All Lender matters*) applies, all the Lenders.

1.5 Third party rights

(a) Unless expressly provided to the contrary in a Finance Document, a person who is not a Party has no right under the Contracts (Rights of Third Parties) Act 1999 (the "**Third Parties Act**") to enforce or to enjoy the benefit of any term of this Agreement.

(b) Subject to Clause 43.3 (*Other exceptions*) but otherwise notwithstanding any term of any Finance Document, the consent of any person who is not a Party is not required to rescind or vary this Agreement at any time.

(c) Any Affiliate, Receiver, Delegate or any other person described in paragraph (d) of Clause 14.2 (*Other indemnities*), paragraph (b) of Clause 30.10 (*Exclusion of liability*), or paragraph (b) of Clause 31.11 (*Exclusion of liability*), Clause 30.18 (*Role of Reference Banks*), Clause 30.19 (*Third Party Reference Banks*) or paragraph (b) of Clause 30.10 (*Exclusion of liability*), may subject to this Clause 1.5 (*Third party rights*) and the Third Parties Act, rely on any Clause of this Agreement which expressly confers rights on it.

THE FACILITY

2 THE FACILITY

2.1 The Facility

Subject to the terms of this Agreement, the Lenders make available to the Borrowers a dollar term loan facility in three Tranches in an aggregate amount not exceeding the Total Commitments.

2.2 Finance Parties' rights and obligations

(a) The obligations of each Finance Party under the Finance Documents are several. Failure by a Finance Party to perform its obligations under the Finance Documents does not affect the obligations of any other Party under the Finance Documents. No Finance Party is responsible for the obligations of any other Finance Party under the Finance Documents.

(b) The rights of each Finance Party under or in connection with the Finance Documents are separate and independent rights and any debt arising under the Finance Documents to a Finance Party from a Transaction Obligor is a separate and independent debt in respect of which a Finance Party shall be entitled to enforce its rights in accordance with paragraph (c) below. The rights of each Finance Party include any debt owing to that Finance Party under the Finance Documents and, for the avoidance of doubt, any part of the Loan or any other amount owed by a Transaction Obligor which relates to a Finance Party's participation in the Facility or its role under a Finance Document (including any such amount payable to the Facility Agent on its behalf) is a debt owing to that Finance Party by that Transaction Obligor.

(c) A Finance Party may, except as specifically provided in the Finance Documents, separately enforce its rights under or in connection with the Finance Documents.

2.3 Borrowers' Agent

(a) Each Borrower by its execution of this Agreement irrevocably appoints the Parent Guarantor to act on its behalf as its agent in relation to the Finance Documents and irrevocably authorises:

(i) the Parent Guarantor on its behalf to supply all information concerning itself contemplated by this Agreement to the Finance Parties and to give all notices and instructions (including Utilisation Requests), to make such agreements and to effect the relevant amendments, supplements and variations capable of being given, made or effected by any Borrower notwithstanding that they may affect that Borrower, without further reference to or the consent of that Borrower; and

(ii) each Finance Party to give any notice, demand or other communication to that Borrower pursuant to the Finance Documents to the Parent Guarantor,

and in each case each Borrower shall be bound as though the Borrowers themselves had given the notices and instructions (including, without limitation, any Utilisation Requests) or executed or made the agreements or effected the amendments, supplements or variations, or received the relevant notice, demand or other communication.

(b) Every act, omission, agreement, undertaking, settlement, waiver, amendment, supplement, variation, notice or other communication given or made by the Parent Guarantor or given to the Parent Guarantor under any Finance Document on behalf of a Borrower or in connection with any Finance Document (whether or not known to any Borrower) shall be binding for all purposes on that Borrower as if that Borrower had expressly made, given or concurred with it. In the event of any conflict between any notices or other communications of the Parent Guarantor and any Borrower, those of the Parent Guarantor shall prevail.

3 PURPOSE

3.1 Purpose

Each Borrower shall apply all amounts borrowed by it under the Facility only for the purposes stated in the preamble (Background) to this Agreement.

3.2 Monitoring

No Finance Party is bound to monitor or verify the application of any amount borrowed pursuant to this Agreement.

4 CONDITIONS OF UTILISATION

4.1 Initial conditions precedent

The Borrowers may not deliver a Utilisation Request unless the Facility Agent has received all of the documents and other evidence listed in Part A of Schedule 2 (*Conditions Precedent*) in form and substance satisfactory to the Facility Agent.

4.2 Further conditions precedent

The Lenders will only be obliged to comply with Clause 5.4 (*Lenders' participation*) if:

(a) on the date of a Utilisation Request and on the proposed Utilisation Date and before the relevant Tranche is made available:

(i) no Default is continuing or would result from the proposed making of that Tranche;

(ii) the Repeating Representations to be made by each Obligor on its own behalf or on behalf of any other Transaction Obligor or any Approved Manager are true;

(iii) the know-your-customer checks for each of the Obligors have been conducted to the Facility Agent's and the Lenders' satisfaction; and

(b) the Facility Agent has received on or before the relevant Utilisation Date, or is satisfied it will receive when the relevant Tranche is made available, all of the documents and other evidence listed in Part B of Schedule 2 (*Conditions Precedent*) in form and substance satisfactory to the Facility Agent.

4.3 Notification of satisfaction of conditions precedent

(a) The Facility Agent shall notify the Borrowers and the Lenders promptly upon being satisfied as to the satisfaction of the conditions precedent referred to in Clause 4.1 (*Initial conditions precedent*) and Clause 4.2 (*Further conditions precedent*).

(b) Other than to the extent that the Majority Lenders notify the Facility Agent in writing to the contrary before the Facility Agent gives the notification described in paragraph (a) above, the Lenders authorise (but do not require) the Facility Agent to give that notification. The Facility Agent shall not be liable for any damages, costs or losses whatsoever as a result of giving any such notification.

4.4 Waiver of conditions precedent

If all Lenders, at their discretion, permit a Tranche to be borrowed before any of the conditions precedent referred to in Clause 4.1 (*Initial conditions precedent*) or Clause 4.2 (*Further conditions precedent*) has been satisfied, the Borrowers shall ensure that that condition is satisfied within 10 Business Days after the relevant Utilisation Date or such later date as the Facility Agent, acting with the authorisation of all Lenders, may agree in writing with the Borrowers.

SECTION 3

UTILISATION

5 UTILISATION

5.1 Delivery of a Utilisation Request

(a) The Borrowers may utilise the Facility by delivery to the Facility Agent of a duly completed Utilisation Request not later than the Specified Time.

(b) The Borrowers may not deliver more than one Utilisation Request in respect of each Tranche.

5.2 Completion of a Utilisation Request

Each Utilisation Request is irrevocable and will not be regarded as having been duly completed unless:

(a) the proposed Utilisation Date is a Business Day within the relevant Availability Period;

(b) the currency and amount of the Utilisation comply with Clause 5.3 (*Currency and amount*);

(c) all applicable deductible items have been completed; and

(d) the proposed Interest Period complies with Clause 9 (*Interest Periods*).

5.3 Currency and amount

(a) The currency specified in a Utilisation Request must be dollars.

(b) The amount of the proposed Tranche shall not exceed:

(i) in respect of Tranche A, the lesser of (A) $24,300,000 and (B) 40.5 per cent. of the Total Commitments;

(ii) in respect of Tranche B, the lesser of (A) $24,540,000 and (B) 40.9 per cent. of the Total Commitments; and

(iii) in respect of Tranche C, the lesser of (A) $11,160,000 and (B) 18.6 per cent. of the Total Commitments.

(c) The amount of the proposed Tranche must be an amount which is not more than the Available Facility.

5.4 Lenders' participation

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

(b) The amount of each Lender's participation in each Tranche will be equal to the proportion borne by its Available Commitment to the Available Facility immediately before making that Tranche.

(c) The Facility Agent shall notify each Lender of the amount of each Tranche and the amount of its participation in that Tranche by the Specified Time.

5.5 Cancellation of Commitments

The Commitments in respect of any Tranche which are not utilised at the end of the Availability Period for such Tranche shall then be cancelled.

SECTION 4

REPAYMENT, PREPAYMENT AND CANCELLATION

6 REPAYMENT

6.1 Repayment of Loan

The Borrowers shall repay the Loan as follows:

(a) Tranche A shall be repaid by 18 consecutive quarterly instalments, of which the first eight (8) instalments shall be each in an amount of $1,820,000 and the following ten (10) such instalments shall be each in an amount of $974,000 (each an "**Instalment A**"), the first of which shall be repaid on the date falling 3 Months after the first Utilisation Date to occur, each subsequent Instalment A shall be repaid at quarterly intervals thereafter and the last Instalment A shall be repaid on the Termination Date; and

(b) Tranche B shall be repaid by 18 consecutive quarterly instalments, of which the first eight (8) instalments shall be each in an amount of $1,840,000 and the following ten (10) such instalments shall be each in an amount of $982,000 (each an "**Instalment B**"), the first of which shall be repaid on the date falling 3 Months after the first Utilisation Date to occur, each subsequent Instalment B shall be repaid at quarterly intervals thereafter and the last Instalment B shall be repaid on the Termination Date; and

(c) Tranche C shall be repaid by 18 consecutive quarterly instalments, of which the first eight (8) instalments shall be each in an amount of $840,000 and the following ten (10) such instalments shall be each in an amount of $444,000 (each an "**Instalment C**"), the first of which shall be repaid on the date falling 3 Months after the first Utilisation Date to occur, each subsequent Instalment C shall be repaid at quarterly intervals thereafter and the last Instalment C shall be repaid on the Termination Date,

and each such instalment shall be a "**Repayment Instalment**".

6.2 Effect of cancellation and prepayment on scheduled repayments

(a) If the Borrowers cancel the whole or any part of any Commitment in accordance with Clause 7.6 (*Right of repayment and cancellation in relation to a single Lender*) or Clause 7.2 (*Voluntary cancellation*) or if the Available Commitment of any Lender is cancelled under Clause 7.1 (*Illegality*) then the Repayment Instalments for each Repayment Date falling after that cancellation will be reduced *pro rata* by the amount of the Available Commitments so cancelled.

(b) If any part of any Commitment is cancelled pursuant to Clause 5.5 (*Cancellation of Commitments*), the Repayment Instalments for each Repayment Date falling after that cancellation will be reduced *pro rata* by the amount of the Commitments so cancelled.

(c) If any part of the Loan is repaid or prepaid in accordance with Clause 7.6 (*Right of repayment and cancellation in relation to a single Lender*) or Clause 7.1 (*Illegality*) then the Repayment Instalments for each Repayment Date falling due after that repayment or prepayment will be reduced *pro rata* by the amount of the Loan repaid or prepaid.

(d) If any part of the Loan is prepaid in accordance with Clause 7.3 (*Voluntary prepayment of Loan*) then the Repayment Instalments for each Repayment Date falling after that prepayment will be reduced in inverse order of maturity.

6.3 Termination Date

On the Termination Date, the Borrowers shall additionally pay to the Facility Agent for the account of the Finance Parties all other sums then accrued and owing under the Finance Documents.

6.4 Reborrowing

No Borrower may reborrow any part of the Facility which is repaid.

7 PREPAYMENT AND CANCELLATION

7.1 Illegality

If it becomes unlawful in any applicable jurisdiction for a Lender to perform any of its obligations as contemplated by this Agreement or to fund or maintain its participation in a Tranche or the Loan or any part of the Loan or any part thereof or it becomes unlawful for any Affiliate of a Lender for that Lender to do so:

(a) that Lender shall promptly notify the Facility Agent upon becoming aware of that event;

(b) upon the Facility Agent notifying the Borrowers, the Available Commitment of that Lender will be immediately cancelled; and

(c) the Borrowers shall prepay that Lender's participation in the Loan on the last day of the Interest Period applicable to the Loan occurring after the Facility Agent has notified the Borrowers or, if earlier, the date specified by that Lender in the notice delivered to the Facility Agent (being no earlier than the last day of any applicable grace period permitted by law) and that Lender's corresponding Commitment shall be cancelled in the amount of the participation prepaid.

7.2 Voluntary cancellation

The Borrowers may, if they give the Facility Agent not less than 5 Business Days' (or such shorter period as the Majority Lenders may agree) prior notice, cancel the whole or any part (being a minimum amount of $1,000,000 or a multiple of that amount) of the Available Facility.

7.3 Voluntary prepayment of Loan

The Borrowers may, if they give the Facility Agent not less than 5 Business Days' prior irrevocable written notice, prepay the whole or any part of the Loan (but, if in part, being a minimum amount of $1,000,000 or a multiple of that amount) on the last day of an Interest Period.

7.4 Mandatory prepayment on sale or Total Loss

(a) If a Ship is sold (without prejudice to paragraph (a) of Clause 22.12 (*Disposals*)) or becomes a Total Loss the Borrowers shall, on the Relevant Date, prepay the Relevant Amount.

(b) Provided that no Default has occurred and is continuing, any remaining proceeds of the sale or Total Loss of a Ship after the prepayment referred to in paragraph (a) above has been made, together with all other amounts that are payable on any such prepayment pursuant to the Finance Documents, shall be paid to the Borrowers.

(c) Each Borrower undertakes, in the case of a sale or Total Loss of the Ship owned by it, to deposit the sale proceeds relating to such sale or the insurance proceeds relating to such Total Loss (as the case may be) to the Earnings Account in respect of that Borrower to be applied towards the prepayment of the Loan as required to be made by the Borrowers pursuant to paragraph (a) and (b) above.

In this Clause 7.4 (*Mandatory prepayment on sale or Total Loss*):

"**Relevant Amount**" means:

(a) any amount outstanding (subject to Clause 7.8(b)), at the time, under the Tranche relating to the Ship which has been sold or become a Total Loss; and

(b) an additional amount (if necessary) which after the application of the prepayment in paragraph (a) above to be made pursuant to this Clause 7.4 (*Mandatory prepayment on sale or Total Loss*) results in the Security Cover Ratio being the higher of:

(i) 120 per cent.; and

(ii) the percentage which applied immediately prior to the relevant Total Loss or the sale (as applicable).

For the avoidance of doubt, the additional amount under (b) shall be applied pro rata in prepayment against the Loan outstanding under the remaining Tranches in inverse order of maturity.

"**Relevant Date**" means:

(a) in the case of a sale of a Ship, the date falling on the earlier of:

(i) the date on which the sale is completed by delivery of that Ship to the buyer of that Ship; and

(ii) the date of receipt by the relevant Borrower or the Security Agent of the proceeds relating to such sale;

(b) in the case of a Total Loss of a Ship, the date falling on the earlier of:

(i) the date falling 120 days after the Total Loss Date; and

(ii) the date of receipt by the Security Agent of the proceeds of insurance relating to such Total Loss.

7.5 Change of Control

If a Change of Control occurs the Borrowers and the Parent Guarantor shall promptly notify the Facility Agent upon becoming aware of that event and if the Majority Lenders so require, the Facility Agent shall (acting on the instructions of the Majority Lenders), by not less than 15

days' notice to the Borrowers, cancel the Facility and declare the Loan, together with accrued interest, and all other amounts accrued under the Finance Documents immediately due and payable, whereupon the Facility will be cancelled and the Loan and all such outstanding interest and other amounts will become immediately due and payable.

For the purpose of this clause, a "**Change of Control**" occurs if, during the Security Period:

(a) a change occurs in the direct or indirect legal or beneficial ownership or control of any Borrower (other than a change in the legal or beneficial ownership or control of the Parent Guarantor which does not otherwise constitute a Change of Control in accordance with this definition);

(b) Mr George Giouroukos ceases to own at least 50 per cent. of the number of shares of the Parent Guarantor (either directly or through one or more affiliates) held by him on the date of the completion of the Merger (excluding any share split or reverse split) other than by reason of death or other incapacity in managing his affairs;

(c) Mr George Giouroukos ceases to be the Executive Chairman of (or to hold an equivalent executive officer position in) the Parent Guarantor other than by reason of death or other incapacity in managing his affairs; or

(d) any person(s) own(s) more than 35 per cent. of the shares in the Parent Guarantor, unless such person(s) owned such shares on the date of the completion of the Merger.

7.6 Right of repayment and cancellation in relation to a single Lender

(a) If:

(i) any sum payable to any Lender by a Transaction Obligor is required to be increased under paragraph (c) of Clause 12.2 (*Tax gross-up*) or under that Clause as incorporated by reference or in full in any other Finance Document; or

(ii) any Lender claims indemnification from a Borrower under Clause 12.3 (*Tax indemnity*) or Clause 13.1 (*Increased costs*),

that Borrower may, whilst the circumstance giving rise to the requirement for that increase or indemnification continues, give the Facility Agent notice of cancellation of the Commitment of that Lender and its intention to procure the repayment of that Lender's participation in the Loan.

(b) On receipt of a notice of cancellation referred to in paragraph (a) above, the Commitment of that Lender shall immediately be reduced to zero.

(c) On the last day of each Interest Period which ends after the Borrowers have given notice of cancellation under paragraph (a) above in relation to a Lender (or, if earlier, the date specified by the Borrowers in that notice), the Borrowers shall repay that Lender's participation in the Loan.

7.7 Termination of Initial Charter

(a) If, in respect of a Ship, the Initial Charter relating to that Ship is frustrated, terminated (except by mere effluxion of time or in the case of Total Loss of that Ship), cancelled or rescinded or

purported to be cancelled or rescinded prior to its expiration date, the Borrowers shall prepay the Tranche in respect of that Ship.

(b) No such prepayment will need to be made if, as soon as possible after (and in any event within 60 days after) such cancellation, rescission, termination or withdrawal the Borrower owning that Ship has entered into a charter (which shall, without limitation, include a binding and unconditional recapitulation of terms, a "**Replacement Charter**") in respect of that Ship on terms (including, without limitation as to the tenor and charter hire) acceptable to the Facility Agent in its absolute discretion and **provided always that** such Replacement Charter has a duration of 12 months or more and the charterer is listed as one of the top ten liners (by "Alphaliner" or other similar reputable institution), promptly after the entry into such Replacement Charter, that Borrower has granted in favour of the Security Agent a Charterparty Assignment in respect of such Replacement Charter.

7.8 Restrictions

(a) Any notice of cancellation or prepayment given by any Party under this Clause 7 (*Prepayment and Cancellation*) shall be irrevocable and, unless a contrary indication appears in this Agreement, shall specify the date or dates upon which the relevant cancellation or prepayment is to be made, the amount of that cancellation or prepayment and, if relevant, the part of the Loan to be prepaid or cancelled.

(b) Any prepayment under this Agreement shall be made together with accrued interest on the amount prepaid and, subject to any Break Costs, without premium or penalty.

(c) No Borrower may reborrow any part of the Facility which is prepaid.

(d) No Borrower shall repay or prepay all or any part of the Loan or cancel all or any part of the Commitments except at the times and in the manner expressly provided for in this Agreement.

(e) No amount of the Total Commitments cancelled under this Agreement may be subsequently reinstated.

(f) If the Facility Agent receives a notice under this Clause 7 (*Prepayment and Cancellation*) it shall promptly forward a copy of that notice to either the Borrowers and/or the affected Lenders, as appropriate.

(g) If all or part of any Lender's participation in the Loan is repaid or prepaid, an amount of that Lender's Commitment (equal to the amount of the participation which is repaid or prepaid) will be deemed to be cancelled on the date of repayment or prepayment.

7.9 Application of prepayments

Subject to Clause 6.2(d) (*Effect of cancellation and prepayment on scheduled repayments*), any prepayment of any part of the Loan (other than a prepayment pursuant to Clause 7.1 (*Illegality*) or Clause 7.6 (*Right of repayment and cancellation in relation to a single Lender*)) shall be applied pro rata to each Lender's participation in that part of the Loan.

COSTS OF UTILISATION

8 INTEREST

8.1 Calculation of interest

The rate of interest on the Loan or any part of the Loan for each Interest Period is the percentage rate per annum which is the aggregate (rounded to four decimal places) of:

(a) the Margin; and

(b) LIBOR; and

(c) if a Lender (the "**Applicable Lender**") notifies the Facility Agent at least 5 Business Days before the start of that Interest Period that its Cost of Funding exceeds LIBOR (including the amount of such excess) on the Quotation Day for that Interest Period, additionally in respect of that Applicable Lender's Contribution in the relevant Tranche, the Correction Rate applicable to the Applicable Lender for that Interest Period.

8.2 Payment of interest

(a) The Borrowers shall pay accrued interest on the Loan on the last day of each Interest Period but in any event no later than every six (6) months (each an "**Interest Payment Date**").

(b) If an Interest Period is longer than three Months, the Borrowers shall also pay interest then accrued on the Loan on the dates falling at three Monthly intervals after the first day of the Interest Period.

(c) If an Interest Period is shorter than three Months, the Borrowers shall also pay any additional funding costs of the Lenders.

8.3 Default interest

(a) If a Transaction Obligor fails to pay any amount payable by it under a Finance Document on its due date, interest shall accrue on the Unpaid Sum from the due date up to the date of actual payment (both before and after judgment) at a rate which, subject to paragraph (b) below, is 2.50 per cent. per annum higher than the rate which would have been payable if the Unpaid Sum had, during the period of non-payment, constituted part of the Loan in the currency of the Unpaid Sum for successive Interest Periods, each of a duration selected by the Facility Agent. Any interest accruing under this Clause 8.3 (*Default interest*) shall be immediately payable by the Transaction Obligor on demand by the Facility Agent.

(b) If an Unpaid Sum consists of all or part of the Loan which became due on a day which was not the last day of an Interest Period relating to the Loan or that part of the Loan:

(i) the first Interest Period for that Unpaid Sum shall have a duration equal to the unexpired portion of the current Interest Period relating to the Loan or that part of the Loan; and

(ii) the rate of interest applying to that Unpaid Sum during that first Interest Period shall be 2.50 per cent. per annum higher than the rate which would have applied if that Unpaid Sum had not become due.

(c) Default interest (if unpaid) arising on an Unpaid Sum will be compounded with the Unpaid Sum at the end of each Interest Period applicable to that Unpaid Sum but will remain immediately due and payable.

8.4 Notification of rates of interest

(a) The Facility Agent shall promptly notify the Lenders and the Borrowers of the determination of a rate of interest under this Agreement.

(b) The Facility Agent shall promptly notify the Borrowers of each Funding Rate relating to the Loan, any part of the Loan or any Unpaid Sum.

9 INTEREST PERIODS

9.1 Selection of Interest Periods

(a) The Borrowers may select the Interest Period for the Loan in the Utilisation Request for the first Tranche to be drawn. Subject to paragraphs (f) and (h) below and Clause 9.2 (*Changes to Interest Periods*), the Borrowers may select each subsequent Interest Period for the Loan in a Selection Notice.

(b) Each Selection Notice is irrevocable and must be delivered to the Facility Agent by the Borrowers not later than the Specified Time.

(c) If the Borrowers fail to select an Interest Period in the first Utilisation Request or fail to deliver a Selection Notice to the Facility Agent in accordance with paragraphs (a) and (b) above, the relevant Interest Period will, subject to paragraphs (f) and (h) below and Clause 9.2 (*Changes to Interest Periods*), be three Months.

(d) Subject to this Clause 9 (*Interest Periods*), the Borrowers may select an Interest Period of 3 Months or any other shorter or longer period agreed between the Borrowers and the Facility Agent (acting on the instructions of the Majority Lenders) subject to those interest periods being available to the Lenders.

(e) An Interest Period in respect of the Loan or any part of the Loan shall not extend beyond the Termination Date.

(f) The first Interest Period for the Loan shall start on the first Utilisation Date and, subject to paragraph (h) below each subsequent Interest Period shall start on the last day of its preceding Interest Period.

(g) The first Interest Period for the second and any subsequent Tranche shall start on the Utilisation Date of such Tranche and end on the last day of the Interest Period applicable to the Loan on the date on which such Tranche is made.

(h) Except for the purposes of Clause 9.2 (*Changes to Interest Periods*), the Loan shall have one Interest Period only at any time.

9.2 Changes to Interest Periods

(a) In respect of a Repayment Instalment, prior to determining the interest rate for the Loan, the Facility Agent may establish an Interest Period for a part of the Loan equal to such Repayment Instalment to end on the Repayment Date relating to it and the remaining part of the Loan shall have the Interest Period selected in the relevant Selection Notice, subject to paragraph (d) of Clause 9.1 (*Selection of Interest Periods*).

(b) If the Facility Agent makes any change to an Interest Period referred to in this Clause 9.2 (*Changes to Interest Periods*), it shall promptly notify the Borrowers and the Lenders.

9.3 Non-Business Days

If an Interest Period would otherwise end on a day which is not a Business Day, that Interest Period will instead end on the next Business Day in that calendar month (if there is one) or the preceding Business Day (if there is not).

10 CHANGES TO THE CALCULATION OF INTEREST

10.1 Market disruption

This Clause 10 (*Changes to the Calculation of Interest*) applies if:

(a) no Screen Rate is quoted in REUTERS BBA Page LIBOR 01 and no adequate and fair means exist for ascertaining the interest rate for a selected Interest Period;

(b) at least 1 Business Day before the start of an Interest Period, a Lender notifies the Facility Agent that LIBOR fixed by the Facility Agent would not accurately reflect the cost to that Lender of funding its Commitment (or any part of it) during the Interest Period in the London Interbank Market at or about 11.00 a.m. (London time) on the Quotation Day for the Interest Period; or

(c) at least 1 Business Day before the start of an Interest Period, the Facility Agent is notified by a Lender or Lenders (whose Commitments exceed 50 percent of the Total Commitments) (as the case may be) (the "**Affected Lender**") that for any reason it is unable to obtain Dollars in the London Interbank Market in order to fund its Commitment (or any part of it) during the Interest Period.

10.2 Notification of market disruption

The Facility Agent shall promptly notify the Borrowers and each of the Lenders stating the circumstances falling within Clause 10.1 (*Market disruption*) which have caused its notice to be given.

10.3 Suspension of drawdown

If the Facility Agent's notice under Clause 10.2 (*Notification of market disruption*) is served before the Loan or part thereof is advanced:

(a) in a case falling within paragraph (a) of Clause 10.1 (*Market disruption*), the Lenders' obligations to advance the Loan;

(b) in a case falling within paragraph (b) of Clause 10.1 (*Market disruption*), the Lenders' obligations to advance the Loan or as, the case may be, the concerned Lender's obligation to participate in the Loan; and

(c) in a case falling within paragraph (c) of 10.1 (*Market disruption*), the Affected Lender's obligation to participate in the Loan,

shall be suspended while the circumstances referred to in the Facility Agent's notice continue.

10.4 Negotiation of alternative rate of interest

Subject to Clause 43.5 (*Replacement of Screen Rate*), if the Facility Agent's notice under Clause 10.2 (*Notification of market disruption*) is served after the Loan is advanced, the Borrowers, the Facility Agent and the Lenders or (as the case may be) the Affected Lender shall use reasonable endeavours to agree, within 30 days after the date on which the Facility Agent serves its notice under Clause 10.2 (*Notification of market disruption*) (the "**Negotiation Period**"), an alternative interest rate or (as the case may be) an alternative basis for the Lenders or (as the case may be) the Affected Lender to fund or continue to fund their or its Commitment during the Interest Period concerned.

10.5 Application of agreed alternative rate of interest

Clause 43.5 (*Replacement of Screen Rate*), any alternative interest rate or an alternative basis which is agreed during the Negotiation Period shall take effect in accordance with the terms agreed.

10.6 Alternative rate of interest in absence of agreement

If an alternative interest rate or alternative basis is not agreed within the Negotiation Period, and the relevant circumstances are continuing at the end of the Negotiation Period, then the Facility Agent shall, with the agreement of each Lender or (as the case may be) the Affected Lender, set an interest period and interest rate representing the cost of funding of the Lenders or (as the case may be) the Affected Lender in Dollars or in any available currency of their or its Commitment plus the Margin; and the procedure provided for by this Clause 10.6 (*Alternative rate of interest in absence of agreement*) shall be repeated if the relevant circumstances are continuing at the end of the interest period so set by the Facility Agent.

10.7 Notice of prepayment

If the Borrowers do not agree with an interest rate set by the Facility Agent under Clause 10.6 (*Alternative rate of interest in absence of agreement*), the Borrowers may give the Facility Agent not less than 15 Business Days' notice of their intention to prepay at the end of the interest period set by the Facility Agent.

10.8 Prepayment; termination of Commitments

A notice under Clause 10.7 (*Notice of prepayment*) shall be irrevocable; the Facility Agent shall promptly notify the Lenders or (as the case may require) the Affected Lender of the Borrowers' notice of intended prepayment; and:

(a) on the date on which the Facility Agent serves that notice, the Total Commitments or (as the case may require) the Commitment of the Affected Lender shall be cancelled; and

(b) on the last Business Day of the interest period set by the Facility Agent, the Borrowers shall prepay (without premium or penalty) the Loan or, as the case may be, the Affected Lender's Commitment, together with accrued interest thereon at the applicable rate plus the Margin.

10.9 Application of prepayment

The provisions of Clause 7 (*Prepayment and Cancellation*) shall apply in relation to the prepayment under Clause 10.8 (*Prepayment; termination of Commitments*) (as applicable).

10.10 Break Costs

(a) The Borrowers shall, within three Business Days of demand by a Finance Party, pay to that Finance Party its Break Costs attributable to all or any part of the Loan or Unpaid Sum being paid by the Borrowers on a day other than the last day of an Interest Period for the Loan, the relevant part of the Loan or that Unpaid Sum.

(b) Each Lender shall, as soon as reasonably practicable after a demand by the Facility Agent, provide a certificate confirming the amount of its Break Costs for any Interest Period in which they accrue.

11 FEES

11.1 Fees

The Borrowers shall pay certain fees in accordance with any Fee Letter.

ADDITIONAL PAYMENT OBLIGATIONS

12 TAX GROSS UP AND INDEMNITIES

12.1 Definitions

(a) In this Agreement:

"**Protected Party**" means a Finance Party which is or will be subject to any liability, or required to make any payment, for or on account of Tax in relation to a sum received or receivable (or any sum deemed for the purposes of Tax to be received or receivable) under a Finance Document.

"**Tax Credit**" means a credit against, relief or remission for, or repayment of any Tax.

"**Tax Deduction**" means a deduction or withholding for or on account of Tax from a payment under a Finance Document, other than a FATCA Deduction.

"**Tax Payment**" means either the increase in a payment made by an Obligor to a Finance Party under Clause 12.2 (*Tax gross-up*) or a payment under Clause 12.3 (*Tax indemnity*).

(b) Unless a contrary indication appears, in this Clause 12 (*Tax Gross Up and Indemnities*) reference to "determines" or "determined" means a determination made in the absolute discretion of the person making the determination.

12.2 Tax gross-up

(a) Each Obligor shall make all payments to be made by it without any Tax Deduction, unless a Tax Deduction is required by law.

(b) The Borrowers shall promptly upon becoming aware that an Obligor must make a Tax Deduction (or that there is any change in the rate or the basis of a Tax Deduction) notify the Facility Agent accordingly. Similarly, a Lender shall notify the Facility Agent on becoming so aware in respect of a payment payable to that Lender. If the Facility Agent receives such notification from a Lender it shall notify the Borrowers and that Obligor.

(c) If a Tax Deduction is required by law to be made by an Obligor, the amount of the payment due from that Obligor shall be increased to an amount which (after making any Tax Deduction) leaves an amount equal to the payment which would have been due if no Tax Deduction had been required.

(d) If an Obligor is required to make a Tax Deduction, that Obligor shall make that Tax Deduction and any payment required in connection with that Tax Deduction within the time allowed and in the minimum amount required by law.

(e) Within 30 days of making either a Tax Deduction or any payment required in connection with that Tax Deduction, the Obligor making that Tax Deduction shall deliver to the Facility Agent for the Finance Party entitled to the payment evidence reasonably satisfactory to that Finance Party that the Tax Deduction has been made or (as applicable) any appropriate payment paid to the relevant taxing authority.

12.3 Tax indemnity

(a) The Obligors shall (within three Business Days of demand by the Facility Agent) pay to a Protected Party an amount equal to the loss, liability or cost which that Protected Party determines will be or has been (directly or indirectly) suffered for or on account of Tax by that Protected Party in respect of a Finance Document.

(b) Paragraph (a) above shall not apply:

(i) with respect to any Tax assessed on a Finance Party:

(A) under the law of the jurisdiction in which that Finance Party is incorporated or, if different, the jurisdiction (or jurisdictions) in which that Finance Party is treated as resident for tax purposes; or

(B) under the law of the jurisdiction in which that Finance Party's Facility Office is located in respect of amounts received or receivable in that jurisdiction,

if that Tax is imposed on or calculated by reference to the net income received or receivable (but not any sum deemed to be received or receivable) by that Finance Party; or

(ii) to the extent a loss, liability or cost:

(A) is compensated for by an increased payment under Clause 12.2 (*Tax gross-up*); or

(B) relates to a FATCA Deduction required to be made by a Party.

(c) A Protected Party making, or intending to make, a claim under paragraph (a) above shall promptly notify the Facility Agent of the event which will give, or has given, rise to the claim, following which the Facility Agent shall notify the Obligors.

(d) A Protected Party shall, on receiving a payment from an Obligor under this Clause 12.3 (*Tax indemnity*), notify the Facility Agent.

12.4 Tax Credit

If an Obligor makes a Tax Payment and the relevant Finance Party determines that:

(a) a Tax Credit is attributable to an increased payment of which that Tax Payment forms part, to that Tax Payment or to a Tax Deduction in consequence of which that Tax Payment was received; and

(b) that Finance Party has obtained and utilised that Tax Credit,

the Finance Party shall pay an amount to the Obligor which that Finance Party determines will leave it (after that payment) in the same after-Tax position as it would have been in had the Tax Payment not been required to be made by the Obligor.

12.5 Stamp taxes

The Obligors shall pay and, within three Business Days of demand, indemnify each Secured Party against any cost, loss or liability which that Secured Party incurs in relation to all stamp duty, registration and other similar Taxes payable in respect of any Finance Document.

12.6 VAT

(a) All amounts expressed to be payable under a Finance Document by any Party (other than a Finance Party) to a Finance Party which (in whole or in part) constitute the consideration for any supply for VAT purposes are deemed to be exclusive of any VAT which is chargeable on that supply, and accordingly, subject to paragraph (b) below, if VAT is or becomes chargeable on any supply made by any Finance Party to any Party under a Finance Document and such Finance Party is required to account to the relevant tax authority for the VAT, that Party must pay to such Finance Party (in addition to and at the same time as paying any other consideration for such supply) an amount equal to the amount of the VAT (and such Finance Party must promptly provide an appropriate VAT invoice to that Party).

(b) If VAT is or becomes chargeable on any supply made by any Finance Party (the "**Supplier**") to any other Finance Party (the "**Recipient**") under a Finance Document, and any Party other than the Recipient (the "**Relevant Party**") is required by the terms of any Finance Document to pay an amount equal to the consideration for that supply to the Supplier (rather than being required to reimburse or indemnify the Recipient in respect of that consideration):

(i) (where the Supplier is the person required to account to the relevant tax authority for the VAT) the Relevant Party must also pay to the Supplier (at the same time as paying that amount) an additional amount equal to the amount of the VAT. The Recipient must (where this sub-paragraph (i) applies) promptly pay to the Relevant Party an amount equal to any credit or repayment the Recipient receives from the relevant tax authority which the Recipient reasonably determines relates to the VAT chargeable on that supply; and

(ii) (where the Recipient is the person required to account to the relevant tax authority for the VAT) the Relevant Party must promptly, following demand from the Recipient, pay to the Recipient an amount equal to the VAT chargeable on that supply but only to the extent that the Recipient reasonably determines that it is not entitled to credit or repayment from the relevant tax authority in respect of that VAT.

(c) Where a Finance Document requires any Party to reimburse or indemnify a Finance Party for any cost or expense, that Party shall reimburse or indemnify (as the case may be) such Finance Party for the full amount of such cost or expense, including such part of it as represents VAT, save to the extent that such Finance Party reasonably determines that it is entitled to credit or repayment in respect of such VAT from the relevant tax authority.

(d) Any reference in this Clause 12.6 (*VAT*) to any Party shall, at any time when that Party is treated as a member of a group or unity (or fiscal unity) for VAT purposes, include (where appropriate and unless the context otherwise requires) a reference to the person who is treated at that time as making the supply, or (as appropriate) receiving the supply, under the grouping rules provided for in Article 11 of Council Directive 2006/112/EC (or as implemented by the relevant member state of the European Union or equivalent provisions imposed elsewhere) so that a reference to a Party shall be construed as a reference to that Party or the relevant group or unity (or fiscal unity) of which that Party is a member for VAT purposes at the relevant time or the relevant representative member (or representative or head) of that group or unity at the relevant time (as the case may be).

(e) In relation to any supply made by a Finance Party to any Party under a Finance Document, if reasonably requested by such Finance Party, that Party must promptly provide such Finance Party with details of that Party's VAT registration and such other information as is reasonably

requested in connection with such Finance Party's VAT reporting requirements in relation to such supply.

12.7 FATCA Information

(a) Subject to paragraph (c) below, each Party shall, within ten Business Days of a reasonable request by another Party:

(i) confirm to that other Party whether it is:

(A) a FATCA Exempt Party; or

(B) not a FATCA Exempt Party; and

(ii) supply to that other Party such forms, documentation and other information relating to its status under FATCA as that other Party reasonably requests for the purposes of that other Party's compliance with FATCA; and

(iii) supply to that other Party such forms, documentation and other information relating to its status as that other Party reasonably requests for the purposes of that other Party's compliance with any other law, regulation or exchange of information regime.

(b) If a Party confirms to another Party pursuant to sub-paragraph (i) of paragraph (a) above that it is a FATCA Exempt Party and it subsequently becomes aware that it is not, or has ceased to be a FATCA Exempt Party, that Party shall notify that other Party reasonably promptly.

(c) Paragraph (a) above shall not oblige any Finance Party to do anything and sub-paragraph (iii) of paragraph (a) above shall not oblige any other Party to do anything which would or might in its reasonable opinion constitute a breach of:

(i) any law or regulation;

(ii) any fiduciary duty; or

(iii) any duty of confidentiality.

(d) If a Party fails to confirm whether or not it is a FATCA Exempt Party or to supply forms, documentation or other information requested in accordance with sub-paragraphs (i) or (ii) of paragraph (a) above (including, for the avoidance of doubt, where paragraph (c) above applies), then such Party shall be treated for the purposes of the Finance Documents (and payments under them) as if it is not a FATCA Exempt Party until such time as the Party in question provides the requested confirmation, forms, documentation or other information.

(e) If a Borrower is a US Tax Obligor, or the Facility Agent reasonably believes that its obligations under FATCA or any other applicable law or regulation require it, each Lender shall, within ten Business Days of:

(i) where a Borrower is a US Tax Obligor and the relevant Lender is an Original Lender, the date of this Agreement;

(ii) where a Borrower is a US Tax Obligor on a Transfer Date and the relevant Lender is a New Lender, the relevant Transfer Date; or

(iii) where a Borrower is not a US Tax Obligor, the date of a request from the Facility Agent,

supply to the Facility Agent:

(iv) a withholding certificate on Form W-8, Form W-9 or any other relevant form; or

(v) any withholding statement or other document, authorisation or waiver as the Facility Agent may require to certify or establish the status of such Lender under FATCA or that other law or regulation.

(f) The Facility Agent shall provide any withholding certificate, withholding statement, document, authorisation or waiver it receives from a Lender pursuant to paragraph (e) above to the Borrowers.

(g) If any withholding certificate, withholding statement, document, authorisation or waiver provided to the Facility Agent by a Lender pursuant to paragraph (e) above is or becomes materially inaccurate or incomplete, that Lender shall promptly update it and provide such updated withholding certificate, withholding statement, document, authorisation or waiver to the Facility Agent unless it is unlawful for the Lender to do so (in which case the Lender shall promptly notify the Facility Agent). The Facility Agent shall provide any such updated withholding certificate, withholding statement, document, authorisation or waiver to the Borrowers.

(h) The Facility Agent may rely on any withholding certificate, withholding statement, document, authorisation or waiver it receives from a Lender pursuant to paragraph (e) or (g) above without further verification. The Facility Agent shall not be liable for any action taken by it under or in connection with paragraphs (e), (f) or (g) above.

12.8 FATCA Deduction

(a) Each Party may make any FATCA Deduction it is required to make by FATCA, and any payment required in connection with that FATCA Deduction, and no Party shall be required to increase any payment in respect of which it makes such a FATCA Deduction or otherwise compensate the recipient of the payment for that FATCA Deduction.

(b) Each Party shall promptly, upon becoming aware that it must make a FATCA Deduction (or that there is any change in the rate or the basis of such FATCA Deduction), notify the Party to whom it is making the payment and, in addition, shall notify each Obligor and the Facility Agent and the Facility Agent shall notify the other Finance Parties.

13 INCREASED COSTS

13.1 Increased costs

(a) Subject to Clause 13.3 (*Exceptions*), the Borrowers shall, within five days of a demand by the Facility Agent, pay for the account of a Finance Party the amount of any Increased Costs incurred by that Finance Party or any of its Affiliates as a result of:

(i) the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation; or

(ii) compliance with any law or regulation made,

in each case after the date of this Agreement; or

(iii) the implementation, application of or compliance with the Dodd-Frank Wall Street Reform and Consumer Protection Act, Basel III or CRD IV or any requests, rules, guidelines, directives, law or regulation that implements or applies the Dodd-Frank Wall Street Reform and Consumer Protection Act, Basel III or CRD IV.

(b) In this Agreement:

(i) "**Basel III**" means:

(A) the agreements on capital requirements, a leverage ratio and liquidity standards contained in "Basel III: A global regulatory framework for more resilient banks and banking systems", "Basel III: International framework for liquidity risk measurement, standards and monitoring" and "Guidance for national authorities operating the countercyclical capital buffer" published by the Basel Committee on Banking Supervision in December 2010, each as amended, supplemented or restated;

(B) the rules for global systemically important banks contained in "Global systemically important banks: assessment methodology and the additional loss absorbency requirement - Rules text" published by the Basel Committee on Banking Supervision in November 2011, as amended, supplemented or restated; and

(C) any further guidance or standards published by the Basel Committee on Banking Supervision relating to "Basel III".

(ii) "**CRD IV**" means:

(A) Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending regulation (EU) No. 648/2012, as amended by Regulation (EU) 2019/876;

(B) Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC, as amended by Directive (EU) 2019/878; and

(C) any other law or regulation which implements Basel III.

(iii) "**Increased Costs**" means:

(A) a reduction in the rate of return from the Facility or on a Finance Party's (or its Affiliate's) overall capital;

(B) an additional or increased cost; or

(C) a reduction of any amount due and payable under any Finance Document,

which is incurred or suffered by a Finance Party or any of its Affiliates to the extent that it is attributable to that Finance Party having entered into its Commitment or funding or performing its obligations under any Finance Document.

13.2 Increased cost claims

(a) A Finance Party intending to make a claim pursuant to Clause 13.1 (*Increased costs*) shall notify the Facility Agent of the event giving rise to the claim, following which the Facility Agent shall promptly notify the Borrowers.

(b) Each Finance Party shall, as soon as practicable after a demand by the Facility Agent, provide a certificate confirming the amount of its Increased Costs.

13.3 Exceptions

Clause 13.1 (*Increased costs*) does not apply to the extent any Increased Cost is:

(a) attributable to a Tax Deduction required by law to be made by an Obligor;

(b) attributable to a FATCA Deduction required to be made by a Party;

(c) compensated for by Clause 12.3 (*Tax indemnity*) (or would have been compensated for under Clause 12.3 (*Tax indemnity*) but was not so compensated solely because any of the exclusions in paragraph (b) of Clause 12.3 (*Tax indemnity*) applied);

(d) compensated for by any payment made pursuant to Clause 14.3 (*Mandatory Cost*); or

(e) attributable to the wilful breach by the relevant Finance Party or its Affiliates of any law or regulation.

14 OTHER INDEMNITIES

14.1 Currency indemnity

(a) If any sum due from an Obligor under the Finance Documents (a "**Sum**"), or any order, judgment or award given or made in relation to a Sum, has to be converted from the currency (the "**First Currency**") in which that Sum is payable into another currency (the "**Second Currency**") for the purpose of:

(i) making or filing a claim or proof against that Obligor; or

(ii) obtaining or enforcing an order, judgment or award in relation to any litigation or arbitration proceedings,

that Obligor shall, as an independent obligation, on demand, indemnify each Secured Party to which that Sum is due against any cost, loss or liability arising out of or as a result of the conversion including any discrepancy between (A) the rate of exchange used to convert that Sum from the First Currency into the Second Currency and (B) the rate or rates of exchange available to that person at the time of its receipt of that Sum.

(b) Each Obligor waives any right it may have in any jurisdiction to pay any amount under the Finance Documents in a currency or currency unit other than that in which it is expressed to be payable.

14.2 Other indemnities

(a) Each Obligor shall within 3 Business Days of any demand, indemnify each Secured Party against any cost, loss or liability incurred by it as a result of:

(i) the occurrence of any Event of Default;

(ii) a failure by a Transaction Obligor to pay any amount due under a Finance Document on its due date, including without limitation, any cost, loss or liability arising as a result of Clause 33 (*Sharing among the Finance Parties*);

(iii) funding, or making arrangements to fund, its participation in a Tranche requested by the Borrowers in a Utilisation Request but not made by reason of the operation of any one or more of the provisions of this Agreement (other than by reason of default or negligence by that Secured Party alone); or

(iv) the Loan (or part of the Loan) not being prepaid in accordance with a notice of prepayment given by the Borrowers.

(b) Each Obligor shall, on demand, indemnify each Finance Party, each Affiliate of a Finance Party and each officer or employee of a Finance Party or its Affiliate (each such person for the purposes of this Clause 14.2 (*Other indemnities*) an "**Indemnified Person**"), against any cost, loss or liability incurred by that Indemnified Person pursuant to or in connection with any litigation, arbitration or administrative proceedings or regulatory enquiry, in connection with or arising out of the entry into and the transactions contemplated by the Finance Documents, having the benefit of any Security constituted by the Finance Documents or which relates to the condition or operation of, or any incident occurring in relation to, any Ship unless such cost, loss or liability is caused by the gross negligence or wilful misconduct of that Indemnified Person.

(c) Without limiting, but subject to any limitations set out in paragraph (b) above, the indemnity in paragraph (b) above shall cover any cost, loss or liability incurred by each Indemnified Person in any jurisdiction:

(i) arising or asserted under or in connection with any law relating to safety at sea, the ISM Code, any Environmental Law or any Sanctions; or

(ii) in connection with any Environmental Claim.

(d) Any Affiliate or any officer or employee of a Finance Party or of any of its Affiliates may rely on this Clause 14.2 (*Other indemnities*) subject to Clause 1.5 (*Third party rights*) and the provisions of the Third Parties Act.

14.3 Mandatory Cost

Each Borrower shall within 3 Business Days of any demand by the Facility Agent, pay to the Facility Agent for the account of the relevant Lender, such amount which any Lender certifies in a notice to the Facility Agent to be its good faith determination of the amount necessary to compensate it for complying with:

(a) in the case of a Lender lending from a Facility Office in a Participating Member State, the minimum reserve requirements (or other requirements having the same or similar purpose) of

the European Central Bank or any other authority or agency which replaces all or any of its functions in respect of loans made from that Facility Office; and

(b) in the case of any Lender lending from a Facility Office in the United Kingdom, any reserve asset, special deposit or liquidity requirements (or other requirements having the same or similar purpose) of the Bank of England (or any other governmental authority or agency) and/or paying any fees to the Financial Conduct Authority and/or the Prudential Regulation Authority (or any other governmental authority or agency which replaces all or any of their functions),

which, in each case, is referable to that Lender's participation in the Loan.

14.4 Indemnity to the Facility Agent

Each Obligor shall within 3 Business Days of any demand, indemnify the Facility Agent against:

(a) any cost, loss or liability incurred by the Facility Agent (acting reasonably) as a result of:

(i) investigating any event which it reasonably believes is a Default; or

(ii) acting or relying on any notice, request or instruction which it reasonably believes to be genuine, correct and appropriately authorised; or

(iii) instructing lawyers, accountants, tax advisers, surveyors or other professional advisers or experts as permitted under the Finance Documents; and

(b) any cost, loss or liability incurred by the Facility Agent (otherwise than by reason of the Facility Agent's gross negligence or wilful misconduct) or, in the case of any cost, loss or liability pursuant to Clause 34.11 (*Disruption to Payment Systems etc.*) notwithstanding the Facility Agent's negligence, gross negligence or any other category of liability whatsoever but not including any claim based on the fraud of the Facility Agent in acting as Facility Agent under the Finance Documents.

14.5 Indemnity to the Security Agent

(a) Each Obligor shall within 3 Business Days of any demand, indemnify the Security Agent and every Receiver and Delegate against any cost, loss or liability incurred by any of them:

(i) in relation to or as a result of:

(A) any failure by a Borrower to comply with its obligations under Clause 16 (*Costs and Expenses*);

(B) acting or relying on any notice, request or instruction which it reasonably believes to be genuine, correct and appropriately authorised;

(C) the taking, holding, protection or enforcement of the Finance Documents and the Transaction Security;

(D) the exercise of any of the rights, powers, discretions, authorities and remedies vested in the Security Agent and each Receiver and Delegate by the Finance Documents or by law;

(E) any default by any Transaction Obligor in the performance of any of the obligations expressed to be assumed by it in the Finance Documents;

(F) any action by any Transaction Obligor which vitiates, reduces the value of, or is otherwise prejudicial to, the Transaction Security; and

(G) instructing lawyers, accountants, tax advisers, surveyors or other professional advisers or experts as permitted under the Finance Documents;

(ii) acting as Security Agent, Receiver or Delegate under the Finance Documents or which otherwise relates to any of the Security Property or the performance of the terms of this Agreement or the other Finance Documents (otherwise, in each case, than by reason of the relevant Security Agent's, Receiver's or Delegate's gross negligence or wilful misconduct).

(b) The Security Agent and every Receiver and Delegate may, in priority to any payment to the Secured Parties, indemnify itself out of the Security Assets in respect of, and pay and retain, all sums necessary to give effect to the indemnity in this Clause 14.5 (*Indemnity to the Security Agent*) and shall have a lien on the Transaction Security and the proceeds of the enforcement of the Transaction Security for all monies payable to it.

15 MITIGATION BY THE FINANCE PARTIES

15.1 Mitigation

(a) Each Finance Party shall, in consultation with the Borrowers, take all reasonable steps to mitigate any circumstances which arise and which would result in any amount becoming payable under or pursuant to, or cancelled pursuant to, any of Clause 7.1 (*Illegality*), Clause 12 (*Tax Gross Up and Indemnities*), Clause 13 (*Increased Costs*) or paragraph (a) of Clause 14.3 (*Mandatory Cost*) including (but not limited to) transferring its rights and obligations under the Finance Documents to another Affiliate or Facility Office.

(b) Paragraph (a) above does not in any way limit the obligations of any Transaction Obligor under the Finance Documents.

15.2 Limitation of liability

(a) Each Obligor shall, on demand, indemnify each Finance Party for all costs and expenses reasonably incurred by that Finance Party as a result of steps taken by it under Clause 15.1 (*Mitigation*).

(b) A Finance Party is not obliged to take any steps under Clause 15.1 (*Mitigation*) if either:

(i) a Default has occurred and is continuing; or

(ii) in the opinion of that Finance Party (acting reasonably), to do so might be prejudicial to it.

16 COSTS AND EXPENSES

16.1 Transaction expenses

The Obligors shall, within three days of any demand, pay the Facility Agent and the Security Agent the amount of all costs and expenses (including pre-agreed legal fees) reasonably incurred by any Secured Party in connection with the negotiation, preparation, printing, execution, syndication and perfection of:

(a) this Agreement and any other documents referred to in this Agreement or in a Security Document; and

(b) any other Finance Documents executed after the date of this Agreement.

16.2 Amendment costs

If:

(a) a Transaction Obligor requests an amendment, waiver or consent; or

(b) an amendment is required either pursuant to Clause 34.9 (*Change of currency*) or as contemplated in Clause 43.5 (*Replacement of Screen Rate*); or

(c) a Transaction Obligor requests, and the Security Agent agrees to, the release of all or any part of the Security Assets from the Transaction Security,

the Obligors shall, within three days of any demand, reimburse each of the Facility Agent and the Security Agent for the amount of all costs and expenses (including legal fees) reasonably incurred by each Secured Party in responding to, evaluating, negotiating or complying with that request or requirement.

16.3 Enforcement and preservation costs

The Obligors shall within 3 Business Days of any demand, pay to each Secured Party the amount of all costs and expenses (including legal fees) incurred by that Secured Party in connection with the enforcement of, or the preservation of any rights under, any Finance Document or the Transaction Security and with any proceedings instituted by or against that Secured Party as a consequence of it entering into a Finance Document, taking or holding the Transaction Security, or enforcing those rights.

SECTION 7

GUARANTEES AND JOINT AND SEVERAL LIABILITY OF BORROWERS

17 GUARANTEE AND INDEMNITY – PARENT GUARANTOR

17.1 Guarantee and indemnity

The Parent Guarantor irrevocably and unconditionally:

(a) guarantees to each Finance Party punctual performance by each Borrower of all that Borrower's obligations under the Finance Documents;

(b) undertakes with each Finance Party that whenever a Borrower does not pay any amount when due under or in connection with any Finance Document, the Parent Guarantor shall immediately on demand pay that amount as if it were the principal obligor; and

(c) agrees with each Finance Party that if any obligation guaranteed by it is or becomes unenforceable, invalid or illegal, it will, as an independent and primary obligation, indemnify that Finance Party immediately on demand against any cost, loss or liability it incurs as a result of a Borrower not paying any amount which would, but for such unenforceability, invalidity or illegality, have been payable by it under any Finance Document on the date when it would have been due. The amount payable by the Parent Guarantor under this indemnity will not exceed the amount it would have had to pay under this Clause 17 (*Guarantee and Indemnity – Parent Guarantor*) if the amount claimed had been recoverable on the basis of a guarantee.

17.2 Continuing guarantee

This guarantee is a continuing guarantee and will extend to the ultimate balance of sums payable by each Borrower under the Finance Documents, regardless of any intermediate payment or discharge in whole or in part.

17.3 Reinstatement

If any discharge, release or arrangement (whether in respect of the obligations of any Transaction Obligor or any security for those obligations or otherwise) is made by a Secured Party in whole or in part on the basis of any payment, security or other disposition which is avoided or must be restored in insolvency, liquidation, administration or otherwise, without limitation, then the liability of the Parent Guarantor under this Clause 17 (*Guarantee and Indemnity – Parent Guarantor*) will continue or be reinstated as if the discharge, release or arrangement had not occurred.

17.4 Waiver of defences

The obligations of the Parent Guarantor under this Clause 17 (*Guarantee and Indemnity – Parent Guarantor*) and in respect of any Transaction Security will not be affected or discharged by an act, omission, matter or thing which, but for this Clause 17.4 (*Waiver of defences*), would reduce, release or prejudice any of its obligations under this Clause 17 (*Guarantee and Indemnity – Parent Guarantor*) or in respect of any Transaction Security (without limitation and whether or not known to it or any Secured Party) including:

(a) any time, waiver or consent granted to, or composition with, any Transaction Obligor or other person;

(b) the release of any other Transaction Obligor or any other person under the terms of any composition or arrangement with any creditor of any member of the Group;

(c) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect or delay in perfecting, or refusal or neglect to take up or enforce, or delay in taking or enforcing any rights against, or security over assets of, any Transaction Obligor or other person or any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any security;

(d) any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of a Transaction Obligor or any other person;

(e) any amendment, novation, supplement, extension, restatement (however fundamental and whether or not more onerous) or replacement of any Finance Document or any other document or security including, without limitation, any change in the purpose of, any extension of or any increase in any facility or the addition of any new facility under any Finance Document or other document or security;

(f) any unenforceability, illegality or invalidity of any obligation of any person under any Finance Document or any other document or security; or

(g) any insolvency or similar proceedings.

17.5 Immediate recourse

(a) The Parent Guarantor waives any right it may have of first requiring any Secured Party (or any trustee or agent on its behalf) to proceed against or enforce any other rights or security or claim payment from any person (including without limitation to commence any proceedings under any Finance Document or to enforce any Transaction Security) before claiming or commencing proceedings under this Clause 17 (*Guarantee and Indemnity – Parent Guarantor*). This waiver applies irrespective of any law or any provision of a Finance Document to the contrary.

(b) The Parent Guarantor acknowledges the rights of the Facility Agent pursuant to Clause 27.19 (*Acceleration*) to enforce or direct the Security Agent to enforce or exercise any or all of its rights, remedies powers or directions under any guarantee or indemnity contained in this Agreement.

17.6 Appropriations

Until all amounts which may be or become payable by the Transaction Obligors under or in connection with the Finance Documents have been irrevocably paid in full, each Secured Party (or any trustee or agent on its behalf) may:

(a) refrain from applying or enforcing any other moneys, security or rights held or received by that Secured Party (or any trustee or agent on its behalf) in respect of those amounts, or apply and enforce the same in such manner and order as it sees fit (whether against those amounts or otherwise) and the Parent Guarantor shall not be entitled to the benefit of the same; and

(b) hold in an interest-bearing suspense account any moneys received from the Parent Guarantor or on account of the Parent Guarantor's liability under this Clause 17 (*Guarantee and Indemnity – Parent Guarantor*).

17.7 Deferral of Parent Guarantor's rights

All rights which the Parent Guarantor at any time has (whether in respect of this guarantee, a mortgage or any other transaction) against any Borrower, any other Transaction Obligor or their respective assets shall be fully subordinated to the rights of the Secured Parties under the Finance Documents and until the end of the Security Period and unless the Facility Agent otherwise directs, the Parent Guarantor will not exercise any rights which it may have (whether in respect of any Finance Document to which it is a Party or any other transaction) by reason of performance by it of its obligations under the Finance Documents or by reason of any amount being payable, or liability arising, under this Clause 17 (*Guarantee and Indemnity – Parent Guarantor*):

(a) to be indemnified by a Transaction Obligor;

(b) to claim any contribution from any third party providing security for, or any other guarantor of, any Transaction Obligor's obligations under the Finance Documents;

(c) to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Secured Parties under the Finance Documents or of any other guarantee or security taken pursuant to, or in connection with, the Finance Documents by any Secured Party;

(d) to bring legal or other proceedings for an order requiring any Transaction Obligor to make any payment, or perform any obligation, in respect of which the Parent Guarantor has given a guarantee, undertaking or indemnity under Clause 17.1 (*Guarantee and indemnity*);

(e) to exercise any right of set-off against any Transaction Obligor; and/or

(f) to claim or prove as a creditor of any Transaction Obligor in competition with any Secured Party.

If the Parent Guarantor receives any benefit, payment or distribution in relation to such rights it shall hold that benefit, payment or distribution to the extent necessary to enable all amounts which may be or become payable to the Secured Parties by the Transaction Obligors under or in connection with the Finance Documents to be repaid in full on trust for the Secured Parties and shall promptly pay or transfer the same to the Facility Agent or as the Facility Agent may direct for application in accordance with Clause 34 (*Payment Mechanics*).

17.8 Additional security

This guarantee and any other Security given by the Parent Guarantor is in addition to and is not in any way prejudiced by, and shall not prejudice, any other guarantee or Security or any other right of recourse now or subsequently held by any Secured Party or any right of set-off or netting or right to combine accounts in connection with the Finance Documents.

17.9 Applicability of provisions of Guarantee to other Security

Clauses 17.2 (*Continuing guarantee*), 17.3 (*Reinstatement*), 17.4 (*Waiver of defences*), 17.5 (*Immediate recourse*), 17.6 (*Appropriations*), 17.7 (*Deferral of Parent Guarantor's rights*) and 17.8 (*Additional security*) shall apply, with any necessary modifications, to any Security which the Parent Guarantor creates (whether at the time at which it signs this Agreement or at any later time) to secure the Secured Liabilities or any part of them.

18 JOINT AND SEVERAL LIABILITY OF THE BORROWERS

18.1 Joint and several liability

All liabilities and obligations of the Borrowers under this Agreement shall, whether expressed to be so or not, be joint and several.

18.2 Waiver of defences

The liabilities and obligations of a Borrower shall not be impaired by:

(a) this Agreement being or later becoming void, unenforceable or illegal as regards any other Borrower;

(b) any Lender or the Security Agent entering into any rescheduling, refinancing or other arrangement of any kind with any other Borrower;

(c) any Lender or the Security Agent releasing any other Borrower or any Security created by a Finance Document; or

(d) any time, waiver or consent granted to, or composition with any other Borrower or other person;

(e) the release of any other Borrower or any other person under the terms of any composition or arrangement with any creditor of any member of the Group;

(f) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or security over assets of, any other Borrower or other person or any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any security;

(g) any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of any other Borrower or any other person;

(h) any amendment, novation, supplement, extension, restatement (however fundamental, and whether or not more onerous) or replacement of a Finance Document or any other document or security including, without limitation, any change in the purpose of, any extension of or any increase in any facility or the addition of any new facility under any Finance Document or other document or security;

(i) any unenforceability, illegality or invalidity of any obligation or any person under any Finance Document or any other document or security; or

(j) any insolvency or similar proceedings.

18.3 Principal Debtor

Each Borrower declares that it is and will, throughout the Security Period, remain a principal debtor for all amounts owing under this Agreement and the Finance Documents and no Borrower shall, in any circumstances, be construed to be a surety for the obligations of any other Borrower under this Agreement.

18.4 Borrower restrictions

(a) Subject to paragraph (b) below, during the Security Period no Borrower shall:

(i) claim any amount which may be due to it from any other Borrower whether in respect of a payment made under, or matter arising out of, this Agreement or any Finance Document, or any matter unconnected with this Agreement or any Finance Document; or

(ii) take or enforce any form of security from any other Borrower for such an amount, or in any way seek to have recourse in respect of such an amount against any asset of any other Borrower; or

(iii) set off such an amount against any sum due from it to any other Borrower; or

(iv) prove or claim for such an amount in any liquidation, administration, arrangement or similar procedure involving any other Borrower; or

(v) exercise or assert any combination of the foregoing.

(b) If during the Security Period, the Facility Agent, by notice to a Borrower, requires it to take any action referred to in paragraph (a) above in relation to any other Borrower, that Borrower shall take that action as soon as practicable after receiving the Facility Agent's notice.

18.5 Deferral of Borrowers' rights

Until all amounts which may be or become payable by the Borrowers under or in connection with the Finance Documents have been irrevocably paid in full and unless the Facility Agent otherwise directs, no Borrower will exercise any rights which it may have by reason of performance by it of its obligations under the Finance Documents:

(a) to be indemnified by any other Borrower; or

(b) to claim any contribution from any other Borrower in relation to any payment made by it under the Finance Documents.

REPRESENTATIONS, UNDERTAKINGS AND EVENTS OF DEFAULT

19 REPRESENTATIONS

19.1 General

Each Obligor makes the representations and warranties set out in this Clause 19 (*Representations*) to each Finance Party on the date of this Agreement.

19.2 Status

(a) Each Obligor (other than the Parent Guarantor) is a limited liability company formed and validly existing and in good standing under the law of its Original Jurisdiction.

(b) The Parent Guarantor is a corporation incorporated and validly existing and in good standing under the law of its Original Jurisdiction.

(c) It and each Transaction Obligor has the power to own its assets and carry on its business as it is being conducted.

19.3 LLC shares and ownership

(a) In the case of each Borrower, the aggregate number of LLC Shares that it is authorised to issue is 500 LLC Shares, all of which (being 100 per cent. of its limited liability company interests) have been issued to the Member.

(b) The Parent Guarantor is authorised to issue an aggregate of 249,000,000 common stock shares, each with a par value $0.01, consisting of:

(i) 214,000,000 Class A common stock shares, each with a par value of $0.01 per share, of which 36,216,803 shares are issued and outstanding;

(ii) 20,000,000 Class B common stock shares, each with a par value of $0.01 per share, of which none are issued and outstanding; and

(iii) 15,000,000 Class C common stock shares, each with a par value of $0.01 per share, of which none are issued and outstanding.

(c) The legal title to and beneficial interest in the LLC Shares in each Borrower is held directly by the Member and indirectly (as set out under paragraphs (a) to (b) above) by the Parent Guarantor free of any Security or any other claim, except for Permitted Security.

(d) None of the LLC Shares in a Borrower is subject to any option to purchase, pre-emption rights or similar rights.

19.4 Binding obligations

The obligations expressed to be assumed by it in each Transaction Document to which it is a party are legal, valid, binding and enforceable obligations.

19.5 Validity, effectiveness and ranking of Security

(a) Each Finance Document to which it is a party does now or, as the case may be, will upon execution and delivery create, subject to the Legal Reservations and the Perfection Requirements, the Security it purports to create over any assets to which such Security, by its terms, relates, and such Security will, when created or intended to be created, be valid and effective.

(b) No third party has or will have any Security (except for Permitted Security) over any assets that are the subject of any Transaction Security granted by it.

(c) Subject to the Perfection Requirements, the Transaction Security granted by it to the Security Agent or any other Secured Party has or will when created or intended to be created have first ranking priority or such other priority it is expressed to have in the Finance Documents and is not subject to any prior ranking or *pari passu* ranking security.

(d) No concurrence, consent or authorisation of any person is required for the creation of or otherwise in connection with any Transaction Security.

19.6 Non-conflict with other obligations

The entry into and performance by it of, and the transactions contemplated by, each Transaction Document to which it is a party:

(a) do not and will not conflict with:

(i) any law or regulation applicable to it;

(ii) its constitutional documents; or

(iii) any agreement or instrument binding upon it or any of its assets or constitute a default or termination event (however described) under any such agreement or instrument; and

(b) is for the corporate benefit of that Obligor.

19.7 Power and authority

(a) It has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of, each Transaction Document to which it is or will be a party and the transactions contemplated by those Transaction Documents.

(b) No limit on its powers will be exceeded as a result of the borrowing, granting of security or giving of guarantees or indemnities contemplated by the Transaction Documents to which it is a party.

19.8 Validity and admissibility in evidence

All Authorisations required or desirable:

(a) to enable it lawfully to enter into, exercise its rights and comply with its obligations in the Transaction Documents to which it is a party; and

(b) to make the Transaction Documents to which it is a party admissible in evidence in its Relevant Jurisdictions,

have been obtained or effected and are in full force and effect.

19.9 Governing law and enforcement

(a) The choice of governing law of each Transaction Document to which it is a party will be recognised and enforced in its Relevant Jurisdictions.

(b) Any judgment obtained in relation to a Transaction Document to which it is a party in the jurisdiction of the governing law of that Transaction Document and any arbitral award obtained in relation to a Transaction Document in the seat of that arbitral tribunal as specified in that Transaction Document will be recognised and enforced in its Relevant Jurisdictions.

19.10 Insolvency

No:

(a) corporate action, legal proceeding or other similar legal procedure or similar legal step described in paragraph (a) of Clause 27.8 (*Insolvency proceedings*); or

(b) creditors' process described in Clause 27.9 (*Creditors' process*),

has been taken or, to its knowledge, threatened in relation to any Transaction Obligor; and none of the circumstances described in Clause 27.7 (*Insolvency*) applies to any Transaction Obligor.

19.11 No filing or stamp taxes

Under the laws of its Relevant Jurisdictions it is not necessary that the Finance Documents to which it is a party be registered, filed, recorded, notarised or enrolled with any court or other authority in that jurisdiction or that any stamp, registration, notarial or similar Taxes or fees be paid on or in relation to the Finance Documents to which it is a party or the transactions contemplated by those Finance Documents except the registration of a Mortgage at the applicable ship registry of the relevant Approved Flag; which registration will be made promptly after the date of the relevant Finance Documents.

19.12 Deduction of Tax

It is not required to make any Tax Deduction from any payment it may make under any Finance Document to which it is a party.

19.13 No default

(a) No Event of Default and, on the date of this Agreement and on each Utilisation Date, no Default is continuing or might reasonably be expected to result from the making of any Utilisation or the entry into, the performance of, or any transaction contemplated by, any Transaction Document.

(b) No other event or circumstance is outstanding which constitutes a default or a termination event (however described) under any other agreement or instrument which is binding on it or to which its assets are subject.

19.14 No misleading information

(a) Any factual information provided by any member of the Group for the purposes of this Agreement was true and accurate in all material respects as at the date it was provided or as at the date (if any) at which it is stated.

(b) The financial projections contained in any such information have been prepared on the basis of recent historical information and on the basis of reasonable assumptions.

(c) Nothing has occurred or been omitted from any such information and no information has been given or withheld that results in any such information being untrue or misleading in any material respect.

19.15 Financial Statements

(a) The Original Financial Statements were prepared in accordance with GAAP consistently applied.

(b) The Original Financial Statements give a true and fair view of its financial condition as at the end of the relevant financial year and its results of operations during the relevant financial year.

(c) There has been no material adverse change in its assets, business or financial condition (or the assets, business or consolidated financial condition of the Group) since 31 December 2020.

(d) Its most recent financial statements delivered pursuant to Clause 20.2 (*Financial statements*):

(i) have been prepared in accordance with Clause 20.4 (*Requirements as to financial statements*); and

(ii) fairly present its financial condition as at the end of the relevant financial year and operations during the relevant financial year (consolidated in the case of the Parent Guarantor).

(e) Since the date of the most recent financial statements delivered pursuant to Clause 20.2 (*Financial statements*) there has been no material adverse change in its business, assets or financial condition (or the business or consolidated financial condition of the Group, in the case of the Parent Guarantor).

19.16 Pari passu ranking

Its payment obligations under the Finance Documents to which it is a party rank at least *pari passu* with the claims of all its other unsecured and unsubordinated creditors, except for obligations mandatorily preferred by law applying to companies generally.

19.17 No proceedings pending or threatened

(a) No litigation, arbitration or administrative proceedings or investigations (including proceedings or investigations relating to any alleged or actual breach of the ISM Code or of the ISPS Code) of or before any court, arbitral body or agency which, if adversely determined, might reasonably be expected to have a Material Adverse Effect have (to the best of its knowledge and belief (having made due and careful enquiry)) been started or threatened against it or any other Transaction Obligor.

(b) No judgment or order of a court, arbitral tribunal or other tribunal or any order or sanction of any governmental or other regulatory body which might reasonably be expected to have a Material Adverse Effect has (to the best of its knowledge and belief (having made due and careful enquiry)) been made against it or any other Transaction Obligor.

19.18 Valuations

(a) All information supplied by it or on its behalf to an Approved Valuer for the purposes of a valuation delivered to the Facility Agent in accordance with this Agreement was true and accurate as at the date it was supplied or (if appropriate) as at the date (if any) at which it is stated to be given.

(b) It has not omitted to supply any information to an Approved Valuer which, if disclosed, would adversely affect any valuation prepared by such Approved Valuer.

(c) There has been no change to the factual information provided pursuant to paragraph (a) above in relation to any valuation between the date such information was provided and the date of that valuation which, in either case, renders that information untrue or misleading in any material respect.

19.19 No breach of laws

It has not breached any applicable law or regulation which breach has a Material Adverse Effect.

19.20 Initial Charter

Each relevant Ship is subject to the respective Initial Charter and has been delivered to the Initial Charterer.

19.21 Compliance with Environmental Laws

All Environmental Laws relating to the ownership, operation and management of each Ship and, to the best of each Obligor's knowledge, the business of each other Transaction Obligor (as now conducted and as reasonably anticipated to be conducted in the future) and the terms of all Environmental Approvals have been complied with.

19.22 No Environmental Claim

No Environmental Claim has been made or threatened against any member of the Group or any Ship which is reasonably expected to have a Material Adverse Effect.

19.23 No Environmental Incident

No Environmental Incident has occurred and no person has claimed that an Environmental Incident has occurred which is reasonably expected to have a Material Adverse Effect.

19.24 ISM and ISPS Code compliance

All requirements of the ISM Code and the ISPS Code as they relate to each Borrower, the Approved Technical Manager and each Ship have been complied with.

19.25 Taxes paid

(a) It is not and (to the best of its knowledge and belief (having made due and careful enquiry)) no other Transaction Obligor is materially overdue in the filing of any Tax returns and it is not (and to the best of its knowledge and belief (having made due and careful enquiry)) and no other Transaction Obligor is overdue in the payment of any amount in respect of Tax unless and only to the extent that (i) such payment is being contested in good faith, (ii) adequate reserves are being maintained for those Taxes and the costs required to contest them and (iii) such payment can be lawfully withheld and failure to file such returns or pay those Taxes does not have a Material Adverse Effect.

(b) No claims or investigations are being, made or conducted against it (or (to the best of its knowledge and belief (having made due and careful enquiry)) against any other Transaction Obligor) with respect to Taxes.

19.26 Financial Indebtedness

No Borrower has any Financial Indebtedness outstanding other than Permitted Financial Indebtedness.

19.27 Overseas companies

No Obligor has delivered particulars, whether in its name stated in the Finance Documents or any other name, of any UK Establishment to the Registrar of Companies as required under the Overseas Regulations or, if it has so registered, it has provided to the Facility Agent sufficient details to enable an accurate search against it to be undertaken by the Lenders at the Companies Registry.

19.28 Good title to assets

It has good, valid and marketable title to, or valid leases or licences of, and all appropriate Authorisations to use, the assets necessary to carry on its business as presently conducted.

19.29 Ownership

(a) The relevant Borrower is the sole legal and beneficial owner of the relevant Ship, its Earnings and its Insurances.

(b) With effect on and from the date of its creation or intended creation**,** each Transaction Obligor will be the sole legal and beneficial owner of any asset that is the subject of any Transaction Security created or intended to be created by such Transaction Obligor.

(c) The constitutional documents of each Transaction Obligor do not and could not restrict or inhibit any transfer of the LLC Shares of a Borrower on creation or enforcement of the security conferred by the Security Documents.

19.30 Centre of main interests and establishments

For the purposes of The Council of the European Union Regulation No. 2015/848 on Insolvency Proceedings (recast) (the "Regulation"), its centre of main interest (as that term is used in Article 3(1) of the Regulation) is situated in Greece and it has no "establishment" (as that term is used in Article 2(10) of the Regulation) in any other jurisdiction.

19.31 Place of business

(a) No Obligor has a place of management of its business in any country other than Greece.

(b) Each Borrower is not a tax resident in the Republic of the Marshall Islands or any other jurisdiction and it is liable to pay Greek tonnage tax in respect of the Ship belonging to it as long as that Ship is managed by an Approved Manager whose place of management of its business is Greece.

19.32 No employee or pension arrangements

No Obligor has any employees or any liabilities under any pension scheme.

19.33 No immunity

No Obligor nor any of its respective assets are entitled to immunity on the grounds of sovereignty or otherwise from any legal action or proceedings (which shall include, without limitation, suit, attachment prior to judgment, execution or other enforcement).

19.34 Sanctions Representations

(a) No Transaction Obligor or any Approved Manager which is a member of the Group:

(i) is a Prohibited Person;

(ii) is owned or controlled by or acting directly or indirectly on behalf of or for the benefit of, a Prohibited Person;

(iii) owns or controls a Prohibited Person; or

(iv) has a Prohibited Person serving as a director, officer or, to the best of its knowledge, employee.

(b) Each Transaction Obligor and any Approved Manager which is a member of the Group has instituted and maintains policies and/or internal procedures designed to prevent violation of Sanctions.

(c) No proceeds of the Loan shall be made available, directly or indirectly, to or for the benefit of a Prohibited Person nor shall they be otherwise directly or indirectly, applied in a manner or for a purpose prohibited by Sanctions.

19.35 Validity and completeness of the Initial Charter

(a) Each Initial Charter constitutes legal, valid, binding and enforceable obligations of the relevant Borrower.

(b) The copy of each Initial Charter in respect of a Ship delivered to the Facility Agent by no later than the Utilisation Date in respect of that Ship is a true and complete copy.

(c) No amendments or additions to each of the Initial Charters have been agreed save as otherwise disclosed to the Facility Agent prior to the execution of this Agreement nor has any Borrower waived any of its rights under the Initial Charter to which it is a party.

19.36 Anti-bribery, anti-corruption and anti-money laundering

No Transaction Obligor nor any of their Subsidiaries, directors or officers, or, to the best of their knowledge, any affiliate, agent or employee of them, has engaged in any activity or conduct which would violate any applicable anti-bribery, anti-corruption or anti-money laundering laws, regulations or rules in any applicable jurisdiction (including, without limitation, the US Foreign Corrupt Practices Act of 1977, as amended) and each Transaction Obligor has instituted and maintain policies and/or internal procedures designed to prevent violation of such laws, regulations and rules.

19.37 Ships status

Each Ship is:

(a) registered in the name of the relevant Borrower under the laws and flag of the Approved Flag;

(b) operationally seaworthy and in every way fit for service;

(c) classed with the relevant Approved Classification free of all overdue requirements and recommendations of the relevant Approved Classification Society affecting class; and

(d) insured in the manner required by the Finance Documents.

19.38 Repetition

The Repeating Representations are deemed to be made by each Obligor by reference to the facts and circumstances then existing on the date of each Utilisation Request and the first day of each Interest Period.

20 INFORMATION UNDERTAKINGS

20.1 General

The undertakings in this Clause 20 (*Information Undertakings*) remain in force throughout the Security Period unless the Facility Agent, acting with the authorisation of the Majority Lenders (or, where specified, all the Lenders), may otherwise permit.

20.2 Financial statements

The Parent Guarantor shall supply to the Facility Agent in sufficient copies for all the Lenders (and, in respect of paragraphs (a) - (c) (inclusive) below, prepared in accordance with NYSE rules (as shown and available on the website of the Parent Guarantor)):

(a) as soon as they become available, but in any event within 180 days after the end of each financial year of the Parent Guarantor, the consolidated audited annual financial statements of the Parent Guarantor (commencing with the financial statements for the financial year which ended on 31 December 2021) for that financial year;

(b) as soon as they become available, but in any event within 120 days after the 6-month period ending on 30 June in each financial year of the Parent Guarantor, the semi-annual consolidated unaudited financial statements of the Parent Guarantor, for that 6-month period, duly certified as to their correctness by the chief financial officer of the Parent Guarantor;

(c) as soon as they become available, but in any event within 90 days after the 3-month period ending on 30 June, 30 September, 31 December and 31 March in each financial year of the Parent Guarantor, the quarterly consolidated unaudited financial statements of the Parent Guarantor, for that 3-month period, duly certified as to their correctness by the chief financial officer of the Corporate Guarantor; and

(d) promptly after each request by the Facility Agent, such further financial or other information in respect of each Borrower, each Ship, the Parent Guarantor and the other Transaction Obligors (including, without limitation, any information regarding any sale and purchase agreements, investment brochures, shipbuilding contracts, charter agreements, operational expenditures for the Ships and utilisation rates of the Ships) as may be requested by the Facility Agent.

20.3 Compliance Certificate

(a) The Parent Guarantor shall supply to the Facility Agent, together with each set of financial statements delivered pursuant to paragraphs (a) and (b) of Clause 20.2 (*Financial statements*) as the case may be, a Compliance Certificate setting out (in reasonable detail) computations as to compliance with Clause 21 (*Financial Covenants*) and the minimum required security cover ratio pursuant to Clause 25.1 (*Minimum required security cover*) as at the date at which those financial statements were drawn up together with the necessary copies of the valuations pursuant to Clause 25.7 (*Valuations*).

(b) Each Compliance Certificate shall be signed by the chief financial officer of the Parent Guarantor.

20.4 Requirements as to financial statements

(a) Each set of financial statements delivered by the Parent Guarantor pursuant to Clause 20.2 (*Financial statements*) shall be certified by the chief financial officer of the Parent Guarantor as giving a true and fair view (if audited) or fairly representing (if unaudited) its financial condition and operations as at the date as at which those financial statements were drawn up.

(b) The Obligors shall procure that each set of financial statements delivered pursuant to Clause 20.2 (*Financial statements*) is prepared using GAAP, accounting practices and financial reference periods consistent with those applied in the preparation of the Original Financial Statements unless, in relation to any set of financial statements, they notify the Facility Agent that there has been a change in GAAP, the accounting practices or reference periods and the auditors of the Parent Guarantor deliver to the Facility Agent:

(i) a description of any change necessary for those financial statements to reflect the GAAP, accounting practices and reference periods upon which the Original Financial Statements were prepared; and

(ii) sufficient information, in form and substance as may be reasonably required by the Facility Agent, to enable the Lenders to determine whether Clause 21 (*Financial Covenants*) has been complied with and make an accurate comparison between the financial position indicated in those financial statements and the Original Financial Statements.

Any reference in this Agreement to those financial statements shall be construed as a reference to those financial statements as adjusted to reflect the basis upon which the Original Financial Statements were prepared.

20.5 Information: miscellaneous

Each Obligor shall and shall procure that each other Transaction Obligor shall supply (and in the case of sub paragraphs (iii) and (iv) of paragraph (e), the Parent Guarantor shall supply) to the Facility Agent (in sufficient copies for all the Lenders, if the Facility Agent so requests):

(a) all documents relevant to this Agreement which are dispatched by it to its members (or any class of them) or its creditors upon request of the Facility Agent and copies of any relevant press releases;

(b) promptly upon becoming aware of them, the details of any litigation, arbitration or administrative proceedings or investigations (including proceedings or investigations relating to any alleged or actual breach of the ISM Code or of the ISPS Code) which are current, threatened or pending against any member of the Group, and which might, if adversely determined, have a Material Adverse Effect and each Borrower shall procure that all reasonable measures are taken to defend any such legal or administrative action;

(c) promptly upon becoming aware of them, the details of any judgment or order of a court, arbitral body or agency which is made against any member of the Group and which might have a Material Adverse Effect;

(d) promptly, its constitutional documents where these have been amended or varied;

(e) promptly, such further information and/or documents regarding:

(i) each Ship, goods transported on each Ship, its Earnings and its Insurances;

(ii) the Security Assets;

(iii) compliance of the Transaction Obligors with the terms of the Finance Documents;

(iv) the financial condition, business and operations of any other Transaction Obligor;

(v) the Initial Charters,

as any Finance Party (through the Facility Agent) may reasonably request; and

(f) promptly, such further information and/or documents as any Finance Party (through the Facility Agent) may reasonably request so as to enable such Finance Party to comply with any laws applicable to it or as may be required by any regulatory authority.

20.6 Notification of Default

(a) Each Obligor shall, and shall procure that each other Transaction Obligor shall, notify the Facility Agent of any Default and provide an early indication thereof if such Default becomes manifest that the financial covenants set out in Clause 21 (*Financial Covenants*) may not be met (and the steps, if any, being taken to remedy each of them) promptly upon becoming aware of such occurrence (unless that Obligor is aware that a notification has already been provided by another Obligor).

(b) Promptly upon a request by the Facility Agent, each Borrower shall supply to the Facility Agent a certificate signed by an officer on its behalf certifying that no Default is continuing (or if a Default is continuing, specifying the Default and the steps, if any, being taken to remedy it).

20.7 Notification of litigation

(a) The Obligors will provide the Facility Agent with details of any legal action (i) involving any Obligor and any other Transaction Obligor as soon as such action is instituted and (ii) on becoming aware of the same, involving the Approved Technical Manager, or any Ship, its Earnings, its Insurances unless in each case it is clear that the legal action could not reasonably be expected to have a Material Adverse Effect if adversely determined.

(b) The Obligors shall and shall procure that any other Transaction Obligor shall supply to the Facility Agent promptly, to the extent permitted by law, details of any claim, action, suit, proceedings or investigation against it with respect to Sanctions by any Sanctions Authority (in sufficient copies for all the Lenders, if the Facility Agent so requests).

20.8 Use of websites

(a) Each Obligor may satisfy its obligation under the Finance Documents to which it is a party to deliver any information in relation to those Lenders (the "**Website Lenders**") which accept this method of communication by posting this information onto an electronic website designated by the Borrowers and the Facility Agent (the "**Designated Website**") if:

(i) the Facility Agent expressly agrees (after consultation with each of the Lenders) that it will accept communication of the information by this method;

(ii) both the relevant Obligor and the Facility Agent are aware of the address of and any relevant password specifications for the Designated Website; and

(iii) the information is in a format previously agreed between the relevant Obligor and the Facility Agent.

If any Lender (a "**Paper Form Lender**") does not agree to the delivery of information electronically then the Facility Agent shall notify the Obligors accordingly and each Obligor shall supply the information to the Facility Agent (in sufficient copies for each Paper Form Lender) in paper form. In any event each Obligor shall supply the Facility Agent with at least one copy in paper form of any information required to be provided by it.

(b) The Facility Agent shall supply each Website Lender with the address of and any relevant password specifications for the Designated Website following designation of that website by the Obligors or any of them and the Facility Agent.

(c) An Obligor shall promptly upon becoming aware of its occurrence notify the Facility Agent if:

(i) the Designated Website cannot be accessed due to technical failure;

(ii) the password specifications for the Designated Website change;

(iii) any new information which is required to be provided under this Agreement is posted onto the Designated Website;

(iv) any existing information which has been provided under this Agreement and posted onto the Designated Website is amended; or

(v) if that Obligor becomes aware that the Designated Website or any information posted onto the Designated Website is or has been infected by any electronic virus or similar software.

If an Obligor notifies the Facility Agent under sub-paragraph (i) or (v) of paragraph (c) above, all information to be provided by the Obligors under this Agreement after the date of that notice shall be supplied in paper form unless and until the Facility Agent and each Website Lender is satisfied that the circumstances giving rise to the notification are no longer continuing.

(d) Any Website Lender may request, through the Facility Agent, one paper copy of any information required to be provided under this Agreement which is posted onto the Designated Website. The Obligors shall comply with any such request within 10 Business Days.

20.9 "Know your customer" checks

(a) If:

(i) the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation made after the date of this Agreement;

(ii) any change in the status of a Transaction Obligor (or of a Holding Company of a Transaction Obligor) (including, without limitation, a change of ownership of a Transaction Obligor or of a Holding Company of a Transaction Obligor) after the date of this Agreement; or

(iii) a proposed assignment or transfer by a Lender of any of its rights and obligations under this Agreement to a party that is not a Lender prior to such assignment or transfer,

obliges a Finance Party (or, in the case of sub-paragraph (iii) above, any prospective new Lender) to comply with "know your customer" or similar identification procedures in circumstances where the necessary information is not already available to it, each Obligor shall promptly upon the request of any Finance Party supply, or procure the supply of, such documentation and other evidence as is reasonably requested by a Servicing Party (for itself or on behalf of any other Finance Party) or any Lender (for itself or, in the case of the event described in sub-paragraph (iii) above, on behalf of any prospective new Lender) in order for such Finance Party or, in the case of the event described in sub-paragraph (iii) above, any prospective new Lender to carry out and be satisfied it has complied with all necessary "know your customer" or other similar checks under all applicable laws and regulations pursuant to the transactions contemplated in the Finance Documents.

(b) Each Lender shall promptly upon the request of a Servicing Party supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Servicing Party (for itself) in order for that Servicing Party to carry out and be satisfied it has complied with all necessary "know your customer" or other similar checks under all applicable laws and regulations pursuant to the transactions contemplated in the Finance Documents.

20.10 Parent Guarantor's subsidiaries

The Borrowers shall provide the Facility Agent on or before the date of this Agreement with a list of each member of the Group at the date of this Agreement and shall, at the same time the Parent Guarantor delivers a Compliance Certificate pursuant to Clause 20.3 (*Compliance Certificate*), advise the Facility Agent in writing of any amendments to such list.

21 FINANCIAL COVENANTS

21.1 Borrowers' minimum liquidity

The Borrowers shall maintain in the Earnings Accounts credit balances in an aggregate amount of not less than $350,000 in respect of each Ship subject to a Mortgage ($1,050,000 in aggregate, the "**Minimum Liquidity Amount**") commencing from the Utilisation Date in respect of the Tranche which will finance the relevant Ship and at all times thereafter until the earlier of (i) the full repayment or, as the case may be prepayment, of the Tranche relevant to that Ship **provided that** no Event of Default has occurred on the date of such repayment and (ii) the end of the Security Period.

21.2 Parent Guarantor's minimum liquidity and most favoured nations

At all times during the Security Period, the Parent Guarantor shall:

(a) maintain minimum liquidity in an amount of $20,000,000 or a lesser minimum liquidity amount (if agreed by all the Lenders) (the "**Unrestricted Cash and Cash Equivalents**"); and

(b) ensure that the Finance Parties shall receive no less favourable treatment under this Agreement in relation to any financial covenant relating to it, than any financial covenant provided or to be provided under any credit, loan facility or indenture agreement (or guarantee thereof) creating Financial Indebtedness to which the Parent Guarantor is a party (or by way of amendment or supplement to that credit, loan facility or indenture agreement (or guarantee thereof)) or any agreement creating Financial Indebtedness to refinance or otherwise substitute any existing Financial Indebtedness of, or guarantee by, the Parent Guarantor.

Notwithstanding paragraph (b) above, the Parent Guarantor shall promptly advise the Facility Agent of those arrangements and covenants in advance and shall, upon the Facility Agent's request (acting on the instructions of the Majority Lenders), enter into such documentation which amends and supplements this Agreement and the other Finance Documents, as the Majority Lenders may require in order to achieve parity with the creditors under the relevant financing of the Parent Guarantor.

21.3 Compliance Check

Compliance with the undertakings contained in this Clause 21 (*Financial Covenants*) shall be determined on each Testing Date and evidenced by the Compliance Certificate.

22 GENERAL UNDERTAKINGS

22.1 General

The undertakings in this Clause 22 (*General Undertakings*) remain in force throughout the Security Period except as the Facility Agent, acting with the authorisation of the Majority Lenders (or, where specified, all the Lenders) may otherwise permit (and in the case of Clause 22.12 (*Disposals*), 22.13 (*Merger*), 22.15 (*Financial Indebtedness*), 22.19 (*Other transactions*) and 22.22 (*No amendment to Initial Charter*) such permission not to be unreasonably withheld).

22.2 Authorisations

Each Obligor shall, and shall procure that each other Transaction Obligor will, promptly:

(a) obtain, comply with and do all that is necessary to maintain in full force and effect; and

(b) supply certified copies to the Facility Agent of,

any Authorisation required under any law or regulation of a Relevant Jurisdiction or the state of the Approved Flag at any time of each Ship to enable it to:

(i) perform its obligations under the Transaction Documents to which it is a party;

(ii) ensure the legality, validity, enforceability or admissibility in evidence in any Relevant Jurisdiction or in the state of the Approved Flag at any time of each Ship, of any Transaction Document to which it is a party; and

(iii) own and operate each Ship (in the case of the Borrowers).

22.3 Compliance with laws

Each Obligor shall, and shall procure that each other Transaction Obligor will, comply in all respects with all laws (including, without limitation, Sanctions) and regulations to which it may be subject.

22.4 Environmental compliance

Each Obligor shall, and shall procure that each other Transaction Obligor will:

(a) comply with all Environmental Laws;

(b) obtain, maintain and ensure compliance with all requisite Environmental Approvals;

(c) implement procedures to monitor compliance with and to prevent liability under any Environmental Law,

where failure to do so has a Material Adverse Effect.

22.5 Environmental Claims

Each Obligor shall, and shall procure that each other Transaction Obligor will, promptly upon becoming aware of the same, inform the Facility Agent in writing of:

(a) any Environmental Claim against any Transaction Obligor which is current, pending or threatened; and

(b) any facts or circumstances which are reasonably likely to result in any Environmental Claim being commenced or threatened against any Transaction Obligor,

where the claim, if determined against that Transaction Obligor, has a Material Adverse Effect.

22.6 Taxation

(a) Each Obligor shall, and shall procure that each other Transaction Obligor will, pay and discharge all Taxes imposed upon it or its assets within the time period allowed without incurring penalties unless and only to the extent that:

(i) such payment is being contested in good faith;

(ii) adequate reserves are maintained for those Taxes and the costs required to contest them and both have been disclosed in its latest financial statements delivered to the Facility Agent under Clause 20.2 (*Financial statements*); and

(iii) such payment can be lawfully withheld.

(b) No Obligor shall and the Obligors shall procure that no other Transaction Obligor will, change its residence for Tax purposes.

22.7 Overseas companies

Each Obligor shall, and shall procure that each other Transaction Obligor will, promptly inform the Facility Agent if it delivers to the Registrar particulars required under the Overseas Regulations of any UK Establishment and it shall comply with any directions given to it by the Facility Agent regarding the recording of any Transaction Security on the register which it is required to maintain under The Overseas Companies (Execution of Documents and Registration of Charges) Regulations 2009.

22.8 No change to centre of main interests

No Obligor shall change the location of its centre of main interest (as that term is used in Article 3(1) of the Regulation) from that stated in relation to it in Clause 19.30 (*Centre of main interests and establishments*) and it will create no "**establishment**" (as that term is used in Article 2(10) of the Regulation) in any other jurisdiction.

22.9 Pari passu ranking

Each Obligor shall, and shall procure that each other Transaction Obligor will, ensure that at all times any unsecured and unsubordinated claims of a Finance Party against it under the Finance Documents rank at least *pari passu* with the claims of all its other unsecured and unsubordinated creditors except those creditors whose claims are mandatorily preferred by laws of general application to companies.

22.10 Title

(a) Each Borrower shall hold the legal title to, and own the entire beneficial interest in the Ship owned by it, its Earnings and its Insurances.

(b) With effect on and from its creation or intended creation, each Obligor shall hold the legal title to, and own the entire beneficial interest in any other assets which are the subject of any Transaction Security created or intended to be created by such Obligor.

22.11 Negative pledge

(a) No Borrower shall create or permit to subsist any Security over any of its assets which are the subject of the Security created or intended to be created by the Finance Documents.

(b) No Borrower shall:

(i) sell, transfer or otherwise dispose of any of its assets on terms whereby they are or may be leased to or re-acquired by a Transaction Obligor;

(ii) sell, transfer or otherwise dispose of any of its receivables on recourse terms;

(iii) enter into any arrangement under which money or the benefit of a bank or other account may be applied, set-off or made subject to a combination of accounts; or

(iv) enter into any other preferential arrangement having a similar effect,

in circumstances where the arrangement or transaction is entered into primarily as a method of raising Financial Indebtedness or of financing the acquisition of an asset.

(c) Paragraphs (a) and (b) above do not apply to any Permitted Security.

22.12 Disposals

(a) No Borrower shall enter into a single transaction or a series of transactions (whether related or not) and whether voluntary or involuntary to sell, lease, transfer or otherwise dispose of any asset (including without limitation any Ship, its Earnings or its Insurances).

(b) Paragraph (a) above does not apply to any Charter as all Charters are subject to Clause 24.14 (*Restrictions on chartering, appointment of managers etc.*) or to a sale of any Ship provided the Borrowers comply with the prepayment obligations of Clause 7 (*Prepayment and Cancellation*) and, in particular, the provisions of Clause 7.4 (*Mandatory prepayment on sale or Total Loss*).

22.13 Merger

No Obligor shall enter into any amalgamation, demerger, merger, consolidation or corporate reconstruction (for the purposes of this Clause 22.13 (*Merger*), each "**a process**") **provided that** in the case of the Parent Guarantor, such process is permitted without restrictions so long as (i) the Parent Guarantor remains the surviving entity of any such process, (ii) no Default has occurred at the relevant time or would be triggered as a result of such process and (iii) such process does not have a Material Adverse Effect.

22.14 Change of business

(a) The Parent Guarantor shall procure that no substantial change is made to the general nature of its business or the Group from that carried on at the date of this Agreement.

(b) No Borrower shall engage in any business other than the ownership and operation of its Ship.

22.15 Financial Indebtedness

No Borrower shall incur or permit to be outstanding any Financial Indebtedness (including entering into any investments, any sale or leaseback agreement or any off-balance sheet transactions) except Permitted Financial Indebtedness.

22.16 Expenditure

No Borrower shall incur any expenditure, except for expenditure reasonably incurred in the ordinary course of owning, operating, chartering, maintaining and repairing its Ship.

22.17 LLC interests

No Borrower shall:

(a) purchase, cancel or redeem any of its LLC Shares;

(b) issue any further LLC Shares, except to the Member or the Parent Guarantor as per Clause 19.3 and provided such LLC Shares are issued subject to the terms of a Negative Pledge immediately upon the issuance of such LLC Shares in a manner satisfactory to the Facility Agent and in compliance with the terms of the Negative Pledge; or

(c) appoint any further officer of the Borrower (unless in accordance with the provisions of the Negative Pledge).

22.18 Dividends

(a) Each Borrower may declare and make a Dividend Payment only if no Event of Default has occurred and is continuing.

(b) The Parent Guarantor may make a Dividend Payment only if all of the following conditions have been met to the satisfaction of the Facility Agent:

(i) the covenants relevant to it as set out in Clause 21 (*Financial Covenants*) are all complied with; and

(ii) no Event of Default has occurred and is continuing under this Agreement or no event of default or termination event has occurred and is continuing under any other credit, loan facility or indenture agreement (or guarantee thereof) to which it is a party (in any capacity, including, but not limited to, as guarantor).

(c) For the avoidance of doubt, the Dividend Payments allowed to be made pursuant to paragraph (a) and paragraph (b) above shall be made quarterly per year.

22.19 Other transactions

No Borrower will:

(a) be the creditor in respect of any loan or any form of credit to any person other than where such loan or form of credit is Permitted Financial Indebtedness;

(b) give or allow to be outstanding any guarantee or indemnity to or for the benefit of any person in respect of any obligation of any other person or enter into any document under which that Borrower assumes any liability of any other person other than (i) any guarantee or indemnity given under the Finance Documents or (ii) any guarantee or indemnity issued in the ordinary course of its business of operating, trading and chartering any Ships owned by it;

(c) enter into any material agreement other than:

(i) the Transaction Documents;

(ii) any other agreement expressly allowed under any other term of this Agreement; and

(d) enter into any transaction on terms which are, in any respect, less favourable to that Borrower than those which it could obtain in a bargain made at arms' length; or

(e) acquire any shares or other securities other than US or UK Treasury bills and certificates of deposit issued by major North American or European banks.

22.20 Unlawfulness, invalidity and ranking; Security imperilled

No Obligor shall do (or fail to do) or cause or permit another person to do (or omit to do) anything which is likely to:

(a) make it unlawful for a Transaction Obligor to perform any of its obligations under the Transaction Documents;

(b) cause any obligation of a Transaction Obligor under the Transaction Documents to cease to be legal, valid, binding or enforceable;

(c) cause any Transaction Document to cease to be in full force and effect;

(d) cause any Transaction Security to rank after, or lose its priority to, any other Security; and

(e) imperil or jeopardise the Transaction Security.

22.21 Further assurance

(a) Each Obligor shall, and shall procure that each other Transaction Obligor will, promptly, and in any event within the time period specified by the Security Agent do all such acts (including procuring or arranging any registration, notarisation or authentication or the giving of any notice) or execute or procure execution of all such documents (including assignments, transfers, mortgages, charges, notices, instructions, acknowledgments, proxies and powers of attorney), as the Security Agent may specify (and in such form as the Security Agent may require in favour of the Security Agent or its nominee(s)):

(i) to create, perfect, vest in favour of the Security Agent or protect the priority of the Security or any right of any kind created or intended to be created under or evidenced by the Finance Documents (which may include the execution of a mortgage, charge, assignment or other Security over all or any of the assets which are, or are intended to be, the subject of the Transaction Security) or for the exercise of any rights, powers and remedies of any of the Secured Parties provided by or pursuant to the Finance Documents or by law;

(ii) to confer on the Security Agent or confer on the Secured Parties Security over any property and assets of that Transaction Obligor located in any jurisdiction equivalent or similar to the Security intended to be conferred by or pursuant to the Finance Documents;

(iii) to facilitate or expedite the realisation and/or sale of, the transfer of title to or the grant of, any interest in or right relating to the assets which are, or are intended to be, the subject of the Transaction Security or to exercise any power specified in any Finance Document in respect of which the Security has become enforceable; and/or

(iv) to enable or assist the Security Agent to enter into any transaction to commence, defend or conduct any proceedings and/or to take any other action relating to any item of the Security Property.

(b) Each Obligor shall, and shall procure that each other Transaction Obligor will, take all such action as is available to it (including making all filings and registrations) as may be necessary for the purpose of the creation, perfection, protection or maintenance of any Security

conferred or intended to be conferred on the Security Agent or the Secured Parties by or pursuant to the Finance Documents.

(c) At the same time as an Obligor delivers to the Security Agent any document executed by itself or another Transaction Obligor pursuant to this Clause 22.21 (*Further assurance*), that Obligor shall deliver, or shall procure that such other Transaction Obligor will deliver, to the Security Agent a certificate signed by one of that Obligor's or Transaction Obligor's officers which shall:

(i) set out the text of a resolution of that Obligor's or Transaction Obligor's directors or members, as applicable, specifically authorising the execution of the document specified by the Security Agent; and

(ii) state that either the resolution was duly passed at a meeting of the directors or members, as applicable, validly convened and held, throughout which a quorum of directors or members, as applicable, entitled to vote on the resolution was present, or that the resolution has been signed by all the directors or members and is valid under that Obligor's or Transaction Obligor's articles of association, limited liability company agreement or other constitutional documents.

22.22 No amendment to the Initial Charter

No Borrower will agree to any material amendment or supplement to, or waive or fail to enforce, the Initial Charter to which it is a party or any of its provisions (and, without limitation, any reduction to the charter hire rate or to the fixed duration of that Initial Charter (without taking into account any optional extensions), shall be considered a material amendment for the purposes of this Clause 22.22 (*No amendments to the Initial Charter*)) **provided that** that Borrower is permitted at any time to enter into an extension of the relevant Initial Charter so long as it is on the same, or more favourable to that Borrower, terms and conditions without material amendments relating to that Borrower's rights under the relevant Initial Charter.

22.23 Sanctions Undertakings

(a) Each Obligor undertakes that it shall, and the Parent Guarantor shall procure that each member of the Group will, comply with all Sanctions.

(b) No Obligor shall, and the Parent Guarantor shall procure that no member of the Group shall, become a Prohibited Person or act on behalf of, or as an agent of, a Prohibited Person.

(c) Each Obligor shall procure, and the Parent Guarantor shall procure that each member of the Group shall procure, that no proceeds from any activity or dealing with a Prohibited Person are credited to any bank account held with any Finance Party or any Affiliate of a Finance Party.

(d) Each Obligor shall, and the Parent Guarantor shall procure that each member of the Group will, to the extent permitted by law, promptly upon becoming aware of them supply to the Facility Agent details of any claim, action, suit, proceedings or investigation against it with respect to Sanctions by any Sanctions Authority.

(e) No Obligor shall, and the Parent Guarantor shall procure that no member of the Group will, use any revenue or benefit derived from any activity or dealing with a Prohibited Person in discharging any obligation due or owing to the Finance Parties.

22.24 Use of proceeds

No Obligor shall, and the Parent Guarantor shall procure that no other member of the Group shall, directly or indirectly, use, lend, contribute or otherwise make available any proceeds of the Loan or other transaction contemplated by this Agreement for the purpose of financing any trade, business or other activities with any Prohibited Person.

22.25 EU Anti-Blocking

(a) Any provision of this Agreement relating to Sanctions, including, without limitation, the provisions contained in Clause 19.34 (*Sanctions Representations)*, Clause 22.23 (*Sanctions Undertakings*) or Clause 24.20 (*Sanctions and Ship trading*), shall not apply to or in favour of any Finance Party that is incorporated in Germany or otherwise notifies the Facility Agent to this effect if and to the extent that it would result in a breach, by or in respect of that person, of any applicable Blocking Law.

(b) For the purposes of this Clause 22.25 (*EU Anti- Blocking*), "Blocking Law" means:

(i) any provision of Council Regulation (EC) No 2271/1996 of 22 November 1996 (or any law or regulation implementing such Regulation in any member state of the European Union or the United Kingdom);

(ii) section 7 of the German Foreign Trade Regulation (Außenwirtschaftsverordnung); or

(iii) any similar blocking or anti-boycott law in the United Kingdom.

(c) Solely for purposes of making any determination, decision or direction pursuant to any Finance Document regarding a breach of this Agreement relating to Sanctions, the Commitments and Loans of all Lenders that are subject to the anti-blocking provisions of subclause (a) of this Clause 22.25 (*EU Anti- Blocking*), shall be treated as if they were $0.

23 INSURANCE UNDERTAKINGS

23.1 General

The undertakings in this Clause 23 (*Insurance Undertakings*) remain in force in relation to a Ship from the date of this Agreement and throughout the rest of the Security Period except as the Facility Agent, acting with the authorisation of the Majority Lenders (or, where specified, all the Lenders) may otherwise permit (and in the case of paragraph (a) of Clause 23.13 (*Settlement of claims*) such permission not to be unreasonably withheld).

23.2 Maintenance of obligatory insurances

Each Borrower shall keep the Ship owned by it insured at its expense against:

(a) fire and usual marine risks (including hull and machinery and excess risks);

(b) war risks;

(c) protection and indemnity risks in each case in the highest amount available as per IG P&I rules; and

(d) any other risks against which the Facility Agent acting on the instructions of the Majority Lenders considers, having regard to practices and other circumstances prevailing at the relevant time, it would be reasonable for that Borrower to insure and which are specified by the Facility Agent by notice to that Borrower.

23.3 Terms of obligatory insurances

Each Borrower shall effect such insurances:

(a) in dollars;

(b) in the case of fire and usual marine risks and war risks, in an amount on an agreed value basis at least the greater of:

(i) an amount which is equal to 120 per cent. of the aggregate of:

(A) the Tranche relating to the Ship owned by it; and

(B) the aggregate principal amount secured by Permitted Security over that Ship which have a prior ranking to the Security created by the Finance Documents; and

(ii) the Market Value of that Ship;

(c) in the case of oil pollution liability risks, for an aggregate amount equal to the highest level of cover from time to time available under basic protection and indemnity club entry;

(d) in the case of protection and indemnity risks, in respect of the full tonnage of its Ship (and to the extent that it is applicable, the requirements of paragraph (b) of this Clause 23.3 (*Terms of obligatory insurances*) shall apply);

(e) in relation to war risks insurance, extended to cover piracy and terrorism where excluded under the fire and usual marine risks insurance;

(f) on approved terms; and

(g) through Approved Brokers and with approved insurance companies and/or underwriters or, in the case of war risks and protection and indemnity risks, in approved war risks and protection and indemnity risks associations.

23.4 Further protections for the Finance Parties

In addition to the terms set out in Clause 23.3 (*Terms of obligatory insurances*), each Borrower shall procure that the obligatory insurances effected by it shall:

(a) subject always to paragraph (b), name that Borrower as the sole named insured unless the interest of every other named insured is limited:

(i) in respect of any obligatory insurances for hull and machinery and war risks;

(A) to any provable out-of-pocket expenses that it has incurred and which form part of any recoverable claim on underwriters; and

(B) to any third party liability claims where cover for such claims is provided by the policy (and then only in respect of discharge of any claims made against it); and

(ii) in respect of any obligatory insurances for protection and indemnity risks, to any recoveries it is entitled to make by way of reimbursement following discharge of any third party liability claims made specifically against it;

and every other named insured has undertaken in writing to the Security Agent (in such form as it requires) that any deductible shall be apportioned between that Borrower and every other named insured in proportion to the gross claims made or paid by each of them and that it shall do all things necessary and provide all documents, evidence and information to enable the Security Agent to collect or recover any moneys which at any time become payable in respect of the obligatory insurances and, if required by the Security Agent, that any such other named insured shall assign its rights and interest to the obligatory insurances if they are named as a co-assured party;

(b) whenever the Facility Agent requires, name (or be amended to name) the Security Agent as additional named insured for its rights and interests, warranted no operational interest and with full waiver of rights of subrogation against the Security Agent, but without the Security Agent being liable to pay (but having the right to pay) premiums, calls or other assessments in respect of such insurance;

(c) name the Security Agent as loss payee with such directions for payment as the Facility Agent may specify;

(d) provide that all payments by or on behalf of the insurers under the obligatory insurances to the Security Agent shall be made without set off, counterclaim or deductions or condition whatsoever;

(e) provide that the obligatory insurances shall be primary without right of contribution from other insurances which may be carried by the Security Agent or any other Finance Party; and

(f) provide that the Security Agent may make proof of loss if that Borrower fails to do so.

23.5 Renewal of obligatory insurances

Each Borrower shall:

(a) at least 10 days before the expiry of any obligatory insurance effected by it:

(i) notify the Facility Agent of the Approved Brokers (or other insurers) and any protection and indemnity or war risks association through or with which it proposes to renew that obligatory insurance and of the proposed terms of renewal; and

(ii) obtain the Facility Agents' approval to the matters referred to in sub-paragraph (i) above;

(b) at least 5 days before the expiry of any obligatory insurance, renew that obligatory insurance in accordance with the Facility Agent's approval pursuant to paragraph (a) above; and

(c) procure that the Approved Brokers and/or the approved war risks and protection and indemnity associations with which such a renewal is effected shall promptly after the renewal notify the Facility Agent in writing of the terms and conditions of the renewal.

23.6 Copies of policies; letters of undertaking

Each Borrower shall ensure that the Approved Brokers provide the Security Agent with:

(a) *pro forma* copies of all policies relating to the obligatory insurances which they are to effect or renew; and

(b) a letter or letters or undertaking in a form required by the Facility Agent and including undertakings by the Approved Brokers that:

(i) they will have endorsed on each policy, immediately upon issue, a loss payable clause and a notice of assignment complying with the provisions of Clause 23.4 (*Further protections for the Finance Parties*);

(ii) they will hold such policies, and the benefit of such insurances, to the order of the Security Agent in accordance with such loss payable clause;

(iii) they will advise the Security Agent immediately of any material change to the terms of the obligatory insurances;

(iv) they will, if they have not received notice of renewal instructions from the relevant Borrower or its agents, notify the Security Agent not less than 14 days before the expiry of the obligatory insurances;

(v) if they receive instructions to renew the obligatory insurances, they will promptly notify the Facility Agent of the terms of the instructions;

(vi) they will not set off against any sum recoverable in respect of a claim relating to the Ship owned by that Borrower under such obligatory insurances any premiums or other amounts due to them or any other person whether in respect of that Ship or otherwise, they waive any lien on the policies, or any sums received under them, which they might have in respect of such premiums or other amounts and they will not cancel such obligatory insurances by reason of non-payment of such premiums or other amounts;

(vii) they will provide notice for any cancellation of policies within the time line standard for industry guidelines; and

(viii) they will arrange for a separate policy to be issued in respect of the Ship owned by that Borrower forthwith upon being so requested by the Facility Agent.

23.7 Copies of certificates of entry

Each Borrower shall ensure that any protection and indemnity and/or war risks associations in which the Ship owned by it is entered provide the Security Agent with:

(a) a certified copy of the certificate of entry for that Ship;

(b) a letter or letters of undertaking in such form as may be required by the Facility Agent acting on the instructions of the Majority Lenders; and

(c) a certified copy of each certificate of financial responsibility for pollution by oil or other Environmentally Sensitive Material issued by the relevant certifying authority in relation to that Ship.

23.8 Deposit of original policies

Each Borrower shall ensure that all policies relating to obligatory insurances effected by it are deposited with the Approved Brokers through which the insurances are effected or renewed.

23.9 Payment of premiums

Each Borrower shall punctually pay all premiums or other sums payable in respect of the obligatory insurances effected by it or the Security Agent, as the case may be, and produce all relevant receipts when so required by the Facility Agent or the Security Agent. The Borrowers shall indemnify the Security Agent in respect of any other insurance cover, including but not limited to cover for port risk, crew liability or any other cover required in the Security Agent's sole discretion upon a Default.

23.10 Guarantees

Each Borrower shall use its best endeavours to procure that a protection and indemnity or war risks association issues any guarantees as may be required always in accordance with their respective rules and conditions and shall further use its best endeavours to procure that such guarantees are issued as promptly as practically possible and that they remain in full force and effect.

23.11 Compliance with terms of insurances

(a) No Borrower shall do or omit to do (nor permit to be done or not to be done) any act or thing which would or might render any obligatory insurance invalid, void, voidable or unenforceable or render any sum payable under an obligatory insurance repayable in whole or in part.

(b) Without limiting paragraph (a) above, each Borrower shall:

(i) take all necessary action and comply with all requirements which may from time to time be applicable to the obligatory insurances, and (without limiting the obligation contained in sub-paragraph (iii) of paragraph (b) of Clause 23.6 (*Copies of policies; letters of undertaking*)) ensure that the obligatory insurances are not made subject to any exclusions or qualifications to which the Facility Agent has not given its prior approval;

(ii) not make any changes relating to the classification or classification society or manager or operator of the Ship owned by it approved by the underwriters of the obligatory insurances;

(iii) make (and promptly supply copies to the Facility Agent of) all quarterly or other voyage declarations which may be required by the protection and indemnity risks association in which the Ship owned by it is entered to maintain cover for trading to the United States of America and Exclusive Economic Zone (as defined in the United States Oil Pollution Act 1990 or any other applicable legislation); and

(iv) not employ the Ship owned by it, nor allow it to be employed, otherwise than in conformity with the terms and conditions of the obligatory insurances, without first

obtaining the consent of the insurers and complying with any requirements (as to extra premium or otherwise) which the insurers specify.

23.12 Alteration to terms of insurances

No Borrower shall make or agree to any alteration to the terms of any obligatory insurance or waive any right relating to any obligatory insurance.

23.13 Settlement of claims

Each Borrower shall:

(a) not settle, compromise or abandon any claim under any obligatory insurance for Total Loss or for a Major Casualty; and

(b) do all things necessary and provide all documents, evidence and information to enable the Security Agent to collect or recover any moneys which at any time become payable in respect of the obligatory insurances.

23.14 Provision of copies of communications

Each Borrower shall provide the Security Agent, upon the Security Agent's request, with copies of all written communications between that Borrower and:

(a) the Approved Brokers;

(b) the approved protection and indemnity and/or war risks associations; and

(c) the approved insurance companies and/or underwriters,

which relate directly or indirectly to:

(i) that Borrower's obligations relating to the obligatory insurances including, without limitation, all requisite declarations and payments of additional premiums or calls; and

(ii) any credit arrangements made between that Borrower and any of the persons referred to in paragraphs (a) or (b) above relating wholly or partly to the effecting or maintenance of the obligatory insurances.

23.15 Provision of information

Each Borrower shall provide the Facility Agent (or any persons which it may designate) upon the Facility Agent's request with any information which the Facility Agent (or any such designated person) requests for the purpose of:

(a) obtaining or preparing any report from an independent marine insurance broker as to the adequacy of the obligatory insurances effected or proposed to be effected; and/or

(b) effecting, maintaining or renewing any such insurances as are referred to in Clause 23.16 (*Mortgagee's interest and additional perils insurances*) or dealing with or considering any matters relating to any such insurances,

and the Borrowers shall, forthwith upon demand, indemnify the Security Agent in respect of all fees and other expenses incurred by or for the account of the Security Agent in connection with any such report as is referred to in paragraph (a) above.

23.16 Mortgagee's interest and additional perils insurances

(a) The Security Agent shall be entitled from time to time to effect, maintain and renew all or any of the following insurances in such amounts, on such terms, through such insurers and generally in such manner as the Majority Lenders may from time to time consider appropriate:

(i) a mortgagee's interest insurance in respect of each Ship providing for the indemnification of the Finance Parties for any losses under or in connection with any Finance Document which directly or indirectly result from loss of or damage to a Ship or a liability of such Ship or of the Borrower owning that Ship, such loss or damage being *prima facie* covered by an obligatory insurance but in respect of which there is a non-payment (or reduced payment) by the underwriters by reason of, or on the basis of, an allegation concerning:

(A) any act or omission on the part of that Borrower, of any operator, charterer, manager or sub-manager of that Ship or of any officer, employee or agent of that Borrower or of any such person, including any breach of warranty or condition or any non-disclosure relating to such obligatory insurance;

(B) any act or omission, whether deliberate, negligent or accidental, or any knowledge or privity of that Borrower, any other person referred to in paragraph (A) above, or of any officer, employee or agent of that Borrower or of such a person, including the casting away or damaging of that Ship and/or that Ship being unseaworthy; and/or

(C) any other matter capable of being insured against under a mortgagee's interest marine insurance policy, whether or not similar to the foregoing,

in an amount of up to 120 per cent. of the aggregate of:

(1) the Tranche relating to the Ship owned by it: and

(2) the aggregate principal amount secured by Permitted Security over that Ship which have a prior ranking to the Security created by the Finance Documents,

(the aggregate of (1) and (2) being the "**Aggregate Insurable Amount**");

(ii) a mortgagee's interest additional perils insurance in respect of each Ship providing for the indemnification of the Finance Parties against, amongst other things, any possible losses or other consequences of any Environmental Claim, including the risk of expropriation, arrest or any form of detention of that Ship, the imposition of any Security over that Ship and/or any other matter capable of being insured against under a mortgagee's interest additional perils policy, whether or not similar to the foregoing, and in an amount of up to 110 per cent. of the Aggregate Insurable Amount;

(b) The Borrowers shall upon demand fully indemnify the Security Agent in respect of all premiums and other expenses which are incurred in connection with or with a view to effecting,

maintaining or renewing any insurance referred to in paragraph (a) above or dealing with, or considering, any matter arising out of any such insurance.

24 GENERAL SHIP UNDERTAKINGS

24.1 General

The undertakings in this Clause 24 (*General Ship Undertakings*) remain in force in relation to a Ship on and from the date of this Agreement and throughout the rest of the Security Period except as the Facility Agent, acting with the authorisation of the Majority Lenders (or, where specified, all the Lenders) may otherwise permit (and in the case of Clauses 24.2 (*Ship's name and registration*), 24.3 (*Repair and classification*), 24.4 (*Modifications*), 24.5 (*Removal and installation of parts*), 24.14 (*Restrictions on chartering, appointment of managers etc.*) and 24.19 (*Sharing of Earnings*) such permission not to be unreasonably withheld or delayed).

24.2 Ships' name and registration

Each Borrower shall, in respect of the Ship owned by it:

(a) keep that Ship registered in its name under the Approved Flag from time to time at its port of registration;

(b) not do or allow to be done anything as a result of which such registration of that Ship might be suspended, cancelled or imperilled;

(c) not enter into any dual flagging arrangement in respect of that Ship; and

(d) not change the name of that Ship,

provided that any change of flag of a Ship shall be subject to:

(i) that Ship remaining subject to Security securing the Secured Liabilities created by a first priority or preferred ship mortgage on that Ship and, if appropriate, a first priority deed of covenant collateral to that mortgage (or equivalent first priority Security) on substantially the same terms as the Mortgage on that Ship and on such other terms and in such other form as the Facility Agent, acting with the authorisation of the Majority Lenders, shall approve or require; and

(ii) the execution of such other documentation amending and supplementing the Finance Documents as the Facility Agent, acting with the authorisation of the Majority Lenders, shall approve or require.

24.3 Repair and classification

Each Borrower shall keep the Ship owned by it in a good and safe condition and state of repair:

(a) consistent with first class ship ownership and management practice; and

(b) so as to maintain the Approved Classification free of overdue recommendations and conditions.

24.4 Modifications

No Borrower shall make any modification or repairs to, or replacement of, any Ship or equipment installed on it which would or might materially and adversely alter the structure, type or performance characteristics of that Ship or materially reduce its value.

24.5 Removal and installation of parts

(a) Subject to paragraph (b) below, no Borrower shall remove any material part of the Ship, or any item of equipment installed on any Ship unless:

(i) the part or item so removed is forthwith replaced by a suitable part or item which is in the same condition as or better condition than the part or item removed;

(ii) the replacement part or item is free from any Security in favour of any person other than the Security Agent; and

(iii) the replacement part or item becomes, on installation on that Ship, the property of that Borrower and subject to the security constituted by the Mortgage on that Ship.

(b) A Borrower may install equipment owned by a third party if the equipment can be removed without any risk of damage to the Ship owned by that Borrower.

24.6 Surveys

Each Borrower shall submit the Ship owned by it regularly to all periodic or other surveys which may be required for classification purposes and, if so required by the Facility Agent, provide the Facility Agent, with copies of all survey reports.

24.7 Inspection

Each Borrower shall permit the Security Agent (acting through surveyors or other persons appointed by it for that purpose) to board the Ship owned by it at all reasonable times, with prior notice reasonably in advance,, without interfering with the Ship's trading schedule, to inspect its condition or to satisfy themselves about proposed or executed repairs and shall afford all proper facilities for such inspections. The costs of such inspections (only once per Ship in each 12-month period unless an Event of Default has occurred and is continuing) shall be for the account of the Borrowers.

24.8 Prevention of and release from arrest

(a) Each Borrower shall, in respect of the Ship owned by it, promptly discharge:

(i) all liabilities which give or may give rise to maritime or possessory liens on or claims enforceable against that Ship, its Earnings or its Insurances;

(ii) all Taxes, dues and other amounts charged in respect of that Ship, its Earnings or its Insurances; and

(iii) all other outgoings whatsoever in respect of that Ship, its Earnings or its Insurances.

(b) Each Borrower shall as promptly as possible after receiving notice of the arrest of the Ship owned by it or of its detention in exercise or purported exercise of any lien or claim, take all

steps necessary to procure its release by providing bail or otherwise as the circumstances may require.

24.9 Compliance with laws etc.

Each Borrower shall:

(a) comply, or procure compliance with all laws or regulations:

(i) relating to its business generally;

(ii) all Sanctions; and

(iii) relating to the Ship owned by it, its ownership, employment, operation, management and registration,

including, but not limited to, the ISM Code, the ISPS Code, all Environmental Laws, all Sanctions and the laws of the Approved Flag;

(b) obtain, comply with and do all that is necessary to maintain in full force and effect any Environmental Approvals; and

(c) without limiting paragraph (a) above, not employ the Ship owned by it nor allow its employment, operation or management in any manner contrary to any law or regulation including but not limited to the ISM Code, the ISPS Code, all Environmental Laws and Sanctions.

24.10 ISPS Code

Without limiting paragraph (a) of Clause 24.9 (*Compliance with laws etc.*), each Borrower shall:

(a) procure that the Ship owned by it and the company responsible for that Ship's compliance with the ISPS Code comply with the ISPS Code; and

(b) maintain an ISSC for that Ship; and

(c) notify the Facility Agent immediately in writing of any actual or threatened withdrawal, suspension, cancellation or modification of the ISSC.

24.11 Trading in war zones

In the event of hostilities in any part of the world (whether war is declared or not), no Borrower shall cause or permit the Ship owned by it to enter or trade to any zone which is declared a war zone by any government or by that Ship's war risks insurers unless:

(a) the prior written consent of the underwriters of that Ship has been given; and

(b) that Borrower has (at its expense) effected any special, additional or modified insurance cover (to the extent not covered by that Ship's war risks insurances) which the underwriters of that Ship may require.

24.12 Provision of information

Without prejudice to Clause 20.5 (*Information: miscellaneous*) each Borrower shall in respect of the Ship owned by it, promptly provide the Facility Agent with any information which it requests regarding:

(a) that Ship, its employment, position and engagements;

(b) the Earnings and payments and amounts due to its master and crew;

(c) any expenditure incurred, or likely to be incurred, in connection with the operation, maintenance or repair of that Ship and any payments made by it in respect of that Ship;

(d) any towages and salvages; and

(e) its compliance, the Approved Manager's compliance and the compliance of that Ship with the ISM Code and the ISPS Code,

and, upon the Facility Agent's request, promptly provide copies of any current Charter relating to that Ship, of any current guarantee of any such Charter, the Ship's Safety Management Certificate and any relevant Document of Compliance.

24.13 Notification of certain events

Each Borrower shall, in respect of the Ship owned by it, as soon as practically possible notify the Facility Agent by letter or email, of:

(a) any casualty to that Ship which is a Major Casualty;

(b) any occurrence as a result of which that Ship has become or is, by the passing of time or otherwise, likely to become a Total Loss;

(c) any requisition of that Ship for hire;

(d) any overdue requirement or recommendation made in relation to that Ship by any insurer or classification society or by any competent authority;

(e) any arrest or detention of that Ship or any exercise or purported exercise of any lien on the Ship or the Earnings;

(f) any intended dry docking of that Ship;

(g) any Environmental Claim made against that Borrower or in connection with that Ship, or any Environmental Incident;

(h) any claim for breach of the ISM Code or the ISPS Code being made against that Borrower, an Approved Manager or otherwise in connection with that Ship; or

(i) any other matter, event or incident, actual or threatened, the effect of which will or could lead to the ISM Code or the ISPS Code not being complied with,

and each Borrower shall keep the Facility Agent advised in writing on a regular basis and in such detail as the Facility Agent shall require as to that Borrower's, any such Approved Manager's or any other person's response to any of those events or matters.

24.14 Restrictions on chartering, appointment of managers etc.

No Borrower shall, in relation to the Ship owned by it:

(a) let that Ship on demise or bareboat charter for any period;

(b) enter into any time, voyage or consecutive voyage charter in respect of that Ship other than a Permitted Charter;

(c) materially amend, supplement or terminate a Management Agreement;

(d) appoint a manager of that Ship other than the Approved Commercial Manager and the Approved Technical Manager or agree to any alteration to the terms of an Approved Manager's appointment;

(e) de activate or layup that Ship; or

(f) put that Ship into the possession of any person for the purpose of work being done upon it in an amount exceeding or likely to exceed $1,000,000 (or the equivalent in any other currency) unless that person has first given to the Security Agent and in terms satisfactory to it a written undertaking not to exercise any lien on that Ship or its Earnings for the cost of such work or for any other reason.

24.15 Notice of Mortgage

Each Borrower shall keep the relevant Mortgage registered against the Ship owned by it as a valid first preferred mortgage, carry on board that Ship a certified copy of the relevant Mortgage and place and maintain in a conspicuous place in the navigation room and the master's cabin of that Ship a framed printed notice stating that that Ship is mortgaged by the Borrower to the Security Agent.

24.16 Responsible Ship Recycling

If a Ship is sold for scrapping, the Borrower owning that Ship shall ensure that that Ship is sold on the basis of a memorandum of agreement that contains language that ensures that the Ship shall be dismantled in a safe, sustainable and socially and environmentally responsible way and that Borrower shall use its best endeavours to ensure performance and observance by the buyer of that Ship of its obligations and liabilities under such memorandum of agreement.

24.17 Green Passport

Each Borrower shall procure that the Ship owned by it has (on and from 31 December 2021 and subsequently at all times during the Security Period) obtained a Green Passport, or any equivalent or superseding document acceptable to the Facility Agent (acting on the instructions of the Majority Lenders), subject to the Classification Society's requirements.

24.18 Charterparty Assignment

If a Borrower enters into any Assignable Charter and subject to obtaining the prior consent of the Facility Agent in accordance with paragraph (b) of Clause 24.14 (*Restrictions on chartering, appointment of managers etc.*), that Borrower shall promptly after the date of entry into such Assignable Charter:

(a) provide the Facility Agent with a certified true copy of such Assignable Charter (or, alternatively if a copy is not then available, a copy of a binding and unconditional recapitulation of charterparty terms);

(b) execute in favour of the Security Agent a Charterparty Assignment in respect of that Assignable Charter (such Charterparty Assignment to be notified to the relevant charterer and any charter guarantor and use its best endeavours to procure that an executed acknowledgment of such notice from the relevant charterer and charter guarantor is obtained); and

(c) shall deliver to the Facility Agent such other documents as it may reasonably require (including, without limitation, documents equivalent to those referred to at paragraphs 1, 5 and 6.1 of Schedule 1Part A of Schedule 2(*Conditions Precedent*) in respect of such Charterparty Assignment).

24.19 Sharing of Earnings

No Borrower shall enter into any agreement or arrangement for the sharing of any Earnings other than for the purposes of this Agreement.

24.20 Sanctions and Ship Trading

Without limiting Clause 24.9 (*Compliance with laws etc.*), each Borrower shall procure that:

(a) the Ship owned by it:

(i) shall not be used by or for the benefit of a Prohibited Person;

(ii) shall not be used in trading in any manner contrary to Sanctions (or which could be contrary to Sanctions if Sanctions were binding on each Transaction Obligor);

(iii) shall not make a voyage to or from any Sanctioned Country, **Provided that** in the case of an Emergency Event, that Ship can make such voyage until the Borrower or, as the case may be, the relevant Approved Manager (in each case, acting prudently) considers that there is no longer an Emergency Event;

For the purposes of this paragraph (iii) "**Emergency Event**" means: in relation to that Ship, any event or circumstance that a reasonable person having experience in the management and operation of ships, would consider to constitute an emergency event or circumstance; and

(iv) shall not be traded in any manner which would trigger the operation of any sanctions limitation or exclusion clause (or similar) in the Insurances; and

(b) each charterparty in respect of the Ship owned by it shall contain, for the benefit of that Borrower, language which gives effect to the provisions of paragraph (c) of Clause 24.9 (*Compliance with laws etc.*) as regards Sanctions and of this Clause 24.20 (*Sanctions and Ship trading*) and which permits refusal of employment or voyage orders if compliance would result in a breach of Sanctions (or which would result in a breach of Sanctions if Sanctions were binding on each Transaction Obligor).

24.21 Poseidon Principles

Each Borrower shall, upon the request of any Lender, and at the cost of the Borrowers, on or before 31 July in each calendar year, supply or procure the supply to such Lender of all information necessary in order for any Lender to comply with its obligations under the Poseidon Principles or otherwise in respect of the preceding year, including, without limitation, all ship fuel oil consumption data required to be collected and reported in accordance with Regulation 22A of Annex VI and any Statement of Compliance, together with a Carbon Intensity and Climate Alignment Certificate (if available), in each case relating to the Ship owned by it for the preceding calendar year provided always that no Lender shall publicly disclose such information with the identity of the relevant Ship without the prior written consent of that Borrower. For the avoidance of doubt, such information shall be Confidential Information for the purposes of Clause 44.2 (*Disclosure of confidential information*) but the Borrowers acknowledge that, in accordance with the Poseidon Principles, such information will form part of the information published regarding the relevant Lender's portfolio climate alignment in a manner which will preserve the anonymity of the information disclosed by the Borrowers.

24.22 Notification of compliance

Each Borrower shall promptly provide the Facility Agent from time to time with evidence (in such form as the Facility Agent requires) that it is complying with this Clause 24 (*General Ship Undertakings*).

25 SECURITY COVER

25.1 Minimum required security cover

Clause 25.2 (*Provision of additional security; prepayment*) applies if the Facility Agent notifies the Borrowers that the Security Cover Ratio is below 120 per cent. of the Loan.

25.2 Provision of additional security; prepayment

(a) If the Facility Agent serves a notice on the Borrowers under Clause 25.1 (*Minimum required security cover*), the Borrowers shall, on or before the date falling 30 days after the date (the "**Prepayment Date**") on which the Facility Agent's notice is served, prepay such part of the Loan as shall eliminate the shortfall.

(b) The Borrowers may, instead of making a prepayment as described in paragraph (a) above, provide, or ensure that a third party has provided, additional security which, in the opinion of the Facility Agent acting on the instructions of the Majority Lenders:

(i) has a net realisable value at least equal to the shortfall; and

(ii) is documented in such terms as the Facility Agent may approve or require,

before the Prepayment Date; and conditional upon such security being provided in such manner, it shall satisfy such prepayment obligation.

25.3 Value of additional vessel security

The net realisable value of any additional security which is provided under Clause 25.2 (*Provision of additional security; prepayment*) and which consists of Security over a vessel shall be the Market Value of the vessel concerned.

25.4 Valuations binding

Any valuation under this Clause 25 (*Security Cover*) shall be binding and conclusive as regards each Borrower, save for any manifest error.

25.5 Provision of information

(a) Each Borrower shall promptly provide the Facility Agent and any Approved Valuer acting under this Clause 25 (*Security Cover*) with any information which the Facility Agent or the Approved Valuer may request for the purposes of the valuation.

(b) If a Borrower fails to provide the information referred to in paragraph (a) above by the date specified in the request, the valuation may be made on any basis and assumptions which the Approved Valuer or the Facility Agent considers prudent.

25.6 Prepayment mechanism

Any prepayment pursuant to Clause 25.2 (*Provision of additional security; prepayment*) shall be made in accordance with the relevant provisions of Clause 7 (*Prepayment and Cancellation*) and shall be treated as a voluntary prepayment pursuant to Clause 7.3 (*Voluntary prepayment of Loan*) but ignoring any restriction as to prepayments being made on the last day of the Interest Period or the requirement for a minimum prepayment amount of $1,000,000 or any indicative or confirmative prior notice.

25.7 Provision of valuations

(a) The Facility Agent shall obtain the necessary copies of the valuations (addressed to it) of a Ship and any other vessel over which additional Security has been created in accordance with Clause 25.3 (*Value of additional vessel security*), to enable it to determine the Market Value of that Ship or any other vessel, as follows:

(i) commencing on the relevant Utilisation Date and at any time a Compliance Certificate is to be provided pursuant to Clause 20.3;

(ii) promptly following at the Facility Agent's (acting on the instructions of any Lender) request:

(A) if an Event of Default has occurred and is continuing; and/or

(B) if a mandatory prepayment event has occurred under Clause 7.4 (*Mandatory prepayment on sale or Total Loss*).

(b) The cost of valuations obtained under sub-paragraphs (i) and (ii) above shall be borne or reimbursed by the Borrowers.

(c) The Lenders may at any other time or times instruct the Facility Agent to obtain copies of the valuations of a Ship other than pursuant to paragraph (a) for the purpose of ascertaining the Market Value of that Ship at such time or times. Any further valuations obtained or provided shall be at the cost of the Lenders.

26 ACCOUNTS, APPLICATION OF EARNINGS

26.1 Accounts

Each Borrower may not, without the prior consent of the Facility Agent, maintain any bank account other than its Earnings Account except as otherwise disclosed to and accepted by the Facility Agent prior to the execution of this Agreement.

26.2 Payment of Earnings

Each Borrower shall ensure that, subject only to the provisions of the General Assignment to which it is a party, all the Earnings in respect of the Ship owned by it are paid in to its Earnings Account.

26.3 Application of Earnings

The Earnings on the Earnings Accounts shall be used in the following order of application:

(a) FIRSTLY, for and towards payment of any unpaid fees, costs and expenses due to a Finance Party under this Agreement and the Finance Documents;

(b) SECONDLY, for and towards payment of all amounts (other than principal and/or interest) due under this Agreement and the Finance Documents;

(c) THIRDLY, for and towards payment of the liabilities of the Borrowers (including, but not limited to, the repayment of principal, interest, default interest and all relevant costs, expenses and indemnities) under this Agreement and the other Finance Documents to the extent not already covered by the retentions set out in paragraph (a) to (b) above;

(d) FOURTHLY, for and towards payment of the Operating Expenses of the Ships which are due and payable at such time; and

(e) FIFTHLY, subject to Clause 22.18 (*Dividends*) and provided that no Event of Default has occurred and is continuing at that time, any remaining amounts standing to the credit of the Earnings Accounts after application pursuant to the foregoing paragraphs shall be available to the Borrowers.

26.4 Location of Accounts

Each Borrower shall promptly:

(a) comply with any requirement of the Facility Agent as to the location or relocation of its Earnings Account; and

(b) execute any documents which the Facility Agent specifies to create or maintain in favour of the Security Agent Security over (and/or rights of set-off, consolidation or other rights in relation to) the Accounts (or any of them).

26.5 Administration

Whenever a payment is due to be made from any of the Earnings Accounts in accordance with this Clause 26, the Borrowers shall authorise the Account Bank to pay such amounts from the

Earnings Accounts (or any of them) to the applicable payee unless the Facility Agent notifies the Account Bank that:

(a) an Event of Default has occurred and is continuing or would occur as a result (wholly or partly) of such withdrawal; or

(b) any of the Earnings Accounts is overdrawn or would become overdrawn as a result of such withdrawal, whereby the Account Bank will act only in accordance with the instructions given by persons authorised by the Facility Agent in respect of such Earnings Account.

27 EVENTS OF DEFAULT

27.1 General

Each of the events or circumstances set out in this Clause 27 (*Events of Default*) is an Event of Default except for Clause 27.19 (*Acceleration*) and Clause 27.20 (*Enforcement of security*).

27.2 Non-payment

A Transaction Obligor does not pay on the due date any amount payable pursuant to a Finance Document at the place at and in the currency in which it is expressed to be payable unless:

(a) its failure to pay is caused by:

(i) administrative or technical error; or

(ii) a Disruption Event; and

(b) payment is made within three Business Days of its due date.

27.3 Specific obligations

A breach occurs of Clause 4.4 (*Waiver of conditions precedent*), paragraph (a) of Clause 20.3 (*Compliance Certificate*), Clause 21 (*Financial Covenants*), Clause 22.10 (*Title*), Clause 22.11 (*Negative pledge*), Clause 22.20 (*Unlawfulness, invalidity and ranking; Security imperilled*), Clause 22.22 (*No amendment to the Initial Charter*), Clause 22.23 (*Sanctions Undertakings*), Clause 23.2 (*Maintenance of obligatory insurances*), Clause 23.3 (*Terms of obligatory insurances*), Clause 23.5 (*Renewal of obligatory insurances*), Clause 24.20 (*Sanctions and Ship Trading*) or Clause 25 (*Security Cover*).

27.4 Other obligations

(a) A Transaction Obligor or an Approved Manager does not comply with any provision of the Finance Documents to which it is a party (other than those referred to in Clause 27.2 (*Non-payment*) and Clause 27.3 (*Specific obligations*)).

(b) No Event of Default under paragraph (a) above will occur if the failure to comply is capable of remedy and is remedied within fifteen (15) Business Days of the Facility Agent giving notice to the Borrowers or (if earlier) any Transaction Obligor or (if applicable) any Approved Manager becoming aware of the failure to comply.

27.5 Misrepresentation

Any representation or statement made or deemed to be made by a Transaction Obligor in the Finance Documents or any other document delivered by or on behalf of any Transaction Obligor under or in connection with any Finance Document is or proves to have been incorrect or misleading when made or deemed to be made unless such misrepresentation or statement is determined by the Facility Agent (acting on the instructions of the Majority Lenders) to have been made in error and is rectified within five Business Days from the date of such representation or statement.

27.6 Cross default

(a) Any Financial Indebtedness of any Transaction Obligor is not paid when due (unless contested in good faith) nor within any originally applicable grace period.

(b) Any Financial Indebtedness of any Transaction Obligor is declared to be due and payable prior to its specified maturity as a result of an event of default (however described).

(c) Any commitment for any Financial Indebtedness of any Transaction Obligor is cancelled or suspended by a creditor of any Transaction Obligor as a result of an event of default (however described) unless the relevant Transaction Obligor has satisfied the Facility Agent that such cancellation or suspension will not have any negative impact on the ability of that Transaction Obligor to satisfy its debts as they fall due.

(d) Any creditor of any Transaction Obligor becomes entitled to declare any Financial Indebtedness of any Transaction Obligor due and payable prior to its specified maturity as a result of an event of default (however described).

(e) No Event of Default will occur under this Clause 27.6 (*Cross default*) in respect of the Parent Guarantor if the aggregate amount of Financial Indebtedness or commitment for Financial Indebtedness falling within paragraphs (a) to (d) above is less than $15,000,000 (or its equivalent in any other currency).

27.7 Insolvency

(a) A Transaction Obligor:

(i) is unable or admits inability to pay its debts as they fall due;

(ii) is declared to be unable to pay its debts under applicable law;

(iii) suspends or threatens to suspend making payments on any of its debts; or

(iv) by reason of actual or anticipated financial difficulties, commences negotiations with one or more of its creditors (excluding any Finance Party in its capacity as such) with a view to rescheduling any of its indebtedness.

Provided that should such Transaction Obligor, for any reason, including without limitation, any actual or anticipated financial difficulties, commences, with prior written notice to the Facility Agent, negotiations with one or more of its creditors (including the Facility Agent for account of the Lenders) with a view to rescheduling, deferring, re-organising or suspending any of its indebtedness, the negotiations themselves or the entering, as a result of such negotiations, into any agreement or

contract with one or more of its creditors (including the Facility Agent for account of the Lenders) setting out terms for any rescheduling, deferral, re-organization or suspension of its indebtedness, shall not in itself constitute an Event of Default.

(b) A moratorium is declared in respect of any indebtedness of any Transaction Obligor. If a moratorium occurs, the ending of the moratorium will not remedy any Event of Default caused by that moratorium.

27.8 Insolvency proceedings

(a) Any corporate action, legal proceedings or other procedure or step is taken in relation to:

(i) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of any Transaction Obligor;

(ii) a composition, compromise, assignment or arrangement with any creditor of any Transaction Obligor;

(iii) the appointment of a liquidator, receiver, administrator, administrative receiver, compulsory manager or other similar officer in respect of any Transaction Obligor or any of its assets; or

(iv) enforcement of any Security over any assets of any Transaction,

or any analogous procedure or step is taken in any jurisdiction.

(b) Paragraph (a) above shall not apply to any winding-up petition which is frivolous or vexatious and is discharged, stayed or dismissed within 30 days of commencement.

27.9 Creditors' process

Any expropriation, attachment, sequestration, distress or execution (or any analogous process in any jurisdiction) affects any asset or assets of a Transaction Obligor (other than an arrest or detention of a Ship referred to in Clause 27.13 (*Arrest*)) and is not discharged within 30 days (or such longer period the Facility Agent, acting on the instructions of the Majority Lenders, may agree to).

27.10 Unlawfulness, invalidity and ranking

(a) It is or becomes unlawful for a Transaction Obligor to perform any of its obligations under the Finance Documents.

(b) Any obligation of a Transaction Obligor under the Finance Documents is or ceases to be legal, valid, binding or enforceable.

(c) Any Finance Document ceases to be in full force and effect or to be continuing or is or purports to be determined or any Transaction Security is alleged by a party to it (other than a Finance Party) to be ineffective.

(d) Any Transaction Security proves to have ranked after, or loses its priority to, any other Security.

27.11 Security imperilled

Any Security created or intended to be created by a Finance Document is in any way imperilled or in jeopardy.

27.12 Cessation of business

Any Transaction Obligor suspends or ceases to carry on (or threatens to suspend or cease to carry on) all or a material part of its business.

27.13 Arrest

Any arrest of a Ship or its detention in the exercise or the purported exercise of any lien or claim unless it is redelivered to the full control of the relevant Borrower within 30 days of such arrest or detention (or such longer period as may be required in the circumstances based on the assessment of the Facility Agent acting with the authorisation of the Majority Lenders).

27.14 Expropriation

The authority or ability of any Transaction Obligor to conduct its business is limited or wholly or substantially curtailed by any seizure, expropriation, nationalisation, intervention, restriction or other action by or on behalf of any governmental, regulatory or other authority or other person in relation to any Transaction Obligor or any of its assets other than:

(a) an arrest or detention of the Ship referred to in Clause 27.13 (*Arrest*); or

(b) any Requisition.

27.15 Repudiation and rescission of agreements

Any Obligor (or any other relevant party) rescinds or purports to rescind or repudiates or purports to repudiate a Transaction Document (other than an Assignable Charter where the prior approval of the Facility Agent has been obtained for rescission pursuant to the Finance Documents) or any of the Transaction Security or evidences an intention to rescind or repudiate a Transaction Document or any Transaction Security.

27.16 Litigation

Any litigation, arbitration or administrative proceedings or investigations of, or before, any court, arbitral body or agency are started or threatened, or any judgment or order of a court, arbitral body or agency is made, in relation to any of the Transaction Documents or the transactions contemplated in any of the Transaction Documents or against any member of the Group or its assets which has a Material Adverse Effect.

27.17 Material adverse change

Any event or circumstance occurs which has a Material Adverse Effect, including, without limitation, the withdrawal of any material license or governmental or regulatory approval in respect of a Ship, the Parent Guarantor or a Borrower (unless such withdrawal can be contested with the effect of suspension and is in fact so contested in good faith by the Borrowers and the Parent Guarantor).

27.18 Approved Flag

(a) Any failure by a Borrower to keep the Ship owned by it registered under an Approved Flag.

(b) The state of the Approved Flag of a Ship or any Relevant Jurisdiction is or becomes involved in hostilities or civil war or there are events of political risk or instability or there is a seizure of power in such state by unconstitutional means, or any other event occurs in relation to a Ship, the Mortgage on that Ship or its Approved Flag and in the opinion of the Facility Agent such event is likely to have a Material Adverse Effect and the Borrower owning that Ship fails upon the request of the Facility Agent to promptly (and in any case within such timing as may be reasonably set by the Facility Agent, acting on the instructions of the Majority Lenders) register that Ship in its name under another Approved Flag together with a first priority or first preferred ship mortgage (as the case may be and as required under the relevant state of the Approved Flag) in favour of the Security Agent and on such terms as required by the Facility Agent at the relevant time and in any case on substantially the same terms as the terms of the Mortgage.

27.19 Acceleration

On and at any time after the occurrence of an Event of Default the Facility Agent may, and shall if so directed by the Majority Lenders:

(a) by notice to the Borrowers:

(i) cancel the Total Commitments, whereupon they shall immediately be cancelled;

(ii) declare that all or part of the Loan, together with accrued interest, and all other amounts accrued or outstanding under the Finance Documents be immediately due and payable, whereupon it shall become immediately due and payable; and/or

(iii) declare that all or part of the Loan be payable on demand, whereupon it shall immediately become payable on demand by the Facility Agent acting on the instructions of the Majority Lenders; and/or

(b) exercise or direct the Security Agent to exercise any or all of its rights, remedies, powers or discretions under the Finance Documents,

and the Facility Agent may serve notices under sub-paragraph (i), (ii) or (iii) of paragraph (a) above simultaneously or on different dates and any Servicing Party may take any action referred to in paragraph (b) above or Clause 27.20 (*Enforcement of security*) if no such notice is served or simultaneously with or at any time after the service of any of such notice.

27.20 Enforcement of security

On and at any time after the occurrence of an Event of Default the Security Agent may, and shall if so directed by the Majority Lenders, take any action which, as a result of the Event of Default or any notice served under Clause 27.19 (*Acceleration*), the Security Agent is entitled to take under any Finance Document or any applicable law or regulation.

SECTION 9

CHANGES TO PARTIES

28 CHANGES TO THE LENDERS

28.1 Assignments and transfers by the Lenders

Subject to this Clause 28 (*Changes to the Lenders*) and without prejudice to any other rights available to it as a matter of applicable law, a Lender (the "**Existing Lender**") may (without any requirement for the Obligors to consent but with a 45 days' prior written notice) at any time:

(a) assign any of its rights; or

(b) transfer by novation any of its rights and obligations (including, for the avoidance of doubt, its Commitment),

under the Finance Documents to:

(i) another Lender;

(ii) any Affiliate of a Lender;

(iii) any other first class bank or financial institution;

(iv) any member of the European System of Central Banks; or

(v) any insurance company, trust or capital investment company or fund which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities or other financial assets.

(the "**New Lender**").

28.2 Conditions of assignment or transfer

(a) An assignment will only be effective on:

(i) receipt by the Facility Agent (whether in the Assignment Agreement or otherwise) of written confirmation from the New Lender (in form and substance satisfactory to the Facility Agent) that the New Lender will assume the same obligations to the other Secured Parties as it would have been under if it had been an Original Lender; and

(ii) performance by the Facility Agent of all necessary "know your customer" or other similar checks under all applicable laws and regulations in relation to such assignment to a New Lender, the completion of which the Facility Agent shall promptly notify to the Existing Lender and the New Lender.

(b) Each Obligor on behalf of itself and each Transaction Obligor agrees that all rights and interests (present, future or contingent) which the Existing Lender has under or by virtue of the Finance Documents are assigned to the New Lender absolutely, free of any defects in the Existing Lender's title and of any rights or equities which the Borrower or any other Transaction Obligor had against the Existing Lender.

(c) A transfer will only be effective if the procedure set out in Clause 28.5 (*Procedure for transfer*) is complied with.

(d) If:

(i) a Lender assigns or transfers any of its rights or obligations under the Finance Documents or changes its Facility Office; and

(ii) as a result of circumstances existing at the date the assignment, transfer or change occurs, a Transaction Obligor would be obliged to make a payment to the New Lender or Lender acting through its new Facility Office under Clause 12 (*Tax Gross Up and Indemnities*) or under that Clause as incorporated by reference or in full in any other Finance Document or Clause 13 (*Increased Costs*),

then the New Lender or Lender acting through its new Facility Office is only entitled to receive payment under those Clauses to the same extent as the Existing Lender or Lender acting through its previous Facility Office would have been if the assignment, transfer or change had not occurred. This paragraph (d) shall not apply in respect of an assignment or transfer made in the ordinary course of the primary syndication of the Facility.

(e) Each New Lender, by executing the relevant Transfer Certificate or Assignment Agreement, confirms, for the avoidance of doubt, that the Facility Agent has authority to execute on its behalf any amendment or waiver that has been approved by or on behalf of the requisite Lender or Lenders in accordance with this Agreement on or prior to the date on which the transfer or assignment becomes effective in accordance with this Agreement and that it is bound by that decision to the same extent as the Existing Lender would have been had it remained a Lender.

28.3 Assignment or transfer fee

The New Lender shall, on the date upon which an assignment or transfer takes effect, pay to the Facility Agent (for its own account) a fee of $2,500 unless otherwise agreed with or waived by the Facility Agent.

28.4 Limitation of responsibility of Existing Lenders

(a) Unless expressly agreed to the contrary, an Existing Lender makes no representation or warranty and assumes no responsibility to a New Lender for:

(i) the legality, validity, effectiveness, adequacy or enforceability of the Transaction Documents, the Transaction Security or any other documents;

(ii) the financial condition of any Transaction Obligor;

(iii) the performance and observance by any Transaction Obligor of its obligations under the Transaction Documents or any other documents; or

(iv) the accuracy of any statements (whether written or oral) made in or in connection with any Transaction Document or any other document,

and any representations or warranties implied by law are excluded.

(b) Each New Lender confirms to the Existing Lender and the other Finance Parties and the Secured Parties that it:

(i) has made (and shall continue to make) its own independent investigation and assessment of the financial condition and affairs of each Transaction Obligor and its related entities in connection with its participation in this Agreement and has not relied exclusively on any information provided to it by the Existing Lender or any other Finance Party in connection with any Transaction Document or the Transaction Security; and

(ii) will continue to make its own independent appraisal of the creditworthiness of each Transaction Obligor and its related entities throughout the Security Period.

(c) Nothing in any Finance Document obliges an Existing Lender to:

(i) accept a re-transfer or re-assignment from a New Lender of any of the rights and obligations assigned or transferred under this Clause 28 (*Changes to the Lenders*); or

(ii) support any losses directly or indirectly incurred by the New Lender by reason of the non-performance by any Transaction Obligor of its obligations under the Transaction Documents or otherwise.

28.5 Procedure for transfer

(a) Subject to the conditions set out in Clause 28.2 (*Conditions of assignment or transfer*), a transfer is effected in accordance with paragraph (c) below when the Facility Agent executes an otherwise duly completed Transfer Certificate delivered to it by the Existing Lender and the New Lender. The Facility Agent shall, subject to paragraph (b) below as soon as reasonably practicable after receipt by it of a duly completed Transfer Certificate appearing on its face to comply with this Agreement and delivered in accordance with this Agreement, execute that Transfer Certificate.

(b) The Facility Agent shall only be obliged to execute a Transfer Certificate delivered to it by the Existing Lender and the New Lender once it is satisfied it has complied with all necessary "know your customer" or other similar checks under all applicable laws and regulations in relation to the transfer to such New Lender.

(c) Subject to Clause 28.9 (*Pro rata interest settlement*), on the Transfer Date:

(i) to the extent that in the Transfer Certificate the Existing Lender seeks to transfer by novation its rights and obligations under the Finance Documents and in respect of the Transaction Security, each of the Transaction Obligors and the Existing Lender shall be released from further obligations towards one another under the Finance Documents and in respect of the Transaction Security and their respective rights against one another under the Finance Documents and in respect of the Transaction Security shall be cancelled (being the "**Discharged Rights and Obligations**");

(ii) each of the Transaction Obligors and the New Lender shall assume obligations towards one another and/or acquire rights against one another which differ from the Discharged Rights and Obligations only insofar as that Transaction Obligor and the New Lender have assumed and/or acquired the same in place of that Transaction Obligor and the Existing Lender;

(iii) the Facility Agent, the Security Agent, the New Lender and other Lenders shall acquire the same rights and assume the same obligations between themselves and in respect of the Transaction Security as they would have acquired and assumed had the New Lender been an Original Lender with the rights and/or obligations acquired or assumed by it as a result of the transfer and to that extent the Facility Agent, the Security Agent, and the Existing Lenders shall each be released from further obligations to each other under the Finance Documents; and

(iv) the New Lender shall become a Party as a "Lender".

28.6 Procedure for assignment

(a) Subject to the conditions set out in Clause 28.2 (*Conditions of assignment or transfer*) an assignment may be effected in accordance with paragraph (c) below when the Facility Agent executes an otherwise duly completed Assignment Agreement delivered to it by the Existing Lender and the New Lender. The Facility Agent shall, subject to paragraph (b) below, as soon as reasonably practicable after receipt by it of a duly completed Assignment Agreement appearing on its face to comply with the terms of this Agreement and delivered in accordance with the terms of this Agreement, execute that Assignment Agreement.

(b) The Facility Agent shall only be obliged to execute an Assignment Agreement delivered to it by the Existing Lender and the New Lender once it is satisfied it has complied with all necessary "know your customer" or other similar checks under all applicable laws and regulations in relation to the assignment to such New Lender.

(c) Subject to Clause 28.9 (*Pro rata interest settlement*), on the Transfer Date:

(i) the Existing Lender will assign absolutely to the New Lender its rights under the Finance Documents and in respect of the Transaction Security expressed to be the subject of the assignment in the Assignment Agreement;

(ii) the Existing Lender will be released from the obligations (the "**Relevant Obligations**") expressed to be the subject of the release in the Assignment Agreement (and any corresponding obligations by which it is bound in respect of the Transaction Security); and

(iii) the New Lender shall become a Party as a "Lender" and will be bound by obligations equivalent to the Relevant Obligations.

(d) Lenders may utilise procedures other than those set out in this Clause 28.6 (*Procedure for assignment*) to assign their rights under the Finance Documents (but not, without the consent of the relevant Transaction Obligor or unless in accordance with Clause 28.5 (*Procedure for transfer*), to obtain a release by that Transaction Obligor from the obligations owed to that Transaction Obligor by the Lenders nor the assumption of equivalent obligations by a New Lender) **provided that** they comply with the conditions set out in Clause 28.2 (*Conditions of assignment or transfer*).

28.7 Copy of Transfer Certificate or Assignment Agreement to Borrowers

The Facility Agent shall, as soon as reasonably practicable after it has executed a Transfer Certificate or an Assignment Agreement, send to the Borrowers a copy of that Transfer Certificate or Assignment Agreement.

28.8 Security over Lenders' rights

In addition to the other rights provided to Lenders under this Clause 28 (*Changes to the Lenders*), each Lender may without consulting with or obtaining consent from any Transaction Obligor, at any time charge, assign or otherwise create Security in or over (whether by way of collateral or otherwise) all or any of its rights under any Finance Document to secure obligations of that Lender including, without limitation:

(a) any charge, assignment or other Security to secure obligations to a federal reserve or central bank; and

(b) any charge, assignment or other Security granted to any holders (or trustee or representatives of holders) of obligations owed, or securities issued, by that Lender as security for those obligations or securities,

except that no such charge, assignment or Security shall:

(i) release a Lender from any of its obligations under the Finance Documents or substitute the beneficiary of the relevant charge, assignment or Security for the Lender as a party to any of the Finance Documents; or

(ii) require any payments to be made by a Transaction Obligor other than or in excess of, or grant to any person any more extensive rights than, those required to be made or granted to the relevant Lender under the Finance Documents.

28.9 Syndication and Securitisation

The Obligors shall assist the Mandated Lead Arrangers in achieving a successful syndication or securitisation (or similar transaction) in respect of the Facility and the Finance Documents. The Obligors shall, if requested by any Mandated Lead Arranger, provide such information as may be required to produce a customary information memorandum (subject to Clause 44.2 (*Disclosure of Confidential Information*)) and also make available members of senior management for any meetings that potential syndicate lenders may request.

28.10 Pro rata interest settlement

(a) If the Facility Agent has notified the Lenders that it is able to distribute interest payments on a "*pro rata* basis" to Existing Lenders and New Lenders then (in respect of any transfer pursuant to Clause 28.5 (*Procedure for transfer*) or any assignment pursuant to Clause 28.6 (*Procedure for assignment*) the Transfer Date of which, in each case, is after the date of such notification and is not on the last day of an Interest Period):

(i) any interest or fees in respect of the relevant participation which are expressed to accrue by reference to the lapse of time shall continue to accrue in favour of the Existing Lender up to but excluding the Transfer Date ("**Accrued Amounts**") and shall become due and payable to the Existing Lender (without further interest accruing on them) on the last day of the current Interest Period (or, if the Interest Period is longer than three Months, on the next of the dates which falls at three Monthly intervals after the first day of that Interest Period); and

(ii) the rights assigned or transferred by the Existing Lender will not include the right to the Accrued Amounts, so that, for the avoidance of doubt:

(A) when the Accrued Amounts become payable, those Accrued Amounts will be payable to the Existing Lender; and

(B) the amount payable to the New Lender on that date will be the amount which would, but for the application of this Clause 28.9 (*Pro rata interest settlement*), have been payable to it on that date, but after deduction of the Accrued Amounts.

(b) In this Clause 28.9 (*Pro rata interest settlement*) references to "Interest Period" shall be construed to include a reference to any other period for accrual of fees.

(c) An Existing Lender which retains the right to the Accrued Amounts pursuant to this Clause 28.9 (*Pro rata interest settlement*) but which does not have a Commitment shall be deemed not to be a Lender for the purposes of ascertaining whether the agreement of any specified group of Lenders has been obtained to approve any request for a consent, waiver, amendment or other vote of Lenders under the Finance Documents.

29 CHANGES TO THE TRANSACTION OBLIGORS

29.1 Assignment or transfer by Transaction Obligors

No Transaction Obligor may assign any of its rights or transfer any of its rights or obligations under the Finance Documents, without the prior written consent of the Facility Agent.

29.2 Release of security

(a) If a disposal of any asset subject to security created by a Security Document is made in the following circumstances:

(i) the disposal is permitted by the terms of any Finance Document;

(ii) the Majority Lenders agree to the disposal;

(iii) the disposal is being made at the request of the Security Agent in circumstances where any security created by the Security Documents has become enforceable; or

(iv) the disposal is being effected by enforcement of a Security Document,

the Security Agent may release the asset(s) being disposed of from any security over those assets created by a Security Document. However, the proceeds of any disposal (or an amount corresponding to them) must be applied in accordance with the requirements of the Finance Documents (if any).

(b) If the Security Agent is satisfied that a release is allowed under this Clause 29.2 (*Release of security*) (at the request and expense of the Borrowers) each Finance Party must enter into any document and do all such other things which are reasonably required to achieve that release. Each other Finance Party irrevocably authorises the Security Agent to enter into any such document. Any release will not affect the obligations of any other Transaction Obligor under the Finance Documents.

29.3 Subordinated Creditors

(a) The Borrowers may request that any person becomes a Subordinated Creditor, with the prior approval of the Facility Agent, by delivering to the Facility Agent:

(i) a duly executed Subordination Agreement;

(ii) a duly executed Subordinated Debt Security; and

(iii) such constitutional documents, corporate authorisations and other documents and matters as the Facility Agent may reasonably require, in form and substance satisfactory to the Facility Agent, to verify that the person's obligations are legally binding, valid and enforceable and to satisfy any applicable legal and regulatory requirements.

(b) A person referred to in paragraph (a) above will become a Subordinated Creditor on the date the Security Agent enters into the Subordination Agreement and the Subordinated Debt Security delivered under paragraph (a) above.

THE FINANCE PARTIES

30 THE FACILITY AGENT AND THE REFERENCE BANKS

30.1 Appointment of the Facility Agent

(a) Each of the Lenders appoints the Facility Agent to act as its agent under and in connection with the Finance Documents.

(b) Each of the Lenders authorises the Facility Agent to perform the duties, obligations and responsibilities and to exercise the rights, powers, authorities and discretions specifically given to the Facility Agent under, or in connection with, the Finance Documents together with any other incidental rights, powers, authorities and discretions.

30.2 Instructions

(a) The Facility Agent shall:

(i) unless a contrary indication appears in a Finance Document, exercise or refrain from exercising any right, power, authority or discretion vested in it as Facility Agent in accordance with any instructions given to it by:

(A) all Lenders if the relevant Finance Document stipulates the matter is an all Lender decision; and

(B) in all other cases, the Majority Lenders; and

(ii) not be liable for any act (or omission) if it acts (or refrains from acting) in accordance with sub-paragraph (i) above (or, if this Agreement stipulates the matter is a decision for any other Finance Party or group of Finance Parties, in accordance with instructions given to it by that Finance Party or group of Finance Parties).

(b) The Facility Agent shall be entitled to request instructions, or clarification of any instruction, from the Majority Lenders (or, if the relevant Finance Document stipulates the matter is a decision for any other Finance Party or group of Finance Parties, from that Finance Party or group of Finance Parties) as to whether, and in what manner, it should exercise or refrain from exercising any right, power, authority or discretion and the Facility Agent may refrain from acting unless and until it receives any such instructions or clarification that it has requested.

(c) Save in the case of decisions stipulated to be a matter for any other Finance Party or group of Finance Parties under the relevant Finance Document and unless a contrary indication appears in a Finance Document, any instructions given to the Facility Agent by the Majority Lenders shall override any conflicting instructions given by any other Parties and will be binding on all Finance Parties.

(d) Paragraph (a) above shall not apply:

(i) where a contrary indication appears in a Finance Document;

(ii) where a Finance Document requires the Facility Agent to act in a specified manner or to take a specified action;

(iii) in respect of any provision which protects the Facility Agent's own position in its personal capacity as opposed to its role of Facility Agent for the relevant Finance Parties.

(e) If giving effect to instructions given by the Majority Lenders would in the Facility Agent's opinion have an effect equivalent to an amendment or waiver referred to in Clause 43 (*Amendments and Waivers*), the Facility Agent shall not act in accordance with those instructions unless consent to it so acting is obtained from each Party (other than the Facility Agent) whose consent would have been required in respect of that amendment or waiver.

(f) In exercising any discretion to exercise a right, power or authority under the Finance Documents where it has not received any instructions as to the exercise of that discretion the Facility Agent shall do so having regard to the interests of all the Finance Parties.

(g) The Facility Agent may refrain from acting in accordance with any instructions of any Finance Party or group of Finance Parties until it has received any indemnification and/or security that it may in its discretion require (which may be greater in extent than that contained in the Finance Documents and which may include payment in advance) for any cost, loss or liability (together with any applicable VAT) which it may incur in complying with those instructions.

(h) Without prejudice to the remainder of this Clause 30.2 (*Instructions*), in the absence of instructions, the Facility Agent shall not be obliged to take any action (or refrain from taking action) even if it considers acting or not acting to be in the best interests of the Finance Parties. The Facility Agent may act (or refrain from acting) as it considers to be in the best interest of the Finance Parties.

(i) The Facility Agent is not authorised to act on behalf of a Finance Party (without first obtaining that Finance Party's consent) in any legal or arbitration proceedings relating to any Finance Document. This paragraph (i) shall not apply to any legal or arbitration proceeding relating to the perfection, preservation or protection of rights under the Security Documents or enforcement of the Transaction Security or Security Documents.

30.3 Duties of the Facility Agent

(a) The Facility Agent's duties under the Finance Documents are solely mechanical and administrative in nature.

(b) Subject to paragraph (c) below, the Facility Agent shall promptly forward to a Party the original or a copy of any document which is delivered to the Facility Agent for that Party by any other Party.

(c) Without prejudice to Clause 28.7 (*Copy of Transfer Certificate or Assignment Agreement to Borrower*), paragraph (b) above shall not apply to any Transfer Certificate or any Assignment Agreement.

(d) Except where a Finance Document specifically provides otherwise, the Facility Agent is not obliged to review or check the adequacy, accuracy or completeness of any document it forwards to another Party.

(e) If the Facility Agent receives notice from a Party referring to any Finance Document, describing a Default and stating that the circumstance described is a Default, it shall promptly notify the other Finance Parties.

(f) If the Facility Agent is aware of the non-payment of any principal, interest, or any fee payable to a Finance Party (other than the Facility Agent or the Security Agent) under this Agreement, it shall promptly notify the other Finance Parties.

(g) The Facility Agent shall have only those duties, obligations and responsibilities expressly specified in the Finance Documents to which it is expressed to be a party (and no others shall be implied).

30.4 No fiduciary duties

(a) Nothing in any Finance Document constitutes the Facility Agent as a trustee or fiduciary of any other person.

(b) The Facility Agent shall not be bound to account to other Finance Party for any sum or the profit element of any sum received by it for its own account.

30.5 Application of receipts

Except as expressly stated to the contrary in any Finance Document, any moneys which the Facility Agent receives or recovers in its capacity as Facility Agent shall be applied by the Facility Agent in accordance with Clause 34.5 (*Application of receipts; partial payments*).

30.6 Business with the Group

The Facility Agent may accept deposits from, lend money to, and generally engage in any kind of banking or other business with, any member of the Group.

30.7 Rights and discretions

(a) The Facility Agent may:

(i) rely on any representation, communication, notice or document believed by it to be genuine, correct and appropriately authorised;

(ii) assume that:

(A) any instructions received by it from the Majority Lenders, any Finance Parties or any group of Finance Parties are duly given in accordance with the terms of the Finance Documents; and

(B) unless it has received notice of revocation, that those instructions have not been revoked; and

(iii) rely on a certificate from any person:

(A) as to any matter of fact or circumstance which might reasonably be expected to be within the knowledge of that person; or

(B) to the effect that such person approves of any particular dealing, transaction, step, action or thing,

as sufficient evidence that that is the case and, in the case of paragraph (A) above, may assume the truth and accuracy of that certificate.

(b) The Facility Agent may assume (unless it has received notice to the contrary in its capacity as agent for the Finance Parties) that:

(i) no Default has occurred (unless it has actual knowledge of a Default arising under Clause 27.2 (*Non-payment*));

(ii) any right, power, authority or discretion vested in any Party or any group of Finance Parties has not been exercised; and

(iii) any notice or request made by any Borrower (other than a Utilisation Request or a Selection Notice) is made on behalf of and with the consent and knowledge of all the Transaction Obligors.

(c) The Facility Agent may engage and pay for the advice or services of any lawyers, accountants, tax advisers, surveyors or other professional advisers or experts.

(d) Without prejudice to the generality of paragraph (c) above or paragraph (e) below, the Facility Agent may at any time engage and pay for the services of any lawyers to act as independent counsel to the Facility Agent (and so separate from any lawyers instructed by the Lenders) if the Facility Agent in its reasonable opinion deems this to be desirable.

(e) The Facility Agent may rely on the advice or services of any lawyers, accountants, tax advisers, surveyors or other professional advisers or experts (whether obtained by the Facility Agent or by any other Party) and shall not be liable for any damages, costs or losses to any person, any diminution in value or any liability whatsoever arising as a result of its so relying.

(f) The Facility Agent may act in relation to the Finance Documents and the Security Property through its officers, employees and agents and shall not:

(i) be liable for any error of judgment made by any such person; or

(ii) be bound to supervise, or be in any way responsible for any loss incurred by reason of misconduct, omission or default on the part of any such person,

unless such error or such loss was directly caused by the Facility Agent's gross negligence or wilful misconduct.

(g) Unless a Finance Document expressly provides otherwise the Facility Agent may disclose to any other Party any information it reasonably believes it has received as agent under the Finance Documents.

(h) Notwithstanding any other provision of any Finance Document to the contrary, the Facility Agent is not obliged to do or omit to do anything if it would or might, in its reasonable opinion, constitute a breach of any law or regulation or a breach of a fiduciary duty or duty of confidentiality.

(i) Notwithstanding any provision of any Finance Document to the contrary, the Facility Agent is not obliged to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties, obligations or responsibilities or the exercise of any right, power, authority or discretion if it has grounds for believing the repayment of such funds or adequate indemnity against, or security for, such risk or liability is not reasonably assured to it.

30.8 Responsibility for documentation

The Facility Agent is not responsible or liable for:

(a) the adequacy, accuracy or completeness of any information (whether oral or written) supplied by the Facility Agent, the Security Agent, a Transaction Obligor or any other person in, or in connection with, any Transaction Document or the transactions contemplated in the Transaction Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Transaction Document;

(b) the legality, validity, effectiveness, adequacy or enforceability of any Transaction Document or the Security Property or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with, any Transaction Document or the Security Property; or

(c) any determination as to whether any information provided or to be provided to any Finance Party or Secured Party is non-public information the use of which may be regulated or prohibited by applicable law or regulation relating to insider dealing or otherwise.

30.9 No duty to monitor

The Facility Agent shall not be bound to enquire:

(a) whether or not any Default has occurred;

(b) as to the performance, default or any breach by any Transaction Obligor of its obligations under any Transaction Document; or

(c) whether any other event specified in any Transaction Document has occurred.

30.10 Exclusion of liability

(a) Without limiting paragraph (b) below (and without prejudice to paragraph (e) of Clause 34.11 (*Disruption to Payment Systems etc.*) or any other provision of any Finance Document excluding or limiting the liability of the Facility Agent), the Facility Agent will not be liable for:

(i) any damages, costs or losses to any person, any diminution in value, or any liability whatsoever arising as a result of taking or not taking any action under or in connection with any Transaction Document or the Security Property, unless directly caused by its gross negligence or wilful misconduct;

(ii) exercising, or not exercising, any right, power, authority or discretion given to it by, or in connection with, any Transaction Document, the Security Property or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with, any Transaction Document or the Security Property; or

(iii) any shortfall which arises on the enforcement or realisation of the Security Property; or

(iv) without prejudice to the generality of paragraphs (i) to (iii) above, any damages, costs or losses to any person, any diminution in value or any liability whatsoever arising as a result of:

(A) any act, event or circumstance not reasonably within its control; or

(B) the general risks of investment in, or the holding of assets in, any jurisdiction,

including (in each case and without limitation) such damages, costs, losses, diminution in value or liability arising as a result of nationalisation, expropriation or other governmental actions; any regulation, currency restriction, devaluation or fluctuation; market conditions affecting the execution or settlement of transactions or the value of assets (including any Disruption Event); breakdown, failure or malfunction of any third party transport, telecommunications, computer services or systems; natural disasters or acts of God; war, terrorism, insurrection or revolution; or strikes or industrial action.

(b) No Party other than the Facility Agent may take any proceedings against any officer, employee or agent of the Facility Agent in respect of any claim it might have against the Facility Agent or in respect of any act or omission of any kind by that officer, employee or agent in relation to any Transaction Document or any Security Property and any officer, employee or agent of the Facility Agent may rely on this Clause subject to Clause 1.5 (*Third party rights*) and the provisions of the Third Parties Act.

(c) The Facility Agent will not be liable for any delay (or any related consequences) in crediting an account with an amount required under the Finance Documents to be paid by the Facility Agent if the Facility Agent has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognised clearing or settlement system used by the Facility Agent for that purpose.

(d) Nothing in this Agreement shall oblige the Facility Agent to carry out:

(i) any "know your customer" or other checks in relation to any person; or

(ii) any check on the extent to which any transaction contemplated by this Agreement might be unlawful for any Finance Party,

on behalf of any Finance Party and each Finance Party confirms to the Facility Agent that it is solely responsible for any such checks it is required to carry out and that it may not rely on any statement in relation to such checks made by the Facility Agent.

(e) Without prejudice to any provision of any Finance Document excluding or limiting the Facility Agent's liability, any liability of the Facility Agent arising under or in connection with any Transaction Document or the Security Property shall be limited to the amount of actual loss which has been finally judicially determined to have been suffered (as determined by reference to the date of default of the Facility Agent or, if later, the date on which the loss arises as a result of such default) but without reference to any special conditions or circumstances known to the Facility Agent at any time which increase the amount of that loss. In no event shall the Facility Agent be liable for any loss of profits, goodwill, reputation, business opportunity or anticipated saving, or for special, punitive, indirect or consequential damages, whether or not the Facility Agent has been advised of the possibility of such loss or damages.

30.11 Lenders' indemnity to the Facility Agent

(a) Each Lender shall (in proportion to its share of the Total Commitments or, if the Total Commitments are then zero, to its share of the Total Commitments immediately prior to their reduction to zero) indemnify the Facility Agent, within three Business Days of demand, against

any cost, loss or liability incurred by the Facility Agent (otherwise than by reason of the Facility Agent's gross negligence or wilful misconduct) (or, in the case of any cost, loss or liability pursuant to Clause 34.11 (*Disruption to Payment Systems etc.*) notwithstanding the Facility Agent's negligence, gross negligence or any other category of liability whatsoever but not including any claim based on the fraud of the Facility Agent) in acting as Facility Agent under the Finance Documents (unless the Facility Agent has been reimbursed by a Transaction Obligor pursuant to a Finance Document).

(b) Subject to paragraph (c) below, the Borrowers shall immediately on demand reimburse any Lender for any payment that Lender makes to the Facility Agent pursuant to paragraph (a) above.

(c) Paragraph (b) above shall not apply to the extent that the indemnity payment in respect of which the Lender claims reimbursement relates to a liability of the Facility Agent to an Obligor.

30.12 Resignation of the Facility Agent

(a) The Facility Agent may resign and appoint one of its Affiliates as successor by giving notice to the other Finance Parties and the Borrowers.

(b) Alternatively, the Facility Agent may resign by giving 30 days' notice to the other Finance Parties and the Borrowers, in which case the Majority Lenders may appoint a successor Facility Agent.

(c) If the Majority Lenders have not appointed a successor Facility Agent in accordance with paragraph (b) above within 20 days after notice of resignation was given, the retiring Facility Agent may appoint a successor Facility Agent.

(d) If the Facility Agent wishes to resign because (acting reasonably) it has concluded that it is no longer appropriate for it to remain as agent and the Facility Agent is entitled to appoint a successor Facility Agent under paragraph (c) above, the Facility Agent may (if it concludes (acting reasonably) that it is necessary to do so in order to persuade the proposed successor Facility Agent to become a party to this Agreement as Facility Agent) agree with the proposed successor Facility Agent amendments to this Clause 30 (*The Facility Agent and the Reference Banks*) and any other term of this Agreement dealing with the rights or obligations of the Facility Agent consistent with then current market practice for the appointment and protection of corporate trustees together with any reasonable amendments to the agency fee payable under this Agreement which are consistent with the successor Facility Agent's normal fee rates and those amendments will bind the Parties.

(e) The retiring Facility Agent shall make available to the successor Facility Agent such documents and records and provide such assistance as the successor Facility Agent may reasonably request for the purposes of performing its functions as Facility Agent under the Finance Documents. The Borrowers shall, within three Business Days of demand, reimburse the retiring Facility Agent for the amount of all costs and expenses (including legal fees) properly incurred by it in making available such documents and records and providing such assistance.

(f) The Facility Agent's resignation notice shall only take effect upon the appointment of a successor.

(g) Upon the appointment of a successor, the retiring Facility Agent shall be discharged from any further obligation in respect of the Finance Documents (other than its obligations under paragraph (e) above) but shall remain entitled to the benefit of Clause 14.4 (*Indemnity to the*

Facility Agent) and this Clause 30 (*The Facility Agent and the Reference Banks*) and any other provisions of a Finance Document which are expressed to limit or exclude its liability (or to indemnify it) in acting as Facility Agent. Any fees for the account of the retiring Facility Agent shall cease to accrue from (and shall be payable on) that date. Any successor and each of the other Parties shall have the same rights and obligations amongst themselves as they would have had if such successor had been an original Party.

(h) The Majority Lenders may, by notice to the Facility Agent, require it to resign in accordance with paragraph (b) above. In this event, the Facility Agent shall resign in accordance with paragraph (b) above but the cost referred to in paragraph (e) above shall be for the account of the Borrowers.

(i) The consent of any Borrower (or any other Transaction Obligor) is not required for an assignment or transfer of rights and/or obligations by the Facility Agent.

30.13 Confidentiality

(a) In acting as Facility Agent for the Finance Parties, the Facility Agent shall be regarded as acting through its agency division which shall be treated as a separate entity from any other of its divisions or departments.

(b) If information is received by a division or department of the Facility Agent other than the division or department responsible for complying with the obligations assumed by it under the Finance Documents, that information may be treated as confidential to that division or department, and the Facility Agent shall not be deemed to have notice of it nor shall it be obliged to disclose such information to any Party.

(c) Notwithstanding any other provision of any Finance Document to the contrary, the Facility Agent is not obliged to disclose to any other person (i) any confidential information or (ii) any other information if the disclosure would, or might in its reasonable opinion, constitute a breach of any law or regulation or a breach of a fiduciary duty.

30.14 Relationship with the other Finance Parties

(a) Subject to Clause 28.9 (*Pro rata interest settlement*), the Facility Agent may treat the person shown in its records as Lender at the opening of business (in the place of the Facility Agent's principal office as notified to the Finance Parties from time to time) as the Lender acting through its Facility Office:

(i) entitled to or liable for any payment due under any Finance Document on that day; and

(ii) entitled to receive and act upon any notice, request, document or communication or make any decision or determination under any Finance Document made or delivered on that day,

unless it has received not less than five Business Days' prior notice from that Lender to the contrary in accordance with the terms of this Agreement.

(b) Each Finance Party shall supply the Facility Agent with any information that the Security Agent may reasonably specify (through the Facility Agent) as being necessary or desirable to enable the Security Agent to perform its functions as Security Agent.

(c) Any Lender may by notice to the Facility Agent appoint a person to receive on its behalf all notices, communications, information and documents to be made or despatched to that Lender under the Finance Documents. Such notice shall contain the address and, where communication by electronic mail or other electronic means is permitted under Clause 37.5 (*Electronic communication*), electronic mail address and/or any other information required to enable the transmission of information by that means (and, in each case, the department or officer, if any, for whose attention communication is to be made) and be treated as a notification of a substitute address, electronic mail address (or such other information), department and officer by that Lender for the purposes of Clause 37.2 (*Addresses*) and sub-paragraph (ii) of paragraph (a) of Clause 37.5 (*Electronic communication*) and the Facility Agent shall be entitled to treat such person as the person entitled to receive all such notices, communications, information and documents as though that person were that Lender.

30.15 Credit appraisal by the Finance Parties

Without affecting the responsibility of any Transaction Obligor for information supplied by it or on its behalf in connection with any Transaction Document, each Finance Party confirms to the Facility Agent that it has been, and will continue to be, solely responsible for making its own independent appraisal and investigation of all risks arising under, or in connection with, any Transaction Document including but not limited to:

(a) the financial condition, status and nature of each member of the Group;

(b) the legality, validity, effectiveness, adequacy or enforceability of any Transaction Document, the Security Property and any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Transaction Document or the Security Property;

(c) whether that Finance Party has recourse, and the nature and extent of that recourse, against any Party or any of its respective assets under, or in connection with, any Transaction Document, the Security Property, the transactions contemplated by the Transaction Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Transaction Document or the Security Property;

(d) the adequacy, accuracy or completeness of any information provided by the Facility Agent, any Party or by any other person under, or in connection with, any Transaction Document, the transactions contemplated by any Transaction Document or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Transaction Document; and

(e) the right or title of any person in or to or the value or sufficiency of any part of the Security Assets, the priority of any of the Transaction Security or the existence of any Security affecting the Security Assets.

30.16 Deduction from amounts payable by the Facility Agent

If any Party owes an amount to the Facility Agent under the Finance Documents, the Facility Agent may, after giving notice to that Party, deduct an amount not exceeding that amount from any payment to that Party which the Facility Agent would otherwise be obliged to make under the Finance Documents and apply the amount deducted in or towards satisfaction of the amount owed. For the purposes of the Finance Documents that Party shall be regarded as having received any amount so deducted.

30.17 Full freedom to enter into transactions

Without prejudice to Clause 30.6 (*Business with the Group*) or any other provision of a Finance Document and notwithstanding any rule of law or equity to the contrary, the Facility Agent shall be absolutely entitled:

(a) to enter into and arrange banking, derivative, investment and/or other transactions of every kind with or affecting any Transaction Obligor or any person who is party to, or referred to in, a Finance Document (including, but not limited to, any interest or currency swap or other transaction, whether related to this Agreement or not, and acting as syndicate agent and/or security agent for, and/or participating in, other facilities to such Transaction Obligor or any person who is party to, or referred to in, a Finance Document);

(b) to deal in and enter into and arrange transactions relating to:

(i) any securities issued or to be issued by any Transaction Obligor or any other person; or

(ii) any options or other derivatives in connection with such securities; and

(c) to provide advice or other services to any Borrower or any person who is a party to, or referred to in, a Finance Document,

and, in particular, the Facility Agent shall be absolutely entitled, in proposing, evaluating, negotiating, entering into and arranging all such transactions and in connection with all other matters covered by paragraphs (a), (b) and (c) above, to use (subject only to insider dealing legislation) any information or opportunity, howsoever acquired by it, to pursue its own interests exclusively, to refrain from disclosing such dealings, transactions or other matters or any information acquired in connection with them and to retain for its sole benefit all profits and benefits derived from the dealings transactions or other matters.

30.18 Role of Reference Banks

(a) No Reference Bank is under any obligation to provide a quotation or any other information to the Facility Agent.

(b) No Reference Bank will be liable for any action taken by it under or in connection with any Finance Document, or for any Reference Bank Quotation, unless directly caused by its gross negligence or wilful misconduct.

(c) No Party (other than the relevant Reference Bank) may take any proceedings against any officer, employee or agent of any Reference Bank in respect of any claim it might have against that Reference Bank or in respect of any act or omission of any kind by that officer, employee or agent in relation to any Finance Document, or to any Reference Bank Quotation, and any officer, employee or agent of each Reference Bank may rely on this Clause 30.18 (*Role of Reference Banks*) subject to Clause 1.5 (*Third party rights*) and the provisions of the Third Parties Act.

30.19 Third Party Reference Banks

A Reference Bank which is not a Party may rely on Clause 30.18 (*Role of Reference Banks*), Clause 43.4 (*Other exceptions*) and Clause 45 (*Confidentiality of Funding Rates and Reference*

Bank Quotations) subject to Clause 1.5 (*Third party rights*) and the provisions of the Third Parties Act.

31 THE SECURITY AGENT

31.1 Trust

(a) The Security Agent declares that it holds the Security Property on trust for the Secured Parties on the terms contained in this Agreement and shall deal with the Security Property in accordance with this Clause 31 (*The Security Agent*) and the other provisions of the Finance Documents.

(b) Each other Finance Party authorises the Security Agent to perform the duties, obligations and responsibilities and to exercise the rights, powers, authorities and discretions specifically given to the Security Agent under, or in connection with, the Finance Documents together with any other incidental rights, powers, authorities and discretions.

31.2 Parallel Debt (Covenant to pay the Security Agent)

(a) Each Obligor irrevocably and unconditionally undertakes to pay to the Security Agent its Parallel Debt which shall be amounts equal to, and in the currency or currencies of, its Corresponding Debt.

(b) The Parallel Debt of an Obligor:

(i) shall become due and payable at the same time as its Corresponding Debt;

(ii) is independent and separate from, and without prejudice to, its Corresponding Debt.

(c) For purposes of this Clause 31.2 (*Parallel Debt (Covenant to pay the Security Agent)*), the Security Agent:

(i) is the independent and separate creditor of each Parallel Debt;

(ii) acts in its own name and not as agent, representative or trustee of the Finance Parties and its claims in respect of each Parallel Debt shall not be held on trust; and

(iii) shall have the independent and separate right to demand payment of each Parallel Debt in its own name (including, without limitation, through any suit, execution, enforcement of security, recovery of guarantees and applications for and voting in any kind of insolvency proceeding).

(d) The Parallel Debt of an Obligor shall be:

(i) decreased to the extent that its Corresponding Debt has been irrevocably and unconditionally paid or discharged; and

(ii) increased to the extent that its Corresponding Debt has increased,

and the Corresponding Debt of an Obligor shall be decreased to the extent that its Parallel Debt has been irrevocably and unconditionally paid or discharged,

in each case provided that the Parallel Debt of an Obligor shall never exceed its Corresponding Debt.

(e) All amounts received or recovered by the Security Agent in connection with this Clause 31.2 (*Parallel Debt (Covenant to pay the Security Agent)*) to the extent permitted by applicable law, shall be applied in accordance with Clause 34.5 (*Application of receipts; partial payments*).

(f) This Clause 31.2 (*Parallel Debt (Covenant to pay the Security Agent)*) shall apply, with any necessary modifications, to each Finance Document.

31.3 Enforcement through Security Agent only

The Secured Parties shall not have any independent power to enforce, or have recourse to, any of the Transaction Security or to exercise any right, power, authority or discretion arising under the Security Documents except through the Security Agent.

31.4 Instructions

(a) The Security Agent shall:

(i) unless a contrary indication appears in a Finance Document, exercise or refrain from exercising any right, power, authority or discretion vested in it as Security Agent in accordance with any instructions given to it by:

(A) all Lenders (or the Facility Agent on their behalf) if the relevant Finance Document stipulates the matter is an all Lender decision; and

(B) in all other cases, the Majority Lenders (or the Facility Agent on their behalf); and

(ii) not be liable for any act (or omission) if it acts (or refrains from acting) in accordance with sub-paragraph (i) above (or if this Agreement stipulates the matter is a decision for any other Finance Party or group of Finance Parties, in accordance with instructions given to it by that Finance Party or group of Finance Parties).

(b) The Security Agent shall be entitled to request instructions, or clarification of any instruction, from the Majority Lenders (or the Facility Agent on their behalf) (or, if the relevant Finance Document stipulates the matter is a decision for any other Finance Party or group of Finance Parties, from that Finance Party or group of Finance Parties) as to whether, and in what manner, it should exercise or refrain from exercising any right, power, authority or discretion and the Security Agent may refrain from acting unless and until it receives any such instructions or clarification that it has requested.

(c) Save in the case of decisions stipulated to be a matter for any other Finance Party or group of Finance Parties under the relevant Finance Document and unless a contrary indication appears in a Finance Document, any instructions given to the Security Agent by the Majority Lenders shall override any conflicting instructions given by any other Parties and will be binding on all Finance Parties.

(d) Paragraph (a) above shall not apply:

(i) where a contrary indication appears in a Finance Document;

(ii) where a Finance Document requires the Security Agent to act in a specified manner or to take a specified action;

(iii) in respect of any provision which protects the Security Agent's own position in its personal capacity as opposed to its role of Security Agent for the relevant Secured Parties;

(iv) in respect of the exercise of the Security Agent's discretion to exercise a right, power or authority under any of:

(A) Clause 31.27 (*Application of receipts*);

(B) Clause 31.28 (*Permitted Deductions*); and

(C) Clause 31.29 (*Prospective liabilities*).

(e) If giving effect to instructions given by the Majority Lenders would in the Security Agent's opinion have an effect equivalent to an amendment or waiver referred to in Clause 43 (*Amendments and Waivers*), the Security Agent shall not act in accordance with those instructions unless consent to it so acting is obtained from each Party (other than the Security Agent) whose consent would have been required in respect of that amendment or waiver.

(f) In exercising any discretion to exercise a right, power or authority under the Finance Documents where either:

(i) it has not received any instructions as to the exercise of that discretion; or

(ii) the exercise of that discretion is subject to sub-paragraph (iv) of paragraph (d) above,

the Security Agent shall do so having regard to the interests of all the Secured Parties.

(g) The Security Agent may refrain from acting in accordance with any instructions of any Finance Party or group of Finance Parties until it has received any indemnification and/or security that it may in its discretion require (which may be greater in extent than that contained in the Finance Documents and which may include payment in advance) for any cost, loss or liability (together with any applicable VAT) which it may incur in complying with those instructions.

(h) Without prejudice to the remainder of this Clause 31.4 (*Instructions*), in the absence of instructions, the Security Agent may (but shall not be obliged to) take such action in the exercise of its powers and duties under the Finance Documents as it considers in its discretion to be appropriate.

(i) The Security Agent is not authorised to act on behalf of a Finance Party (without first obtaining that Finance Party's consent) in any legal or arbitration proceedings relating to any Finance Document. This paragraph (i) shall not apply to any legal or arbitration proceeding relating to the perfection, preservation or protection of rights under the Security Documents or enforcement of the Transaction Security or Security Documents.

31.5 Duties of the Security Agent

(a) The Security Agent's duties under the Finance Documents are solely mechanical and administrative in nature.

(b) The Security Agent shall promptly forward to a Party the original or a copy of any document which is delivered to the Security Agent for that Party by any other Party.

(c) Except where a Finance Document specifically provides otherwise, the Security Agent is not obliged to review or check the adequacy, accuracy or completeness of any document it forwards to another Party.

(d) If the Security Agent receives notice from a Party referring to any Finance Document, describing a Default and stating that the circumstance described is a Default, it shall promptly notify the other Finance Parties.

(e) The Security Agent shall have only those duties, obligations and responsibilities expressly specified in the Finance Documents to which it is expressed to be a party (and no others shall be implied).

31.6 No fiduciary duties

(a) Nothing in any Finance Document constitutes the Security Agent as an agent, trustee or fiduciary of any Transaction Obligor.

(b) The Security Agent shall not be bound to account to any other Secured Party for any sum or the profit element of any sum received by it for its own account.

31.7 Business with the Group

The Security Agent may accept deposits from, lend money to, and generally engage in any kind of banking or other business with, any member of the Group.

31.8 Rights and discretions

(a) The Security Agent may:

(i) rely on any representation, communication, notice or document believed by it to be genuine, correct and appropriately authorised;

(ii) assume that:

(A) any instructions received by it from the Majority Lenders, any Finance Parties or any group of Finance Parties are duly given in accordance with the terms of the Finance Documents;

(B) unless it has received notice of revocation, that those instructions have not been revoked;

(C) if it receives any instructions to act in relation to the Transaction Security, that all applicable conditions under the Finance Documents for so acting have been satisfied; and

(iii) rely on a certificate from any person:

(A) as to any matter of fact or circumstance which might reasonably be expected to be within the knowledge of that person; or

(B) to the effect that such person approves of any particular dealing, transaction, step, action or thing,

as sufficient evidence that that is the case and, in the case of paragraph (A) above, may assume the truth and accuracy of that certificate.

(b) The Security Agent shall be entitled to carry out all dealings with the other Finance Parties through the Facility Agent and may give to the Facility Agent any notice or other communication required to be given by the Security Agent to any Finance Party.

(c) The Security Agent may assume (unless it has received notice to the contrary in its capacity as security agent for the Secured Parties) that:

(i) no Default has occurred;

(ii) any right, power, authority or discretion vested in any Party or any group of Finance Parties has not been exercised; and

(iii) any notice or request made by any Borrower (other than the Utilisation Request or a Selection Notice) is made on behalf of and with the consent and knowledge of all the Transaction Obligors.

(d) The Security Agent may engage and pay for the advice or services of any lawyers, accountants, tax advisers, surveyors or other professional advisers or experts.

(e) Without prejudice to the generality of paragraph (c) above or paragraph (f) below, the Security Agent may at any time engage and pay for the services of any lawyers to act as independent counsel to the Security Agent (and so separate from any lawyers instructed by the Facility Agent or the Lenders) if the Security Agent in its reasonable opinion deems this to be desirable.

(f) The Security Agent may rely on the advice or services of any lawyers, accountants, tax advisers, surveyors or other professional advisers or experts (whether obtained by the Security Agent or by any other Party) and shall not be liable for any damages, costs or losses to any person, any diminution in value or any liability whatsoever arising as a result of its so relying.

(g) The Security Agent may act in relation to the Finance Documents and the Security Property through its officers, employees and agents and shall not:

(i) be liable for any error of judgment made by any such person; or

(ii) be bound to supervise, or be in any way responsible for any loss incurred by reason of misconduct, omission or default on the part of any such person,

unless such error or such loss was directly caused by the Security Agent's gross negligence or wilful misconduct.

(h) Unless a Finance Document expressly provides otherwise the Security Agent may disclose to any other Party any information it reasonably believes it has received as security agent under the Finance Documents.

(i) Notwithstanding any other provision of any Finance Document to the contrary, the Security Agent is not obliged to do or omit to do anything if it would or might, in its reasonable opinion, constitute a breach of any law or regulation or a breach of a fiduciary duty or duty of confidentiality.

(j) Notwithstanding any provision of any Finance Document to the contrary, the Security Agent is not obliged to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties, obligations or responsibilities or the exercise of any right, power, authority or discretion if it has grounds for believing the repayment of such funds or adequate indemnity against, or security for, such risk or liability is not reasonably assured to it.

31.9 Responsibility for documentation

None of the Security Agent, any Receiver or Delegate is responsible or liable for:

(a) the adequacy, accuracy or completeness of any information (whether oral or written) supplied by the Facility Agent, the Security Agent, a Transaction Obligor or any other person in, or in connection with, any Transaction Document or the transactions contemplated in the Transaction Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Transaction Document;

(b) the legality, validity, effectiveness, adequacy or enforceability of any Transaction Document or the Security Property or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with, any Transaction Document or the Security Property;

(c) any determination as to whether any information provided or to be provided to any Secured Party is non-public information the use of which may be regulated or prohibited by applicable law or regulation relating to insider dealing or otherwise.

31.10 No duty to monitor

The Security Agent shall not be bound to enquire:

(a) whether or not any Default has occurred;

(b) as to the performance, default or any breach by any Transaction Obligor of its obligations under any Transaction Document; or

(c) whether any other event specified in any Transaction Document has occurred.

31.11 Exclusion of liability

(a) Without limiting paragraph (b) below (and without prejudice to any other provision of any Finance Document excluding or limiting the liability of the Security Agent or any Receiver or Delegate), none of the Security Agent nor any Receiver or Delegate will be liable for:

(i) any damages, costs or losses to any person, any diminution in value, or any liability whatsoever arising as a result of taking or not taking any action under or in connection with any Transaction Document or the Security Property, unless directly caused by its gross negligence or wilful misconduct;

(ii) exercising, or not exercising, any right, power, authority or discretion given to it by, or in connection with, any Transaction Document, the Security Property or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with, any Transaction Document or the Security Property; or

(iii) any shortfall which arises on the enforcement or realisation of the Security Property; or

(iv) without prejudice to the generality of paragraphs (i) to (iii) above, any damages, costs or losses to any person, any diminution in value or any liability whatsoever arising as a result of:

(A) any act, event or circumstance not reasonably within its control; or

(B) the general risks of investment in, or the holding of assets in, any jurisdiction,

including (in each case and without limitation) such damages, costs, losses, diminution in value or liability arising as a result of nationalisation, expropriation or other governmental actions; any regulation, currency restriction, devaluation or fluctuation; market conditions affecting the execution or settlement of transactions or the value of assets (including any Disruption Event); breakdown, failure or malfunction of any third party transport, telecommunications, computer services or systems; natural disasters or acts of God; war, terrorism, insurrection or revolution; or strikes or industrial action.

(b) No Party other than the Security Agent, that Receiver or that Delegate (as applicable) may take any proceedings against any officer, employee or agent of the Security Agent, a Receiver or a Delegate in respect of any claim it might have against the Security Agent, a Receiver or a Delegate or in respect of any act or omission of any kind by that officer, employee or agent in relation to any Transaction Document or any Security Property and any officer, employee or agent of the Security Agent, a Receiver or a Delegate may rely on this Clause subject to Clause 1.5 (*Third party rights*) and the provisions of the Third Parties Act.

(c) The Security Agent will not be liable for any delay (or any related consequences) in crediting an account with an amount required under the Finance Documents to be paid by the Security Agent if the Security Agent has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognised clearing or settlement system used by the Security Agent for that purpose.

(d) Nothing in this Agreement shall oblige the Security Agent to carry out:

(i) any "know your customer" or other checks in relation to any person; or

(ii) any check on the extent to which any transaction contemplated by this Agreement might be unlawful for any Finance Party,

on behalf of any Finance Party and each Finance Party confirms to the Security Agent that it is solely responsible for any such checks it is required to carry out and that it may not rely on any statement in relation to such checks made by the Security Agent.

(e) Without prejudice to any provision of any Finance Document excluding or limiting the liability of the Security Agent or any Receiver or Delegate, any liability of the Security Agent or any Receiver or Delegate arising under or in connection with any Transaction Document or the Security Property shall be limited to the amount of actual loss which has been finally judicially determined to have been suffered (as determined by reference to the date of default of the Security Agent, Receiver or Delegate or, if later, the date on which the loss arises as a result of such default) but without reference to any special conditions or circumstances known to the Security Agent, any Receiver or Delegate at any time which increase the amount of that loss.

In no event shall the Security Agent, any Receiver or Delegate be liable for any loss of profits, goodwill, reputation, business opportunity or anticipated saving, or for special, punitive, indirect or consequential damages, whether or not the Security Agent, the Receiver or Delegate has been advised of the possibility of such loss or damages.

31.12 Lenders' indemnity to the Security Agent

(a) Each Lender shall (in proportion to its share of the Total Commitments or, if the Total Commitments are then zero, to its share of the Total Commitments immediately prior to their reduction to zero) indemnify the Security Agent and every Receiver, within three Business Days of demand, against any cost, loss or liability incurred by any of them (otherwise than by reason of the Security Agent's or Receiver's gross negligence or wilful misconduct) in acting as Security Agent or Receiver under the Finance Documents (unless the Security Agent or Receiver has been reimbursed by a Transaction Obligor pursuant to a Finance Document).

(b) Subject to paragraph (c) below, the Borrowers shall within three days of any demand reimburse any Lender for any payment that Lender makes to the Security Agent pursuant to paragraph (a) above.

(c) Paragraph (b) above shall not apply to the extent that the indemnity payment in respect of which the Lender claims reimbursement relates to a liability of the Security Agent to an Obligor.

31.13 Resignation of the Security Agent

(a) The Security Agent may resign and appoint one of its Affiliates as successor by giving notice to the other Finance Parties and the Borrowers.

(b) Alternatively, the Security Agent may resign by giving 30 days' notice to the other Finance Parties and the Borrowers, in which case the Majority Lenders may appoint a successor Security Agent.

(c) If the Majority Lenders have not appointed a successor Security Agent in accordance with paragraph (b) above within 20 days after notice of resignation was given, the retiring Security Agent may appoint a successor Security Agent.

(d) The retiring Security Agent shall make available to the successor Security Agent such documents and records and provide such assistance as the successor Security Agent may reasonably request for the purposes of performing its functions as Security Agent under the Finance Documents. The Borrowers shall, within three Business Days of demand, reimburse the retiring Security Agent for the amount of all costs and expenses (including legal fees) properly incurred by it in making available such documents and records and providing such assistance.

(e) The Security Agent's resignation notice shall only take effect upon:

(i) the appointment of a successor; and

(ii) the transfer, by way of a document expressed as a deed, of all the Security Property to that successor.

(f) Upon the appointment of a successor, the retiring Security Agent shall be discharged, by way of a document executed as a deed, from any further obligation in respect of the Finance

Documents (other than its obligations under paragraph (b) of Clause 31.24 (*Winding up of trust*) and paragraph (d) above) but shall remain entitled to the benefit of Clause 14.5 (*Indemnity to the Security Agent*) and this Clause 31 (*The Security Agent*) and any other provisions of a Finance Document which are expressed to limit or exclude its liability (or to indemnify it) in acting as Security Agent. Any fees for the account of the retiring Security Agent shall cease to accrue from (and shall be payable on) that date. Any successor and each of the other Parties shall have the same rights and obligations amongst themselves as they would have had if such successor had been an original Party.

(g) The Majority Lenders may, by notice to the Security Agent, require it to resign in accordance with paragraph (b) above. In this event, the Security Agent shall resign in accordance with paragraph (b) above but the cost referred to in paragraph (d) above shall be for the account of the Borrowers.

(h) The consent of any Borrower (or any other Transaction Obligor) is not required for an assignment or transfer of rights and/or obligations by the Security Agent.

31.14 Confidentiality

(a) In acting as Security Agent for the Finance Parties, the Security Agent shall be regarded as acting through its trustee division which shall be treated as a separate entity from any other of its divisions or departments.

(b) If information is received by a division or department of the Security Agent other than the division or department responsible for complying with the obligations assumed by it under the Finance Documents, that information may be treated as confidential to that division or department, and the Security Agent shall not be deemed to have notice of it nor shall it be obliged to disclose such information to any Party.

(c) Notwithstanding any other provision of any Finance Document to the contrary, the Security Agent is not obliged to disclose to any other person (i) any confidential information or (ii) any other information if the disclosure would, or might in its reasonable opinion, constitute a breach of any law or regulation or a breach of a fiduciary duty.

31.15 Credit appraisal by the Finance Parties

Without affecting the responsibility of any Transaction Obligor for information supplied by it or on its behalf in connection with any Transaction Document, each Finance Party confirms to the Security Agent that it has been, and will continue to be, solely responsible for making its own independent appraisal and investigation of all risks arising under, or in connection with, any Transaction Document including but not limited to:

(a) the financial condition, status and nature of each member of the Group;

(b) the legality, validity, effectiveness, adequacy or enforceability of any Transaction Document, the Security Property and any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Transaction Document or the Security Property;

(c) whether that Finance Party has recourse, and the nature and extent of that recourse, against any Party or any of its respective assets under, or in connection with, any Transaction Document, the Security Property, the transactions contemplated by the Transaction Documents or any other agreement, arrangement or document entered into, made or

executed in anticipation of, under or in connection with any Transaction Document or the Security Property;

(d) the adequacy, accuracy or completeness of any information provided by the Security Agent, any Party or by any other person under, or in connection with, any Transaction Document, the transactions contemplated by any Transaction Document or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Transaction Document; and

(e) the right or title of any person in or to or the value or sufficiency of any part of the Security Assets, the priority of any of the Transaction Security or the existence of any Security affecting the Security Assets.

31.16 Reliance and engagement letters

Each Secured Party confirms that the Security Agent has authority to accept on its behalf (and ratifies the acceptance on its behalf of any letters or reports already accepted by the Security Agent) the terms of any reliance letter or engagement letters or any reports or letters provided by accountants, auditors or providers of due diligence reports in connection with the Finance Documents or the transactions contemplated in the Finance Documents and to bind it in respect of those, reports or letters and to sign such letters on its behalf and further confirms that it accepts the terms and qualifications set out in such letters.

31.17 No responsibility to perfect Transaction Security

The Security Agent shall not be liable for any failure to:

(a) require the deposit with it of any deed or document certifying, representing or constituting the title of any Transaction Obligor to any of the Security Assets;

(b) obtain any licence, consent or other authority for the execution, delivery, legality, validity, enforceability or admissibility in evidence of any Finance Document or the Transaction Security;

(c) register, file or record or otherwise protect any of the Transaction Security (or the priority of any of the Transaction Security) under any law or regulation or to give notice to any person of the execution of any Finance Document or of the Transaction Security;

(d) take, or to require any Transaction Obligor to take, any step to perfect its title to any of the Security Assets or to render the Transaction Security effective or to secure the creation of any ancillary Security under any law or regulation; or

(e) require any further assurance in relation to any Finance Document.

31.18 Insurance by Security Agent

(a) The Security Agent shall not be obliged:

(i) to insure any of the Security Assets;

(ii) to require any other person to maintain any insurance; or

(iii) to verify any obligation to arrange or maintain insurance contained in any Finance Document,

and the Security Agent shall not be liable for any damages, costs or losses to any person as a result of the lack of, or inadequacy of, any such insurance.

(b) Where the Security Agent is named on any insurance policy as an insured party, it shall not be liable for any damages, costs or losses to any person as a result of its failure to notify the insurers of any material fact relating to the risk assumed by such insurers or any other information of any kind, unless the Majority Lenders request it to do so in writing and the Security Agent fails to do so within 14 days after receipt of that request.

31.19 Custodians and nominees

The Security Agent may appoint and pay any person to act as a custodian or nominee on any terms in relation to any asset of the trust as the Security Agent may determine, including for the purpose of depositing with a custodian this Agreement or any document relating to the trust created under this Agreement and the Security Agent shall not be responsible for any loss, liability, expense, demand, cost, claim or proceedings incurred by reason of the misconduct, omission or default on the part of any person appointed by it under this Agreement or be bound to supervise the proceedings or acts of any person.

31.20 Delegation by the Security Agent

(a) Each of the Security Agent, any Receiver and any Delegate may, at any time, delegate by power of attorney or otherwise to any person for any period, all or any right, power, authority or discretion vested in it in its capacity as such.

(b) That delegation may be made upon any terms and conditions (including the power to sub delegate) and subject to any restrictions that the Security Agent, that Receiver or that Delegate (as the case may be) may, in its discretion, think fit in the interests of the Secured Parties.

(c) No Security Agent, Receiver or Delegate shall be bound to supervise, or be in any way responsible for any damages, costs or losses incurred by reason of any misconduct, omission or default on the part of any such delegate or sub delegate.

31.21 Additional Security Agents

(a) The Security Agent may at any time appoint (and subsequently remove) any person to act as a separate trustee or as a co-trustee jointly with it:

(i) if it considers that appointment to be in the interests of the Secured Parties; or

(ii) for the purposes of conforming to any legal requirement, restriction or condition which the Security Agent deems to be relevant; or

(iii) for obtaining or enforcing any judgment in any jurisdiction,

and the Security Agent shall give prior notice to the Borrower and the Finance Parties of that appointment.

(b) Any person so appointed shall have the rights, powers, authorities and discretions (not exceeding those given to the Security Agent under or in connection with the Finance

Documents) and the duties, obligations and responsibilities that are given or imposed by the instrument of appointment.

(c) The remuneration that the Security Agent may pay to that person, and any costs and expenses (together with any applicable VAT) incurred by that person in performing its functions pursuant to that appointment shall, for the purposes of this Agreement, be treated as costs and expenses incurred by the Security Agent.

31.22 Acceptance of title

The Security Agent shall be entitled to accept without enquiry, and shall not be obliged to investigate, any right and title that any Transaction Obligor may have to any of the Security Assets and shall not be liable for or bound to require any Transaction Obligor to remedy any defect in its right or title.

31.23 Releases

Upon a disposal of any of the Security Assets pursuant to the enforcement of the Transaction Security by a Receiver, a Delegate or the Security Agent, the Security Agent is irrevocably authorised (at the cost of the Obligors and without any consent, sanction, authority or further confirmation from any other Secured Party) to release, without recourse or warranty, that property from the Transaction Security and to execute any release of the Transaction Security or other claim over that asset and to issue any certificates of non-crystallisation of floating charges that may be required or desirable.

31.24 Winding up of trust

If the Security Agent, with the approval of the Facility Agent determines that:

(a) all of the Secured Liabilities and all other obligations secured by the Security Documents have been fully and finally discharged; and

(b) no Secured Party is under any commitment, obligation or liability (actual or contingent) to make advances or provide other financial accommodation to any Transaction Obligor pursuant to the Finance Documents,

then

(i) the trusts set out in this Agreement shall be wound up and the Security Agent shall release, without recourse or warranty, all of the Transaction Security and the rights of the Security Agent under each of the Security Documents; and

(ii) any Security Agent which has resigned pursuant to Clause 31.13 (*Resignation of the Security Agent*) shall release, without recourse or warranty, all of its rights under each Security Document.

31.25 Powers supplemental to Trustee Acts

The rights, powers, authorities and discretions given to the Security Agent under or in connection with the Finance Documents shall be supplemental to the Trustee Act 1925 and the Trustee Act 2000 and in addition to any which may be vested in the Security Agent by law or regulation or otherwise.

31.26 Disapplication of Trustee Acts

Section 1 of the Trustee Act 2000 shall not apply to the duties of the Security Agent in relation to the trusts constituted by this Agreement and the other Finance Documents. Where there are any inconsistencies between (i) the Trustee Acts 1925 and 2000 and (ii) the provisions of this Agreement and any other Finance Document, the provisions of this Agreement and any other Finance Document shall, to the extent permitted by law and regulation, prevail and, in the case of any inconsistency with the Trustee Act 2000, the provisions of this Agreement and any other Finance Document shall constitute a restriction or exclusion for the purposes of the Trustee Act 2000.

31.27 Application of receipts

All amounts from time to time received or recovered by the Security Agent pursuant to the terms of any Finance Document, under Clause 31.2 (*Parallel Debt (Covenant to pay the Security Agent)*) or in connection with the realisation or enforcement of all or any part of the Security Property (for the purposes of this Clause 31 (*The Security Agent*), the "**Recoveries**") shall be held by the Security Agent on trust to apply them at any time as the Security Agent (in its discretion) sees fit, to the extent permitted by applicable law and subject to the remaining provisions of this Clause 31 (*The Security Agent*), in the following order of priority:

(a) in discharging any sums owing to the Security Agent (in its capacity as such) other than pursuant to Clause 31.2 (*Parallel Debt (Covenant to pay the Security Agent)*) or any Receiver or Delegate;

(b) in payment or distribution to the Facility Agent, on its behalf and on behalf of the other Secured Parties, for application towards the discharge of all sums due and payable by any Transaction Obligor under any of the Finance Documents in accordance with Clause 34.5 (*Application of receipts; partial payments*);

(c) if none of the Transaction Obligors is under any further actual or contingent liability under any Finance Document, in payment or distribution to any person to whom the Security Agent is obliged to pay or distribute in priority to any Transaction Obligor; and

(d) the balance, if any, in payment or distribution to the relevant Transaction Obligor.

31.28 Permitted Deductions

The Security Agent may, in its discretion:

(a) set aside by way of reserve amounts required to meet, and to make and pay, any deductions and withholdings (on account of Taxes or otherwise) which it is or may be required by any applicable law to make from any distribution or payment made by it under this Agreement; and

(b) pay all Taxes which may be assessed against it in respect of any of the Security Property, or as a consequence of performing its duties, or by virtue of its capacity as Security Agent under any of the Finance Documents or otherwise (other than in connection with its remuneration for performing its duties under this Agreement).

31.29 Prospective liabilities

Following enforcement of any of the Transaction Security, the Security Agent may, in its discretion, or at the request of the Facility Agent, hold any Recoveries in an interest bearing suspense or impersonal account(s) in the name of the Security Agent with such financial institution (including itself) and for so long as the Security Agent shall think fit (the interest being credited to the relevant account) for later payment to the Facility Agent for application in accordance with Clause 31.27 (*Application of receipts*) in respect of:

(a) any sum to the Security Agent, any Receiver or any Delegate; and

(b) any part of the Secured Liabilities,

that the Security Agent or, in the case of paragraph (b) only, the Facility Agent, reasonably considers, in each case, might become due or owing at any time in the future.

31.30 Investment of proceeds

Prior to the payment of the proceeds of the Recoveries to the Facility Agent for application in accordance with Clause 31.27 (*Application of receipts*) the Security Agent may, in its discretion, hold all or part of those proceeds in an interest bearing suspense or impersonal account(s) in the name of the Security Agent with such financial institution (including itself) and for so long as the Security Agent shall think fit (the interest being credited to the relevant account) pending the payment from time to time of those moneys in the Security Agent's discretion in accordance with the provisions of Clause 31.27 (*Application of receipts*).

31.31 Currency conversion

(a) For the purpose of, or pending the discharge of, any of the Secured Liabilities the Security Agent may convert any moneys received or recovered by the Security Agent from one currency to another, at a market rate of exchange.

(b) The obligations of any Transaction Obligor to pay in the due currency shall only be satisfied to the extent of the amount of the due currency purchased after deducting the costs of conversion.

31.32 Good discharge

(a) Any payment to be made in respect of the Secured Liabilities by the Security Agent may be made to the Facility Agent on behalf of the Secured Parties and any payment made in that way shall be a good discharge, to the extent of that payment, by the Security Agent.

(b) The Security Agent is under no obligation to make the payments to the Facility Agent under paragraph (a) above in the same currency as that in which the obligations and liabilities owing to the relevant Finance Party are denominated.

31.33 Amounts received by Obligors

If any of the Obligors receives or recovers any amount which, under the terms of any of the Finance Documents, should have been paid to the Security Agent, that Obligor will hold the amount received or recovered on trust for the Security Agent and promptly pay that amount to the Security Agent for application in accordance with the terms of this Agreement.

31.34 Full freedom to enter into transactions

Without prejudice to Clause 31.7 (*Business with the Group*) or any other provision of a Finance Document and notwithstanding any rule of law or equity to the contrary, the Security Agent shall be absolutely entitled:

(a) to enter into and arrange banking, derivative, investment and/or other transactions of every kind with or affecting any Transaction Obligor or any person who is party to, or referred to in, a Finance Document (including, but not limited to, any interest or currency swap or other transaction, whether related to this Agreement or not, and acting as syndicate agent and/or security agent for, and/or participating in, other facilities to such Transaction Obligor or any person who is party to, or referred to in, a Finance Document);

(b) to deal in and enter into and arrange transactions relating to:

(i) any securities issued or to be issued by any Transaction Obligor or any other person; or

(ii) any options or other derivatives in connection with such securities; and

(c) to provide advice or other services to the Borrowers or any person who is a party to, or referred to in, a Finance Document,

and, in particular, the Security Agent shall be absolutely entitled, in proposing, evaluating, negotiating, entering into and arranging all such transactions and in connection with all other matters covered by paragraphs (a), (b) and (c) above, to use (subject only to insider dealing legislation) any information or opportunity, howsoever acquired by it, to pursue its own interests exclusively, to refrain from disclosing such dealings, transactions or other matters or any information acquired in connection with them and to retain for its sole benefit all profits and benefits derived from the dealings transactions or other matters.

32 CONDUCT OF BUSINESS BY THE FINANCE PARTIES

No provision of this Agreement will:

(a) interfere with the right of any Finance Party to arrange its affairs (tax or otherwise) in whatever manner it thinks fit;

(b) oblige any Finance Party to investigate or claim any credit, relief, remission or repayment available to it or the extent, order and manner of any claim; or

(c) oblige any Finance Party to disclose any information relating to its affairs (tax or otherwise) or any computations in respect of Tax.

33 SHARING AMONG THE FINANCE PARTIES

33.1 Payments to Finance Parties

If a Finance Party (a "**Recovering Finance Party**") receives or recovers any amount from a Transaction Obligor other than in accordance with Clause 34 (*Payment Mechanics*) (a "**Recovered Amount**") and applies that amount to a payment due to it under the Finance Documents then:

(a) the Recovering Finance Party shall, within three Business Days, notify details of the receipt or recovery, to the Facility Agent;

(b) the Facility Agent shall determine whether the receipt or recovery is in excess of the amount the Recovering Finance Party would have been paid had the receipt or recovery been received or made by the Facility Agent and distributed in accordance with Clause 34 (*Payment Mechanics*), without taking account of any Tax which would be imposed on the Facility Agent in relation to the receipt, recovery or distribution; and

(c) the Recovering Finance Party shall, within three Business Days of demand by the Facility Agent, pay to the Facility Agent an amount (the "**Sharing Payment**") equal to such receipt or recovery less any amount which the Facility Agent determines may be retained by the Recovering Finance Party as its share of any payment to be made, in accordance with Clause 34.5 (*Application of receipts; partial payments*).

33.2 Redistribution of payments

The Facility Agent shall treat the Sharing Payment as if it had been paid by the relevant Transaction Obligor and distribute it among the Finance Parties (other than the Recovering Finance Party) (the "**Sharing Finance Parties**") in accordance with Clause 34.5 (*Application of receipts; partial payments*) towards the obligations of that Transaction Obligor to the Sharing Finance Parties.

33.3 Recovering Finance Party's rights

On a distribution by the Facility Agent under Clause 33.2 (*Redistribution of payments*) of a payment received by a Recovering Finance Party from a Transaction Obligor, as between the relevant Transaction Obligor and the Recovering Finance Party, an amount of the Recovered Amount equal to the Sharing Payment will be treated as not having been paid by that Transaction Obligor.

33.4 Reversal of redistribution

If any part of the Sharing Payment received or recovered by a Recovering Finance Party becomes repayable and is repaid by that Recovering Finance Party, then:

(a) each Sharing Finance Party shall, upon request of the Facility Agent, pay to the Facility Agent for the account of that Recovering Finance Party an amount equal to the appropriate part of its share of the Sharing Payment (together with an amount as is necessary to reimburse that Recovering Finance Party for its proportion of any interest on the Sharing Payment which that Recovering Finance Party is required to pay) (the "**Redistributed Amount**"); and

(b) as between the relevant Transaction Obligor and each relevant Sharing Finance Party, an amount equal to the relevant Redistributed Amount will be treated as not having been paid by that Transaction Obligor.

33.5 Exceptions

(a) This Clause 33 (*Sharing among the Finance Parties*) shall not apply to the extent that the Recovering Finance Party would not, after making any payment pursuant to this Clause, have a valid and enforceable claim against the relevant Transaction Obligor.

(b) A Recovering Finance Party is not obliged to share with any other Finance Party any amount which the Recovering Finance Party has received or recovered as a result of taking legal or arbitration proceedings, if:

(i) it notified that other Finance Party of the legal or arbitration proceedings; and

(ii) that other Finance Party had an opportunity to participate in those legal or arbitration proceedings but did not do so as soon as reasonably practicable having received notice and did not take separate legal or arbitration proceedings.

ADMINISTRATION

34 PAYMENT MECHANICS

34.1 Payments to the Facility Agent

(a) On each date on which a Transaction Obligor or a Lender is required to make a payment under a Finance Document, that Transaction Obligor or Lender shall make an amount equal to such payment available to the Facility Agent (unless a contrary indication appears in a Finance Document) for value on the due date at the time and in such funds specified by the Facility Agent as being customary at the time for settlement of transactions in the relevant currency in the place of payment.

(b) Payment shall be made to such account in the principal financial centre of the country of that currency (or, in relation to euro, in a principal financial centre in such Participating Member State or London, as specified by the Facility Agent) and with such bank as the Facility Agent, in each case, specifies.

34.2 Distributions by the Facility Agent

Each payment received by the Facility Agent under the Finance Documents for another Party shall, subject to Clause 34.3 (*Distributions to a Transaction Obligor*) and Clause 34.4 (*Clawback and pre-funding*) be made available by the Facility Agent as soon as practicable after receipt to the Party entitled to receive payment in accordance with this Agreement (in the case of a Lender, for the account of its Facility Office), to such account as that Party may notify to the Facility Agent by not less than five Business Days' notice with a bank specified by that Party in the principal financial centre of the country of that currency (or, in relation to euro, in the principal financial centre of a Participating Member State or London), as specified by that Party or, in the case of a Tranche, to such account of such person as may be specified by the Borrowers in a Utilisation Request.

34.3 Distributions to a Transaction Obligor

The Facility Agent may (with the consent of the Transaction Obligor or in accordance with Clause 35 (*Set-Off*)) apply any amount received by it for that Transaction Obligor in or towards payment (on the date and in the currency and funds of receipt) of any amount due from that Transaction Obligor under the Finance Documents or in or towards purchase of any amount of any currency to be so applied.

34.4 Clawback and pre-funding

(a) Where a sum is to be paid to the Facility Agent under the Finance Documents for another Party, the Facility Agent is not obliged to pay that sum to that other Party (or to enter into or perform any related exchange contract) until it has been able to establish to its satisfaction that it has actually received that sum.

(b) Unless paragraph (c) below applies, if the Facility Agent pays an amount to another Party and it proves to be the case that the Facility Agent had not actually received that amount, then the Party to whom that amount (or the proceeds of any related exchange contract) was paid by the Facility Agent shall on demand refund the same to the Facility Agent together with interest

on that amount from the date of payment to the date of receipt by the Facility Agent, calculated by the Facility Agent to reflect its cost of funds.

(c) If the Facility Agent has notified the Lenders that it is willing to make available amounts for the account of the Borrowers before receiving funds from the Lenders then if and to the extent that the Facility Agent does so but it proves to be the case that it does not then receive funds from a Lender in respect of a sum which it paid to the Borrowers:

(i) the Facility Agent shall notify the Borrowers of that Lender's identity and the Borrower shall on demand refund it to the Facility Agent; and

(ii) the Lender by whom those funds should have been made available or, if the Lender fails to do so, the Borrowers shall on demand pay to the Facility Agent the amount (as certified by the Facility Agent) which will indemnify the Facility Agent against any funding cost incurred by it as a result of paying out that sum before receiving those funds from that Lender.

34.5 Application of receipts; partial payments

(a) If the Facility Agent receives a payment that is insufficient to discharge all the amounts then due and payable by a Transaction Obligor under the Finance Documents, the Facility Agent shall apply that payment towards the obligations of that Transaction Obligor under the Finance Documents in the following order:

(i) **first**, in or towards payment *pro rata* of any unpaid fees, costs and expenses of, and any other amounts owing to, the Facility Agent, the Security Agent, any Receiver or any Delegate under the Finance Documents;

(ii) **secondly**, in or towards payment *pro rata* of:

(A) any accrued interest and fees due but unpaid to the Lenders under this Agreement;

(iii) **thirdly**, in or towards payment *pro rata* of:

(A) any principal due but unpaid to the Lenders under this Agreement;

(iv) **fourthly**, in or towards payment *pro rata* of any other sum due but unpaid under the Finance Documents.

(b) The Facility Agent shall, if so directed by the Majority Lenders, vary, or instruct the Security Agent to vary (as applicable), the order set out in sub-paragraphs (ii) to (iv) of paragraph (a) above.

(c) Paragraphs (a) and (b) above will override any appropriation made by a Transaction Obligor.

34.6 No set-off by Transaction Obligors

All payments to be made by a Transaction Obligor under the Finance Documents shall be calculated and be made without (and free and clear of any deduction for) set-off or counterclaim.

34.7 Business Days

(a) Any payment under the Finance Documents which is due to be made on a day that is not a Business Day shall be made on the next Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is not).

(b) During any extension of the due date for payment of any principal or an Unpaid Sum under this Agreement interest is payable on the principal or Unpaid Sum at the rate payable on the original due date.

34.8 Currency of account

(a) Subject to paragraphs (b) and (c) below, dollars is the currency of account and payment for any sum due from a Transaction Obligor under any Finance Document.

(b) Each payment in respect of costs, expenses or Taxes shall be made in the currency in which the costs, expenses or Taxes are incurred.

(c) Any amount expressed to be payable in a currency other than dollars shall be paid in that other currency.

34.9 Change of currency

(a) Unless otherwise prohibited by law, if more than one currency or currency unit are at the same time recognised by the central bank of any country as the lawful currency of that country, then:

(i) any reference in the Finance Documents to, and any obligations arising under the Finance Documents in, the currency of that country shall be translated into, or paid in, the currency or currency unit of that country designated by the Facility Agent (after consultation with the Borrowers); and

(ii) any translation from one currency or currency unit to another shall be at the official rate of exchange recognised by the central bank for the conversion of that currency or currency unit into the other, rounded up or down by the Facility Agent (acting reasonably).

(b) If a change in any currency of a country occurs, this Agreement will, to the extent the Facility Agent (acting reasonably and after consultation with the Borrowers) specifies to be necessary, be amended to comply with any generally accepted conventions and market practice in the Relevant Interbank Market and otherwise to reflect the change in currency.

34.10 Currency Conversion

(a) For the purpose of, or pending any payment to be made by any Servicing Party under any Finance Document, such Servicing Party may convert any moneys received or recovered by it from one currency to another, at a market rate of exchange.

(b) The obligations of any Transaction Obligor to pay in the due currency shall only be satisfied to the extent of the amount of the due currency purchased after deducting the costs of conversion.

34.11 Disruption to Payment Systems etc.

If either the Facility Agent determines (in its discretion) that a Disruption Event has occurred or the Facility Agent is notified by a Borrower that a Disruption Event has occurred:

(a) the Facility Agent may, and shall if requested to do so by a Borrower, consult with the Borrowers with a view to agreeing with the Borrowers such changes to the operation or administration of the Facility as the Facility Agent may deem necessary in the circumstances;

(b) the Facility Agent shall not be obliged to consult with the Borrowers in relation to any changes mentioned in paragraph (a) above if, in its opinion, it is not practicable to do so in the circumstances and, in any event, shall have no obligation to agree to such changes;

(c) the Facility Agent may consult with the Finance Parties in relation to any changes mentioned in paragraph (a) above but shall not be obliged to do so if, in its opinion, it is not practicable to do so in the circumstances;

(d) any such changes agreed upon by the Facility Agent and the Borrowers shall (whether or not it is finally determined that a Disruption Event has occurred) be binding upon the Parties as an amendment to (or, as the case may be, waiver of) the terms of the Finance Documents notwithstanding the provisions of Clause 43 (*Amendments and Waivers*);

(e) the Facility Agent shall not be liable for any damages, costs or losses to any person, any diminution in value or any liability whatsoever (including, without limitation for negligence, gross negligence or any other category of liability whatsoever but not including any claim based on the fraud of the Facility Agent) arising as a result of its taking, or failing to take, any actions pursuant to or in connection with this Clause 34.11 (*Disruption to Payment Systems etc.*); and

(f) the Facility Agent shall notify the Finance Parties of all changes agreed pursuant to paragraph (d) above.

35 SET-OFF

A Finance Party may set off any matured obligation due from a Transaction Obligor under the Finance Documents (to the extent beneficially owned by that Finance Party) against any matured obligation owed by that Finance Party to that Transaction Obligor, regardless of the place of payment, booking branch or currency of either obligation. If the obligations are in different currencies, the Finance Party may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off.

36 BAIL-IN

Notwithstanding any other term of any Finance Document or any other agreement, arrangement or understanding between the parties to a Finance Document, each Party acknowledges and accepts that any liability of any party to a Finance Document under or in connection with the Finance Documents may be subject to Bail-In Action by the relevant Resolution Authority and acknowledges and accepts to be bound by the effect of:

(a) any Bail-In Action in relation to any such liability, including (without limitation):

(i) a reduction, in full or in part, in the principal amount, or outstanding amount due (including any accrued but unpaid interest) in respect of any such liability;

(ii) a conversion of all, or part of, any such liability into shares or other instruments of ownership that may be issued to, or conferred on, it; and

(iii) a cancellation of any such liability; and

(b) a variation of any term of any Finance Document to the extent necessary to give effect to any Bail-In Action in relation to any such liability.

37 NOTICES

37.1 Communications in writing

Any communication to be made under or in connection with the Finance Documents shall be made in writing and, unless otherwise stated, may be made by letter.

37.2 Addresses

The address (and the department or officer, if any, for whose attention the communication is to be made) of each Party for any communication or document to be made or delivered under or in connection with the Finance Documents are:

(a) in the case of the Borrowers, that specified in Schedule 1 (*The Parties*);

(b) in the case of each Lender or any other Obligor, that specified in Schedule 1 (*The Parties*) or, if it becomes a Party after the date of this Agreement, that notified in writing to the Facility Agent on or before the date on which it becomes a Party;

(c) in the case of the Facility Agent, that specified in Schedule 1 (*The Parties*); and

(d) in the case of the Security Agent, that specified in Schedule 1 (*The Parties*),

or any substitute address or department or officer as the Party may notify to the Facility Agent (or the Facility Agent may notify to the other Parties, if a change is made by the Facility Agent) by not less than five Business Days' notice.

37.3 Delivery

(a) Any communication or document made or delivered by one person to another under or in connection with the Finance Documents will only be effective when it has been left at the relevant address or five Business Days after being deposited in the post postage prepaid in an envelope addressed to it at that address, and, if a particular department or officer is specified as part of its address details provided under Clause 37.2 (*Addresses*), if addressed to that department or officer.

(b) Any communication or document to be made or delivered to a Servicing Party will be effective only when actually received by that Servicing Party and then only if it is expressly marked for the attention of the department or officer of that Servicing Party specified in Schedule 1 (*The Parties*) (or any substitute department or officer as that Servicing Party shall specify for this purpose).

(c) All notices from or to a Transaction Obligor shall be sent through the Facility Agent unless otherwise specified in any Finance Document.

(d) Any communication or document made or delivered to the Borrowers in accordance with this Clause will be deemed to have been made or delivered to each of the Transaction Obligors.

(e) Any communication or document which becomes effective, in accordance with paragraphs (a) to (d) above, after 5.00 p.m. in the place of receipt shall be deemed only to become effective on the following day.

37.4 Notification of address

Promptly upon receipt of notification of an address or change of address pursuant to Clause 37.2 (*Addresses*) or changing its own address, the Facility Agent shall notify the other Parties.

37.5 Electronic communication

(a) Any communication to be made between any two Parties under or in connection with the Finance Documents may be made by electronic mail or other electronic means (including, without limitation, by way of posting to a secure website) if those two Parties:

(i) notify each other in writing of their electronic mail address and/or any other information required to enable the transmission of information by that means; and

(ii) notify each other of any change to their address or any other such information supplied by them by not less than five Business Days' notice.

(b) Any such electronic communication as specified in paragraph (a) above to be made between an Obligor and a Finance Party may only be made in that way to the extent that those two Parties agree that, unless and until notified to the contrary, this is to be an accepted form of communication.

(c) Any such electronic communication as specified in paragraph (a) above made between any two Parties will be effective only when actually received (or made available) in readable form and in the case of any electronic communication made by a Party to the Facility Agent or the Security Agent only if it is addressed in such a manner as the Facility Agent or the Security Agent shall specify for this purpose.

(d) Any electronic communication which becomes effective, in accordance with paragraph (c) above, after 5.00 p.m. in the place in which the Party to whom the relevant communication is sent or made available has its address for the purpose of this Agreement shall be deemed only to become effective on the following day.

(e) Any reference in a Finance Document to a communication being sent or received shall be construed to include that communication being made available in accordance with this Clause 37.5 (*Electronic communication*).

(f) Each Borrower undertakes and declares that any documents to fulfil the disclosure of the financial circumstances according to Sec. 18 of the German Banking Act (KWG) that were or are hereinafter submitted to the Hamburg Commercial Bank AG electronically or on data carriers through the Borrowers or any other Transaction Obligor or any of them or a third party are complete and correct. It further agrees and declares that:

(i) it is irrelevant whether such documents were submitted with or without signature;

(ii) documents submitted to Hamburg Commercial Bank AG electronically or on data carriers according to Sec. 18 of the German Banking Act (KWG) have the same legal significance as documents with signature in paper form; and

(iii) until written revocation, the declaration under this Clause 37.5 (*Electronic communication*) shall remain valid.

37.6 English language

(a) Any notice given under or in connection with any Finance Document must be in English.

(b) All other documents provided under or in connection with any Finance Document must be:

(i) in English; or

(ii) if not in English, and if so required by the Facility Agent, accompanied by a certified English translation prepared by a translator approved by the Facility Agent and, in this case, the English translation will prevail unless the document is a constitutional, statutory or other official document.

38 CALCULATIONS AND CERTIFICATES

38.1 Accounts

In any litigation or arbitration proceedings arising out of or in connection with a Finance Document, the entries made in the accounts maintained by a Finance Party are *prima facie* evidence of the matters to which they relate.

38.2 Certificates and determinations

Any certification or determination by a Finance Party of a rate or amount under any Finance Document is, in the absence of manifest error, conclusive evidence of the matters to which it relates.

38.3 Day count convention

Any interest, commission or fee accruing under a Finance Document will accrue from day to day and is calculated on the basis of the actual number of days elapsed and a year of 360 days or, in any case where the practice in the Relevant Interbank Market differs, in accordance with that market practice.

39 PARTIAL INVALIDITY

If, at any time, any provision of a Finance Document is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions under the law of that jurisdiction nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will in any way be affected or impaired.

40 REMEDIES AND WAIVERS

No failure to exercise, nor any delay in exercising, on the part of any Secured Party, any right or remedy under a Finance Document shall operate as a waiver of any such right or remedy or

constitute an election to affirm any Finance Document. No election to affirm any Finance Document on the part of a Secured Party shall be effective unless it is in writing. No single or partial exercise of any right or remedy shall prevent any further or other exercise or the exercise of any other right or remedy. The rights and remedies provided in each Finance Document are cumulative and not exclusive of any rights or remedies provided by law.

41 SETTLEMENT OR DISCHARGE CONDITIONAL

Any settlement or discharge under any Finance Document between any Finance Party and any Transaction Obligor shall be conditional upon no security or payment to any Finance Party by any Transaction Obligor or any other person being set aside, adjusted or ordered to be repaid, whether under any insolvency law or otherwise.

42 IRREVOCABLE PAYMENT

If the Facility Agent considers that an amount paid or discharged by, or on behalf of, a Transaction Obligor or by any other person in purported payment or discharge of an obligation of that Transaction Obligor to a Secured Party under the Finance Documents is capable of being avoided or otherwise set aside on the liquidation or administration of that Transaction Obligor or otherwise, then that amount shall not be considered to have been unconditionally and irrevocably paid or discharged for the purposes of the Finance Documents.

43 AMENDMENTS AND WAIVERS

43.1 Required consents

(a) Subject to Clause 43.2 (*All Lender matters*) and Clause 43.4 (*Other exceptions*) any term of the Finance Documents may be amended or waived only with the consent of the Majority Lenders and, in the case of an amendment, the Obligors and any such amendment or waiver will be binding on all Parties.

(b) The Facility Agent may effect, on behalf of any Finance Party, any amendment or waiver permitted by this Clause 43 (*Amendments and Waivers*).

(c) Without prejudice to the generality of Clause 30.7 (*Rights and discretions*), the Facility Agent may engage, pay for and rely on the services of lawyers in determining the consent level required for and effecting any amendment, waiver or consent under this Agreement.

(d) Paragraph (c) of Clause 28.9 (*Pro rata interest settlement*) shall apply to this Clause 43 (*Amendments and Waivers*).

43.2 All Lender matters

Subject to Clause 43.5 (*Replacement of Screen Rate*), an amendment of or waiver or consent in relation to any term of any Finance Document that has the effect of changing or which relates to:

(a) the definition of "Majority Lenders" in Clause 1.1 (*Definitions*);

(b) a postponement to or extension of the date of payment of any amount under the Finance Documents;

(c) a reduction in the Margin or the amount of any payment of principal, interest, fees or commission payable;

(d) a change in currency of payment of any amount under the Finance Documents;

(e) an increase in any Commitment or the Total Commitments, an extension of any Availability Period or any requirement that a cancellation of Commitments reduces the Commitments rateably under the Facility;

(f) a change to any Obligor other than in accordance with Clause 29 (*Changes to the Transaction Obligors*);

(g) any provision which expressly requires the consent of all the Lenders;

(h) this Clause 43 (*Amendments and Waivers*);

(i) any change to the preamble (Background), Clause 2 (*The Facility*), Clause 3 (*Purpose*), Clause 5 (*Utilisation*), Clause 6.2 (*Effect of cancellation and prepayment on scheduled repayments*), Clause 7.4 (*Mandatory prepayment on sale or Total Loss*), Clause 8 (*Interest*), Clause 24.9 (*Compliance with laws etc.*), Clause 22.23 (*Sanctions Undertakings*), Clause 24.20 (*Sanctions and Ship trading*), Clause 26 (*Accounts and application of Earnings*), Clause 28 (*Changes to the Lenders*), Clause 33 (*Sharing among the Finance Parties*), Clause 47 (*Governing Law*) or Clause 48 (*Enforcement*);

(j) any release of, or material variation to, any Transaction Security, guarantee, indemnity or subordination arrangement set out in a Finance Document (except in the case of a release of Transaction Security as it relates to the disposal of an asset which is the subject of the Transaction Security and where such disposal is expressly permitted by the Majority Lenders or otherwise under a Finance Document);

(k) (other than as expressly permitted by the provisions of any Finance Document), the nature or scope of:

(i) the guarantees and indemnities granted under Clause 17 (*Guarantee and Indemnity – Parent Guarantor*);

(ii) the Security Assets; or

(iii) the manner in which the proceeds of enforcement of the Transaction Security are distributed,

(except in the case of sub-paragraphs (ii) and (iii) above, insofar as it relates to a sale or disposal of an asset which is the subject of the Transaction Security where such sale or disposal is expressly permitted under this Agreement or any other Finance Document);

(l) the release of the guarantees and indemnities granted under Clause 17 (*Guarantee and Indemnity – Parent Guarantor*) or the release any Transaction Security unless permitted under this Agreement or any other Finance Document or relating to a sale or disposal of an asset which is the subject of the Transaction Security where such sale or disposal is expressly permitted under this Agreement or any other Finance Document,

shall not be made, or given, without the prior consent of all the Lenders.

43.3 Excluded Commitments

If any Lender fails to respond to a request for an amendment or waiver described in Clause 43.2 (*All Lender matters*) above within twenty Business Days (or such longer time period in relation to any request which the Borrowers and the Facility Agent may agree) of that request being made:

(a) its Commitment or its participation in the Loan (as the case may be) shall not be taken into account for the purpose of calculating the Total Commitments or the amount of the Loan (as applicable) when ascertaining whether any relevant percentage of Total Commitments or the aggregate of participations in the Loan (as applicable) has been obtained to approve that request; and

(b) its status as a Lender shall be disregarded for the purpose of ascertaining whether the agreement of any specified group of Lenders has been obtained to approve that request.

43.4 Other exceptions

(a) An amendment or waiver which relates to the rights or obligations of a Servicing Party or a Reference Bank (each in their capacity as such) may not be effected without the consent of that Servicing Party or that Reference Bank, as the case may be.

(b) The Borrowers and the Facility Agent or the Security Agent, as applicable, may amend or waive a term of a Fee Letter to which they are party.

43.5 Replacement of Screen Rate

(a) Subject to Clause 43.4 *(Other exceptions)*, if a Screen Rate Replacement Event has occurred in relation to the Screen Rate for dollars, any amendment or waiver which relates to:

(i) providing for the use of a Replacement Benchmark in relation to that currency in place of that Screen Rate; and

(ii)

(A) aligning any provision of any Finance Document to the use of that Replacement Benchmark;

(B) enabling that Replacement Benchmark to be used for the calculation of interest under this Agreement (including, without limitation, any consequential changes required to enable that Replacement Benchmark to be used for the purposes of this Agreement);

(C) implementing market conventions applicable to that Replacement Benchmark;

(D) providing for appropriate fallback (and market disruption) provisions for that Replacement Benchmark; or

(E) adjusting the pricing to reduce or eliminate, to the extent reasonably practicable, any transfer of economic value from one Party to another as a result of the application of that Replacement Benchmark (and if any adjustment or method for calculating any adjustment has been formally

designated, nominated or recommended by the Relevant Nominating Body, the adjustment shall be determined on the basis of that designation, nomination or recommendation),

may be made with the consent of the Facility Agent (acting on the instructions of the Majority Lenders) and the Borrowers.

(b) If any Lender fails to respond to a request for an amendment or waiver described in paragraph (ii) above within five Business Days (or such longer time period in relation to any request which the Borrowers and the Facility Agent may agree) of that request being made:

(i) its Commitment or its participation in the Loan (as the case may be) shall not be included for the purpose of calculating the Total Commitments or the amount of the Loan (as applicable) when ascertaining whether any relevant percentage of Total Commitments or the aggregate of participations in the Loan (as applicable) has been obtained to approve that request; and

(ii) its status as a Lender shall be disregarded for the purpose of ascertaining whether the agreement of any specified group of Lenders has been obtained to approve that request.

43.6 Obligor Intent

Without prejudice to the generality of Clauses 1.2 (*Construction*) and 17.4 (*Waiver of defences*), each Obligor expressly confirms that it intends that any guarantee contained in this Agreement or any other Finance Document and any Security created by any Finance Document shall extend from time to time to any (however fundamental) variation, increase, extension or addition of or to any of the Finance Documents and/or any facility or amount made available under any of the Finance Documents for the purposes of or in connection with any of the following: business acquisitions of any nature; increasing working capital; enabling investor distributions to be made; carrying out restructurings; refinancing existing facilities; refinancing any other indebtedness; making facilities available to new borrowers; any other variation or extension of the purposes for which any such facility or amount might be made available from time to time; and any fees, costs and/or expenses associated with any of the foregoing.

44 CONFIDENTIAL INFORMATION

44.1 Confidentiality

Each Finance Party agrees to keep all Confidential Information confidential and not to disclose it to anyone, save to the extent permitted by Clause 44.2 (*Disclosure of Confidential Information*) and Clause 44.3 (*Disclosure to numbering service providers*) and to ensure that all Confidential Information is protected with security measures and a degree of care that would apply to its own confidential information.

44.2 Disclosure of Confidential Information

Any Finance Party may disclose:

(a) to any of its Affiliates and Related Funds and any of its or their officers, directors, employees, professional advisers, auditors, partners and Representatives such Confidential Information as that Finance Party shall consider appropriate if any person to whom the Confidential Information is to be given pursuant to this paragraph (a) is informed in writing of its

confidential nature and that some or all of such Confidential Information may be price-sensitive information except that there shall be no such requirement to so inform if the recipient is subject to professional obligations to maintain the confidentiality of the information or is otherwise bound by requirements of confidentiality in relation to the Confidential Information;

(b) to any person:

(i) to (or through) whom it assigns or transfers (or may potentially assign or transfer, including for the purposes of Clause 28.9 (*Syndication and Securitisation*)) all or any of its rights and/or obligations under one or more Finance Documents or which succeeds (or which may potentially succeed) it as Facility Agent or Security Agent and, in each case, to any of that person's Affiliates, Related Funds, Representatives, professional advisers and broker or provider for the purpose of credit protection;

(ii) with (or through) whom it enters into (or may potentially enter into), whether directly or indirectly, any sub-participation in relation to, or any other transaction under which payments are to be made or may be made by reference to, one or more Finance Documents and/or one or more Transaction Obligors and to any of that person's Affiliates, Related Funds, Representatives, professional advisers and broker or provider for the purpose of credit protection;

(iii) appointed by any Finance Party or by a person to whom sub-paragraph (i) or (ii) of paragraph (b) above applies to receive communications, notices, information or documents delivered pursuant to the Finance Documents on its behalf (including, without limitation, any person appointed under paragraph (c) of Clause 30.14 (*Relationship with the other Finance Parties*));

(iv) who invests in or otherwise finances (or may potentially invest in or otherwise finance), directly or indirectly, any transaction referred to in sub-paragraph (i) or (ii) of paragraph (b) above;

(v) to whom information is required or requested to be disclosed by any court of competent jurisdiction or any governmental, banking, taxation or other regulatory authority or similar body, the rules of any relevant stock exchange or pursuant to any applicable law or regulation;

(vi) to whom information is required to be disclosed in connection with, and for the purposes of, any litigation, arbitrations, administrative or other investigations, proceedings or disputes;

(vii) to whom or for whose benefit that Finance Party charges, assigns or otherwise creates Security (or may do so) pursuant to Clause 28.8 (*Security over Lenders' rights*);

(viii) who is a Party, a member of the Group or any related entity of a Transaction Obligor;

(ix) as a result of the registration of any Finance Document as contemplated by any Finance Document or any legal opinion obtained in connection with any Finance Document; or

(x) with the consent of the Parent Guarantor;

in each case, such Confidential Information as that Finance Party shall consider appropriate if:

(A) in relation to sub-paragraphs (i), (ii) and (iii) of paragraph (b) above, the person to whom the Confidential Information is to be given has entered into a Confidentiality Undertaking except that there shall be no requirement for a Confidentiality Undertaking if the recipient is a professional adviser and is subject to professional obligations to maintain the confidentiality of the Confidential Information;

(B) in relation to sub-paragraph (iv) of paragraph (b) above, the person to whom the Confidential Information is to be given has entered into a Confidentiality Undertaking or is otherwise bound by requirements of confidentiality in relation to the Confidential Information they receive and is informed that some or all of such Confidential Information may be price-sensitive information;

(C) in relation to sub-paragraphs (v), (vi) and (vii) of paragraph (b) above, the person to whom the Confidential Information is to be given is informed of its confidential nature and that some or all of such Confidential Information may be price-sensitive information except that there shall be no requirement to so inform if, in the opinion of that Finance Party, it is not practicable so to do in the circumstances;

(c) to any person appointed by that Finance Party or by a person to whom sub-paragraph (i) or (ii) of paragraph (b) above applies to provide administration or settlement services in respect of one or more of the Finance Documents including without limitation, in relation to the trading of participations in respect of the Finance Documents, such Confidential Information as may be required to be disclosed to enable such service provider to provide any of the services referred to in this paragraph (c) if the service provider to whom the Confidential Information is to be given has entered in to a confidentiality agreement substantially in the form of the LMA Master Confidentiality Undertaking for Use With Administration/ Settlement Service Providers or such other form of confidentiality undertaking agreed between the Borrowers and the relevant Finance Party;

(d) to any rating agency (including its professional advisers) such Confidential Information as may be required to be disclosed to enable such rating agency to carry out its normal rating activities in relation to the Finance Documents and/or the Transaction Obligors.

44.3 Disclosure to numbering service providers

(a) Any Finance Party may disclose to any national or international numbering service provider appointed by that Finance Party to provide identification numbering services in respect of this Agreement, the Facility and/or one or more Transaction Obligors the following information:

(i) names of Transaction Obligors;

(ii) country of domicile of Transaction Obligors;

(iii) place of formation of Transaction Obligors;

(iv) date of this Agreement;

(v) Clause 47 (*Governing Law*);

(vi) the names of the Facility Agent;

(vii) date of each amendment and restatement of this Agreement;

(viii) amount of Total Commitments;

(ix) currency of the Facility;

(x) type of Facility;

(xi) ranking of Facility;

(xii) Termination Date for Facility;

(xiii) changes to any of the information previously supplied pursuant to sub-paragraphs (i) to (xii) above; and

(xiv) such other information agreed between such Finance Party and the Borrowers,

to enable such numbering service provider to provide its usual syndicated loan numbering identification services.

(b) The Parties acknowledge and agree that each identification number assigned to this Agreement, the Facility and/or one or more Transaction Obligors by a numbering service provider and the information associated with each such number may be disclosed to users of its services in accordance with the standard terms and conditions of that numbering service provider.

(c) Each Obligor represents, on behalf of itself and the other Transaction Obligors, that none of the information set out in sub-paragraphs (i) to (xiv) of paragraph (a) above is, nor will at any time be, unpublished price-sensitive information.

44.4 Entire agreement

This Clause 44 (*Confidential Information*) constitutes the entire agreement between the Parties in relation to the obligations of the Finance Parties under the Finance Documents regarding Confidential Information and supersedes any previous agreement, whether express or implied, regarding Confidential Information.

44.5 Inside information

Each of the Finance Parties acknowledges that some or all of the Confidential Information is or may be price-sensitive information and that the use of such information may be regulated or prohibited by applicable legislation including securities law relating to insider dealing and market abuse and each of the Finance Parties undertakes not to use any Confidential Information for any unlawful purpose.

44.6 Notification of disclosure

Each of the Finance Parties agrees (to the extent permitted by law and regulation) to inform the Borrowers:

(a) of the circumstances of any disclosure of Confidential Information made pursuant to sub-paragraph (v) of paragraph (b) of Clause 44.2 (*Disclosure of Confidential Information*) except

where such disclosure is made to any of the persons referred to in that paragraph during the ordinary course of its supervisory or regulatory function; and

(b) upon becoming aware that Confidential Information has been disclosed in breach of this Clause 44 (*Confidential Information*).

44.7 Continuing obligations

The obligations in this Clause 44 (*Confidential Information*) are continuing and, in particular, shall survive and remain binding on each Finance Party for a period of 12 months from the earlier of:

(a) the date on which all amounts payable by the Obligors under or in connection with this Agreement have been paid in full and all Commitments have been cancelled or otherwise cease to be available; and

(b) the date on which such Finance Party otherwise ceases to be a Finance Party.

45 CONFIDENTIALITY OF FUNDING RATES AND REFERENCE BANK QUOTATIONS

45.1 Confidentiality and disclosure

(a) The Facility Agent and each Obligor agree to keep each Funding Rate (and, in the case of the Facility Agent, each Reference Bank Quotation) confidential and not to disclose it to anyone, save to the extent permitted by paragraphs (b) and (c) below.

(b) The Facility Agent may disclose:

(i) any Funding Rate (but not, for the avoidance of doubt, any Reference Bank Quotation) to the Borrower pursuant to Clause 8.4 (*Notification of rates of interest*); and

(ii) any Funding Rate or any Reference Bank Quotation to any person appointed by it to provide administration services in respect of one or more of the Finance Documents to the extent necessary to enable such service provider to provide those services if the service provider to whom that information is to be given has entered into a confidentiality agreement substantially in the form of the LMA Master Confidentiality Undertaking for Use With Administration/Settlement Service Providers or such other form of confidentiality undertaking agreed between the Facility Agent and the relevant Lender or Reference Bank, as the case may be.

(c) The Facility Agent may disclose any Funding Rate or any Reference Bank Quotation, and each Obligor may disclose any Funding Rate, to:

(i) any of its Affiliates and any of its or their officers, directors, employees, professional advisers, auditors, partners and Representatives, if any person to whom that Funding Rate or Reference Bank Quotation is to be given pursuant to this sub-paragraph (i) is informed in writing of its confidential nature and that it may be price sensitive information except that there shall be no such requirement to so inform if the recipient is subject to professional obligations to maintain the confidentiality of that Funding Rate or Reference Bank Quotation or is otherwise bound by requirements of confidentiality in relation to it;

(ii) any person to whom information is required or requested to be disclosed by any court of competent jurisdiction or any governmental, banking, taxation or other regulatory authority or similar body, the rules of any relevant stock exchange or pursuant to any applicable law or regulation if the person to whom that Funding Rate or Reference Bank Quotation is to be given is informed in writing of its confidential nature and that it may be price sensitive information except that there shall be no requirement to so inform if, in the opinion of the Facility Agent or the relevant Obligor, as the case may be, it is not practicable to do so in the circumstances;

(iii) any person to whom information is required to be disclosed in connection with, and for the purposes of, any litigation, arbitration, administrative or other investigations, proceedings or disputes if the person to whom that Funding Rate or Reference Bank Quotation is to be given is informed in writing of its confidential nature and that it may be price sensitive information except that there shall be no requirement to so inform if, in the opinion of the Facility Agent or the relevant Obligor, as the case may be, it is not practicable to do so in the circumstances; and

(iv) any person with the consent of the relevant Lender or Reference Bank, as the case may be.

(d) The Facility Agent's obligations in this Clause 45 (*Confidentiality of Funding Rates and Reference Bank Quotations*) relating to Reference Bank Quotations are without prejudice to its obligations to make notifications under Clause 8.4 (*Notification of rates of interest*) **provided that** (other than pursuant to sub-paragraph (i) of paragraph (b) above) the Facility Agent shall not include the details of any individual Reference Bank Quotation as part of any such notification.

45.2 Related obligations

(a) The Facility Agent and each Obligor acknowledge that each Funding Rate (and, in the case of the Facility Agent, each Reference Bank Quotation) is or may be price sensitive information and that its use may be regulated or prohibited by applicable legislation including securities law relating to insider dealing and market abuse and the Facility Agent and each Obligor undertake not to use any Funding Rate or, in the case of the Facility Agent, any Reference Bank Quotation for any unlawful purpose.

(b) The Facility Agent and each Obligor agree (to the extent permitted by law and regulation) to inform the relevant Lender or Reference Bank, as the case may be:

(i) of the circumstances of any disclosure made pursuant to sub-paragraph (ii) of paragraph (c) of Clause 45.1 (*Confidentiality and disclosure*) except where such disclosure is made to any of the persons referred to in that paragraph during the ordinary course of its supervisory or regulatory function; and

(ii) upon becoming aware that any information has been disclosed in breach of this Clause 45 (*Confidentiality of Funding Rates and Reference Bank Quotations*).

45.3 No Event of Default

No Event of Default will occur under Clause 27.4 (*Other obligations*) by reason only of an Obligor's failure to comply with this Clause 45 (*Confidentiality of Funding Rates and Reference Bank Quotations*).

46 COUNTERPARTS

Each Finance Document may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of the Finance Document.

GOVERNING LAW AND ENFORCEMENT

47 GOVERNING LAW

This Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.

48 ENFORCEMENT

48.1 Jurisdiction

(a) Unless specifically provided in another Finance Document in relation to that Finance Document, the courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with any Finance Document (including a dispute regarding the existence, validity or termination of any Finance Document or any non-contractual obligation arising out of or in connection with any Finance Document) (a "**Dispute**").

(b) The Obligors accept that the courts of England are the most appropriate and convenient courts to settle Disputes and accordingly no Obligor will argue to the contrary.

(c) This Clause 48.1 (*Jurisdiction*) is for the benefit of the Secured Parties only. As a result, no Secured Party shall be prevented from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law, the Secured Parties may take concurrent proceedings in any number of jurisdictions.

48.2 Service of process

(a) Without prejudice to any other mode of service allowed under any relevant law, each Obligor:

(i) irrevocably appoints Global Ship Lease Services Limited, currently at 150 Aldersgate Street, London EC1A 4AB, England, as its agent for service of process in relation to any proceedings before the English courts in connection with any Finance Document; and

(ii) agrees that failure by a process agent to notify the relevant Obligor of the process will not invalidate the proceedings concerned.

(b) If any person appointed as an agent for service of process is unable for any reason to act as agent for service of process, the Borrowers (on behalf of all the Obligors) must immediately (and in any event within three days of such event taking place) appoint another agent on terms acceptable to the Facility Agent. Failing this, the Facility Agent may appoint another agent for this purpose.

This Agreement has been entered into on the date stated at the beginning of this Agreement.

SCHEDULE 1

THE PARTIES

PART A

THE OBLIGORS

Name of Borrower	Place of Formation	Registration number (or equivalent, if any)	Address for Communication
ZEUS ONE MARINE LLC	Marshall Islands	961819	c/o Technomar Shipping Inc. 3-5 Menandrou Street 145 61 Kifissia Greece Fax no: +30 210 80 84 224
HEPHAESTUS MARINE LLC	Marshall Islands	961816	c/o Technomar Shipping Inc. 3-5 Menandrou Street 145 61 Kifissia Greece Fax no: +30 210 80 84 224
PERICLES MARINE LLC	Marshall Islands	961852	c/o Technomar Shipping Inc. 3-5 Menandrou Street 145 61 Kifissia Greece Fax no: +30 210 80 84 224

Name of Parent Guarantor	Place of Formation	Registration number (or equivalent, if any)	Address for Communication
Global Ship Lease, Inc.	Marshall Islands	28891	c/o Technomar Shipping Inc. 3-5 Menandrou Street 145 61 Kifissia Greece Fax no: +30 210 80 84 224 Email: mdanezi@technomar.gr tpsaropoulos@technomar.gr

PART B

THE LENDERS

Name:	E.SUN COMMERCIAL BANK, LTD.
Facility office:	28th Floor, Tower 6, The Gateway, 9 Canton Road, Tsimshatsui, Kowloon, Hong Kong
Commitment to the Loan:	$30,000,000
Notice details (including address and attention details):	28th Floor, Tower 6, The Gateway, 9 Canton Road, Tsimshatsui, Kowloon, Hong Kong Attn: KP Chao/Aron Zheng/ Emily Wong/Gloria Si/Alison Yip/Jill Lee Email: kpchao-13719@email.esunbank.com.tw Aron-80501@email.esunbank.com.tw Emily-81838@email.esunbank.com.tw Gloria-80304@email.esunbank.com.tw Alison-80783@email.esunbank.com.tw jillee-00475@email.esunbank.com.tw loan9018@email.esunbank.com.tw
Account details:	Bank Name E. Sun Commercial Bank, Ltd., Hong Kong Branch Place Hong Kong Swift Code ESUNHKHH Account no. 36204347 **US corresponding bank** Bank Name CITIBANK N.A. NEWYORK, NY. Swift Code CITIUS33 Account number 36204347

Name:	Cathay United Bank
Facility office:	8 Marina Boulevard, #13-03 MBFC Tower 1, Singapore 018981
Commitment to the Loan:	$12,000,000
Notice details (including address and attention details):	Attention: Cindy Chin/ Cheryl Chia/ Chiam Sheng Xun Cathay United Bank 8 Marina Boulevard, #13-03 MBFC Tower 1, Singapore 018981 Email: cindy.chin@cathaybk.com.tw; cheryl.chia@cathaybk.com.tw; shengxun.chiam@cathaybk.com.tw

Account details:	Correspondent Bank Name: JP Morgan Chase Bank, New York (SWIFT Code: CHASUS33) Beneficiary / Account Number: 793617135 Beneficiary Name: Cathay United Bank, Singapore Branch (SWIFT Code: UWCBSGSG)

Name:	MEGA INTERNATIONAL COMMERCIAL BANK CO., LTD., OFFSHORE BANKING BRANCH
Facility office:	10F, NO.100, CHI LIN ROAD, TAIPEI, TAIWAN, R.O.C.
Commitment to the Loan:	$8,000,000
Notice details (including address and attention details):	Attn: Christina Fang / Ray Chen Email: 008670@megabank.com.tw / jui@megabank.com.tw/ obua@megabank.com.tw
Account details:	Beneficiary Name: MEGA INTERNATIONAL COMMERCIAL BANK CO., LTD. TREASURY DEPARTMENT (ICBCTWTP011) Account No.: 544770142 Correspondent Bank: JPMORGAN CHASE BANK, N.A. (CHASUS33)

Name:	TAISHIN INTERNATIONAL BANK
Facility office:	9F., No. 118, Sec. 4, Ren-ai Rd., Da-an District, Taipei City 106, Taiwan
Commitment to the Loan:	$10,000,000
Notice details (including address and attention details):	Steve Chang / Chris Weng e-mail Address : steve.chang@taishinbank.com.tw /1082825@taishinbank.com.tw Phone Number: (886)2-2326-8899 #1600 / #1665 Fax Number: (886)2-2700-5975
Account details:	Swift Code: TSIBTWTP Account no.: 36116558

Lender	Total Commitment to the Loan	Commitment to Tranche A	Commitment to Tranche B	Commitment to Tranche C
E.SUN COMMERCIAL BANK, LTD.	$30,000,000	$12,150,000	$12,270,000	$5,580,000
Cathay United Bank	$12,000,000	$4,860,000	$4,908,000	$2,232,000
MEGA INTERNATIONAL COMMERCIAL BANK CO., LTD., OFFSHORE BANKING BRANCH	$8,000,000	$3,240,000	$3,272,000	$1,488,000
TAISHIN INTERNATIONAL BANK	$10,000,000	$4,050,000	$4,090,000	$1,860,000
TOTAL	$60,000,000	$24,300,000	$24,540,000	$11,160,000

THE MANDATED LEAD ARRANGERS

Name of Mandated Lead Arranger	**Address for Communication**
E.Sun Commercial Bank, Ltd.	28th Floor, Tower 6, The Gateway, 9 Canton Road, Tsimshatsui, Kowloon, Hong Kong Attn: KP Chao/ Aron Zheng/ Emily Wong/ Gloria Si/ Alison Yip/ Jill Lee Email: kpchao-13719@email.esunbank.com.tw Aron-80501@email.esunbank.com.tw Emily-81838@email.esunbank.com.tw Gloria-80304@email.esunbank.com.tw Alison-80783@email.esunbank.com.tw jillee-00475@email.esunbank.com.tw loan9018@email.esunbank.com.tw
Cathay United Bank	8 Marina Boulevard, #13-03 MBFC Tower 1, Singapore 018981 Attention: Cindy Chin/ Cheryl Chia/ Chiam Sheng Xun Email: cindy.chin@cathaybk.com.tw; cheryl.chia@cathaybk.com.tw; shengxun.chiam@cathaybk.com.tw

MEGA INTERNATIONAL COMMERCIAL BANK CO., LTD., OFFSHORE BANKING BRANCH	10F, NO.100, CHI LIN ROAD, TAIPEI, TAIWAN, R.O.C. Attn: Christina Fang / Ray Chen Email: 008670@megabank.com.tw/ jui@megabank.com.tw/ obua@megabank.com.tw
TAISHIN INTERNATIONAL BANK	9F., No. 118, Sec. 4, Ren-ai Rd., Da-an District, Taipei City 106, Taiwan Attn: Steve Chang / Chris Weng E-mail: steve.chang@taishinbank.com.tw 1082825@taishinbank.com.tw Phone Number: (886)2-2326-8899 #1600/#1665 Fax Number: (886)2-2700-5975

PART C

THE SERVICING PARTIES

Name of Facility Agent	**Address for Communication**
E.Sun Commercial Bank, Ltd.	28th Floor, Tower 6, The Gateway, 9 Canton Road, Tsimshatsui, Kowloon, Hong Kong Attn: KP Chao/ Aron Zheng/ Emily Wong/ Gloria Si/ Alison Yip/ Jill Lee Email: kpchao-13719@email.esunbank.com.tw Aron-80501@email.esunbank.com.tw Emily-81838@email.esunbank.com.tw Gloria-80304@email.esunbank.com.tw Alison-80783@email.esunbank.com.tw jillee-00475@email.esunbank.com.tw loan9018@email.esunbank.com.tw

Name of Security Agent	**Address for Communication**

E.Sun Commercial Bank, Ltd.

28th Floor, Tower 6, The Gateway, 9 Canton Road, Tsimshatsui, Kowloon, Hong Kong

Attn: KP Chao/ Aron Zheng/ Emily Wong/ Gloria Si/ Alison Yip/ Jill Lee
Email:
kpchao-13719@email.esunbank.com.tw
Aron-80501@email.esunbank.com.tw
Emily-81838@email.esunbank.com.tw
Gloria-80304@email.esunbank.com.tw
Alison-80783@email.esunbank.com.tw
jillee-00475@email.esunbank.com.tw
loan9018@email.esunbank.com.tw

SCHEDULE 2

CONDITIONS PRECEDENT

PART A

CONDITIONS PRECEDENT TO UTILISATION REQUEST

1 Obligors

1.1 A copy of the constitutional documents of each Transaction Obligor (including, without limitation, any corporate register excerpts and the group structure chart).

1.2 A copy of a resolution of the members or board of directors, as applicable, of each Transaction Obligor:

(a) approving the terms of, and the transactions contemplated by, the Finance Documents to which it is a party and resolving that it execute the Finance Documents to which it is a party;

(b) authorising a specified person or persons to execute the Finance Documents to which it is a party on its behalf; and

(c) authorising a specified person or persons, on its behalf, to sign and/or despatch all documents and notices (including, if relevant, a Utilisation Request and each Selection Notice) to be signed and/or despatched by it under, or in connection with, the Finance Documents to which it is a party.

1.3 An original of the power of attorney of any Transaction Obligor authorising a specified person or persons to execute the Finance Documents to which it is a party.

1.4 A specimen of the signature of each person authorised by the resolution referred to in paragraph 1.2 above.

1.5 A copy of a resolution signed by the Member, approving the terms of, and the transactions contemplated by, the Finance Documents to which the Borrower is a party.

1.6 A certificate of each Transaction Obligor (signed by an officer) confirming that borrowing or guaranteeing, as appropriate, the Total Commitments would not cause any borrowing, guaranteeing or similar limit binding on that Transaction Obligor to be exceeded.

1.7 A certificate of each Transaction Obligor that is incorporated outside the UK (signed by an officer) certifying either that (i) it has not delivered particulars of any UK Establishment to the Registrar of Companies as required under the Overseas Regulations or (ii) it has a UK Establishment and specifying the name and registered number under which it is registered with the Registrar of Companies.

1.8 A certificate of an authorised signatory of the relevant Transaction Obligor certifying that each copy document relating to it specified in this Part A of Schedule 2 (*Conditions Precedent*) is correct, complete and in full force and effect as at a date no earlier than the date of this Agreement.

2 Other Documents

A copy of any Initial Charter (or a binding and unconditional recapitulation of charterparty terms) certified as true and complete together all documents signed or issued by the relevant Borrower or the relevant Initial Charterer (or both of them) under or in connection with it.

3 Finance Documents

3.1 A duly executed original of any Subordination Agreement and copies of any relevant Subordinated Finance Document (if applicable).

3.2 A duly executed original of the Negative Pledge in relation to the LLC Shares of each Borrower (and of each document to be delivered pursuant to it).

3.3 A duly executed original of any Finance Document not otherwise referred to in this Schedule 2 (*Conditions Precedent*).

3.4 A duly executed original of any other document required to be delivered by each Finance Document if not otherwise referred to this Schedule 2 (*Conditions Precedent*).

4 Security

4.1 A duly executed original of the Account Security in relation to each Account (and of each document to be delivered pursuant to it).

4.2 A duly executed original of the Subordinated Debt Security (if applicable).

5 Legal opinions

5.1 A legal opinion of Watson Farley & Williams LLP, legal advisers to the Facility Agent and the Security Agent in England, substantially in the form distributed to the Original Lenders before signing this Agreement.

5.2 If a Transaction Obligor is incorporated in a jurisdiction other than England and Wales, a legal opinion of the legal advisers to the Facility Agent and the Security Agent in the relevant jurisdiction, substantially in the form distributed to the Original Lenders before signing this Agreement.

6 Other documents and evidence

6.1 Evidence that any process agent referred to in Clause 48.2 (*Service of process*), if not an Obligor, has accepted its appointment.

6.2 A copy of the valuation of each Ship, in each case addressed to the Facility Agent on behalf of the Finance Parties, stated to be for the purposes of this Agreement and dated not later than one Month before the relevant Utilisation Date, each from an Approved Valuer.

6.3 A copy of any other Authorisation or other document, opinion or assurance which the Facility Agent considers to be necessary or desirable (if it has notified the Borrowers accordingly) in connection with the entry into and performance of the transactions contemplated by any Transaction Document or for the validity and enforceability of any Transaction Document.

6.4 The Original Financial Statements.

6.5 A duly signed Compliance Certificate.

6.6 The original of any mandates or other documents required in connection with the opening or operation of the Accounts.

6.7 Evidence that the fees, costs and expenses then due from the Borrower pursuant to Clause 11 (*Fees*) and Clause 16 (*Costs and Expenses*) have been paid or will be paid by the first Utilisation Date (or at any such later date the Facility Agent may agree to, acting on the authorisation of the Majority Lenders).

6.8 Such evidence as the Facility Agent may require for the Finance Parties to be able to satisfy each of their "know your customer" or similar identification procedures in relation to the transactions contemplated by the Finance Documents.

PART B

CONDITIONS PRECEDENT TO UTILISATION

References to a Ship and to a Borrower are references to the Ship being financed by the relevant Tranche and to the Borrower that will own such Ship respectively.

1 Obligors

A certificate of an authorised signatory of each Obligor certifying that each copy document which it is required to provide under this Part B of Schedule 2 (*Conditions Precedent*) is correct, complete and in full force and effect as at the Utilisation Date.

2 Ship and other security

2.1 A duly executed original of the Mortgage, the General Assignment and any Charterparty Assignment in respect of the Ship and of each document to be delivered under or pursuant to each of them together with documentary evidence that the Mortgage has been duly registered as a valid first preferred ship mortgage in accordance with the laws of the jurisdiction of its Approved Flag.

2.2 Documentary evidence that the Ship:

(a) is definitively and permanently registered in the name of the relevant Borrower under the Approved Flag;

(b) is in the absolute and unencumbered ownership of the relevant Borrower save as contemplated by the Finance Documents;

(c) maintains the Approved Classification with the Approved Classification Society free of all overdue recommendations and conditions of the Approved Classification Society; and

(d) is insured in accordance with the provisions of this Agreement and all requirements in this Agreement in respect of insurances have been complied with.

2.3 Documents establishing that the Ship is managed commercially by the Approved Commercial Manager and managed technically by the Approved Technical Manager on terms acceptable to the Facility Agent, together with:

(a) a Manager's Undertaking for each of the Approved Technical Manager and the Approved Commercial Manager; and

(b) copies of the Approved Technical Manager's Document of Compliance and of the Ship's Safety Management Certificate (together with any other details of the applicable Safety Management System which the Facility Agent requires) and of any other documents required under the ISM Code and the ISPS Code including, without limitation, an ISSC.

2.4 At the cost of the Borrower, an opinion from an independent insurance consultant acceptable to the Facility Agent on such matters relating to the Insurances as the Facility Agent may require.

3 Legal opinions

Legal opinions of the legal advisers to the Facility Agent and the Security Agent in the jurisdiction of the Approved Flag of the Ship and such other relevant jurisdictions as the Facility Agent may require.

4 Other documents and evidence

4.1 Evidence that the fees, costs and expenses then due from the Borrower pursuant to Clause 11 (*Fees*) and Clause 16 (*Costs and Expenses*) have been paid or will be paid by the first Utilisation Date (or at any such later date the Facility Agent may agree to, acting on the authorisation of the Lenders).

4.2 A recent survey report (or comparable inspection report satisfactory to the Facility Agent) in respect of the Ship.

4.3 Evidence satisfactory to the Facility Agent that the Minimum Liquidity Amount is standing to the credit of the Earnings Account pursuant to Clause 21.

4.4 A copy of any other Authorisation or other document, opinion or assurance which the Lenders consider to be necessary or desirable (if they have notified the Borrower accordingly) in connection with the entry into and performance of the transactions contemplated by any Transaction Document referred to in paragraph 2(*Ship and other security*) above or for the validity and enforceability of any such Transaction Document.

Each of the documents specified in paragraphs 1.2, 1.3 and 1.5 of Part A shall be notarised or legalised by a competent authority acceptable to the Facility Agent and every other copy document delivered under this Schedule shall be certified as a true and up to date copy by any lawyer or a Certified Public Accountant.

SCHEDULE 3

REQUESTS

PART A

UTILISATION REQUEST

From: ZEUS ONE MARINE LLC
HEPHAESTUS MARINE LLC
PERICLES MARINE LLC

To: E.Sun Commercial Bank, Ltd.

Dated: [●]

Dear Sirs

ZEUS ONE MARINE LLC, HEPHAESTUS MARINE LLC and PERICLES MARINE LLC– US$60,000,000 Facility Agreement dated [●] 2021 (the "Agreement")

1 We refer to the Agreement. This is the Utilisation Request. Terms defined in the Agreement have the same meaning in this Utilisation Request unless given a different meaning in this Utilisation Request.

2 We wish to borrow Tranche [A][B][C] on the following terms:

Proposed Utilisation Date: [●] (or, if that is not a Business Day, the next Business Day)

Amount: [●] or, if less, the Available Facility

Interest Period for the Loan: [●]

3 You are authorised and requested to deduct from the Tranche prior to funds being remitted the following amounts set out against the following items:

Deductible Items $

[Any Fee payable]

Net proceeds of Loan _____

4 We confirm that each condition specified in Clause 4.1 (*Initial conditions precedent*) and Clause 4.2 (*Further conditions precedent*) of the Agreement as they relate to the Tranche to which this Utilisation Request refers is satisfied on the date of this Utilisation Request.

5 The net proceeds of the Loan should be credited to [account].

6 This Utilisation Request is irrevocable.

Yours faithfully

_____

[●]
authorised signatory for
ZEUS ONE MARINE LLC
HEPHAESTUS MARINE LLC
PERICLES MARINE LLC

PART B

SELECTION NOTICE

From: ZEUS ONE MARINE LLC
HEPHAESTUS MARINE LLC
PERICLES MARINE LLC

To: E.Sun Commercial Bank, Ltd.

Dated: [●]

Dear Sirs

ZEUS ONE MARINE LLC, HEPHAESTUS MARINE LLC and PERICLES MARINE LLC– US$60,000,000 Facility Agreement dated [●] 2021 (the "Agreement")

1 We refer to the Agreement. This is a Selection Notice. Terms defined in the Agreement have the same meaning in this Selection Notice unless given a different meaning in this Selection Notice.

2 We request [that the next Interest Period for the Loan be [●]] OR an Interest Period for a part of the Loan in an amount equal to [●] (which is the amount of the Repayment Instalment next due) ending on [●] (which is the Repayment Date relating to that Repayment Instalment) and that the Interest Period for the remaining part of the Loan shall be [●].

3 This Selection Notice is irrevocable.

Yours faithfully

_____

[●]
authorised signatory for
ZEUS ONE MARINE LLC
HEPHAESTUS MARINE LLC
PERICLES MARINE LLC

SCHEDULE 4

FORM OF TRANSFER CERTIFICATE

To: E.Sun Commercial Bank, Ltd. as Facility Agent

From: [The Existing Lender] (the "**Existing Lender**") and [The New Lender] (the "**New Lender**")

Dated: [●]

Dear Sirs

ZEUS ONE MARINE LLC, HEPHAESTUS MARINE LLC and PERICLES MARINE LLC– US$60,000,000 Facility Agreement dated [●] 2021 (the "Agreement")

1 We refer to the Agreement. This is a Transfer Certificate. Terms defined in the Agreement have the same meaning in this Transfer Certificate unless given a different meaning in this Transfer Certificate.

2 We refer to Clause 28.5 (*Procedure for transfer*) of the Agreement:

(a) The Existing Lender and the New Lender agree to the Existing Lender transferring to the New Lender by novation all of the Existing Lender's rights and obligations under the Agreement and the other Finance Documents which relate to that portion of the Existing Lender's Commitment and participation in the Loan under the Agreement as specified in the Schedule in accordance with Clause 28.5 (*Procedure for transfer*) of the Agreement.

(b) The proposed Transfer Date is [●].

(c) The Facility Office and address, fax number and attention details for notices of the New Lender for the purposes of Clause 37.2 (*Addresses*) of the Agreement are set out in the Schedule.

3 The New Lender expressly acknowledges the limitations on the Existing Lender's obligations set out in paragraph (c) of Clause 28.4 (*Limitation of responsibility of Existing Lenders*) of the Agreement.

4 This Transfer Certificate may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of this Transfer Certificate.

5 This Transfer Certificate and any non-contractual obligations arising out of or in connection with it are governed by English law.

6 This Transfer Certificate has been entered into on the date stated at the beginning of this Transfer Certificate.

Note: The execution of this Transfer Certificate may not transfer a proportionate share of the Existing Lender's interest in the Transaction Security in all jurisdictions. It is the responsibility of the New Lender to ascertain whether any other documents or other formalities are required to perfect a transfer of such a share in the Existing Lender's Transaction Security in any jurisdiction and, if so, to arrange for execution of those documents and completion of those formalities.

THE SCHEDULE

Commitment/rights and obligations to be transferred

[*insert relevant details*]

[Facility Office address, fax number and attention details

for notices and account details for payments.]

[Existing Lender] [New Lender]

By: [●] By: [●]

This Transfer Certificate is accepted by the Facility Agent and the Transfer Date is confirmed as [●].

E.SUN COMMERCIAL BANK, LTD.

By: [●]

SCHEDULE 5

FORM OF ASSIGNMENT AGREEMENT

To: E.Sun Commercial Bank, Ltd. as Facility Agent and Zeus One Marine LLC, Hephaestus Marine LLC And Pericles Marine LLC as Borrower, for and on behalf of each Transaction Obligor

From: [the Existing Lender] (the "**Existing Lender**") and [the New Lender] (the "**New Lender**")

Dated: [●]

Dear Sirs

ZEUS ONE MARINE LLC, HEPHAESTUS MARINE LLC and PERICLES MARINE LLC– US$60,000,000 Facility Agreement dated [●] 2021 (the "Agreement")

1 We refer to the Agreement. This is an Assignment Agreement. Terms defined in the Agreement have the same meaning in this Assignment Agreement unless given a different meaning in this Assignment Agreement.

2 We refer to Clause 28.6 (*Procedure for assignment*) of the Agreement:

(a) the Existing Lender assigns absolutely to the New Lender all the rights of the Existing Lender under the Agreement, the other Finance Documents and in respect of the Transaction Security which correspond to that portion of the Existing Lender's Commitment and participations in the Loan under the Agreement as specified in the Schedule;

(b) the Existing Lender is released from all the obligations of the Existing Lender which correspond to that portion of the Existing Lender's Commitments and participations in the Loan under the Agreement specified in the Schedule;

(c) the New Lender becomes a Party as a Lender and is bound by obligations equivalent to those from which the Existing Lender is released under paragraph (b) above;

(d) all rights and interests (present, future or contingent) which the Existing Lender has under or by virtue of the Finance Documents are assigned to the New Lender absolutely, free of any defects in the Existing Lender's title and of any rights or equities which the Borrower or any other Transaction Obligor had against the Existing Lender.

3 The proposed Transfer Date is [●].

4 On the Transfer Date the New Lender becomes Party to the Finance Documents as a Lender.

5 The Facility Office and address, fax, number and attention details for notices of the New Lender for the purposes of Clause 37.2 (*Addresses*) of the Agreement are set out in the Schedule.

6 The New Lender expressly acknowledges the limitations on the Existing Lender's obligations set out in paragraph (c) of Clause 28.4 (*Limitation of responsibility of Existing Lenders*) of the Agreement.

7 This Assignment Agreement acts as notice to the Facility Agent (on behalf of each Finance Party) and, upon delivery in accordance with Clause 28.7 (*Copy of Transfer Certificate or*

Assignment Agreement to Borrower) of the Agreement, to the Borrower (on behalf of each Transaction Obligor) of the assignment referred to in this Assignment Agreement.

8 This Assignment Agreement may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of this Assignment Agreement.

9 This Assignment Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.

10 This Assignment Agreement has been entered into on the date stated at the beginning of this Assignment Agreement.

Note: The execution of this Assignment Agreement may not transfer a proportionate share of the Existing Lender's interest in the Transaction Security in all jurisdictions. It is the responsibility of the New Lender to ascertain whether any other documents or other formalities are required to perfect a transfer of such a share in the Existing Lender's Transaction Security in any jurisdiction and, if so, to arrange for execution of those documents and completion of those formalities.

THE SCHEDULE

Commitment rights and obligations to be transferred by assignment, release and accession

[*insert relevant details*]

[Facility office address, fax number and attention details for notices
and account details for payments]

[Existing Lender] [New Lender]

By: [●] By: [●]

This Assignment Agreement is accepted by the Facility Agent and the Transfer Date is confirmed as [●].

Signature of this Assignment Agreement by the Facility Agent constitutes confirmation by the Facility Agent of receipt of notice of the assignment referred to herein, which notice the Facility Agent receives on behalf of each Finance Party.

E.SUN COMMERCIAL BANK, LTD.

By:

SCHEDULE 6

FORM OF COMPLIANCE CERTIFICATE

To: E.Sun Commercial Bank, Ltd. as Facility Agent

From: Global Ship Lease, Inc.

Dated: [●]

Dear Sirs

ZEUS ONE MARINE LLC, HEPHAESTUS MARINE LLC and PERICLES MARINE LLC – US$60,000,000 Facility Agreement dated [●] 2021 (the "Agreement")

1 We refer to the Agreement. This is a Compliance Certificate. Terms defined in the Agreement have the same meaning when used in this Compliance Certificate unless given a different meaning in this Compliance Certificate.

2 We confirm that:

(a) the aggregate of the Minimum Liquidity Amount standing to the credit of the Earnings Account is $[●];

(b) the aggregate minimum liquidity of the Parent Guarantor is $[●]

(c) the Security Cover Ratio is [●] per cent.

3 We confirm that the Finance Parties do not receive no less favourable treatment under the Agreement in relation to any financial covenant relating to it, than any financial covenant provided or to be provided under any credit, loan facility or indenture agreement (or guarantee thereof) creating Financial Indebtedness to which the Parent Guarantor is a party (or by way of amendment or supplement to that credit, loan facility or indenture agreement (or guarantee thereof)) or any agreement creating Financial Indebtedness to refinance or otherwise substitute any existing Financial Indebtedness of, or guarantee by, the Parent Guarantor.

4 We confirm that [no change has occurred] [the following changes have occurred] to the list of each Member of the Group provided to you as at the date of the Agreement[.][:]

5 [We confirm that no Default is continuing.]

Signed: _____

Chief Financial Officer

of

GLOBAL SHIP LEASE, INC.

SCHEDULE 7

DETAILS OF THE SHIPS

Ship name	**Name of the owner**	**Type**	**IMO Number**	**Approved Flag**	**Approved Classification Society**	**Approved Classification**
Orca I	Zeus One Marine LLC	Container ship	9318113	Panama	Bureau Veritas	+ Hull + MACH; Container ship; Unrestricted navigation; + VeriSTAR-Hull; + AUT-UMS; + SYS-NEQ; INWATERSURVEY, LASHING, SDS
Dolphin II	Hephaestus Marine LLC	Container ship	9318125	Panama	Bureau Veritas	+ Hull + MACH; Container ship; Unrestricted navigation; + VeriSTAR-Hull; + AUT-UMS; + SYS-NEQ; INWATERSURVEY, LASHING, SDS
Athena	Pericles Marine LLC	Container ship	9275361	Panama	Rina Services	C +; Container ship; unrestricted navigation, + AUT-UMS; INWATERSURVEY, MON-SHAFT

SCHEDULE 8

ACCOUNTS

Account	Account Bank	Account Number / IBAN	Party/Parties
Earnings Accounts	Joh. Berenberg, Gossler & Co. KG	To be advised separately by the Borrowers to the Facility Agent prior to the first Utilisation Date.	ZEUS ONE MARINE LLC
		To be advised separately by the Borrowers to the Facility Agent prior to the first Utilisation Date.	HEPHAESTUS MARINE LLC
		To be advised separately by the Borrowers to the Facility Agent prior to the first Utilisation Date.	PERICLES MARINE LLC

SCHEDULE 9

TIMETABLES

Delivery of a duly completed Utilisation Request (Clause 5.1 (*Delivery of a Utilisation Request*)) or a Selection Notice (Clause 9.1 (*Selection of Interest* Periods))	No later than 10:00 am (Hong Kong time) three Business Days before the intended Utilisation Date (Clause 5.1 (*Delivery of the Utilisation Request*)) or the expiry of the preceding Interest Period (Clause 9.1 (*Selection of Interest Periods*))
Facility Agent notifies the Lenders of the Loan in accordance with Clause 5.4 (*Lenders' participation*)	Two Business Days before the intended Utilisation Date.
LIBOR is fixed	Quotation Day as of 11:00 am London time

BORROWERS

SIGNED by)
Attorney-in-fact)
for and on behalf of)
ZEUS ONE MARINE LLC)
in the presence of:)

Witness' signature:)
Witness' name:)
Witness' address:)

SIGNED by)
Attorney-in-fact)
for and on behalf of)
HEPHAESTUS MARINE LLC)
in the presence of:)

Witness' signature:)
Witness' name:)
Witness' address:)

SIGNED by)
Attorney-in-fact)
for and on behalf of)
PERICLES MARINE LLC)
in the presence of:)

Witness' signature:)
Witness' name:)
Witness' address:)

PARENT GUARANTOR

SIGNED by)
Attorney-in-fact)
for and on behalf of)
GLOBAL SHIP LEASE, INC.)
in the presence of:)

Witness' signature:)
Witness' name:)
Witness' address:)

ORIGINAL LENDERS

SIGNED by)
Attorney-in-fact)
for and on behalf of)
E.SUN COMMERCIAL BANK, LTD.)
in the presence of:)

Witness' signature:)
Witness' name:)
Witness' address:)

SIGNED by)
Attorney-in-fact)
for and on behalf of)
CATHAY UNITED BANK)
in the presence of:)

Witness' signature:)
Witness' name:)
Witness' address:)

SIGNED by)
Attorney-in-fact)
for and on behalf of)
MEGA INTERNATIONAL COMMERCIAL)
BANK CO., LTD.,)
OFFSHORE BANKING BRANCH)
in the presence of:)

Witness' signature:)
Witness' name:)
Witness' address:)

SIGNED by)
Attorney-in-fact)
for and on behalf of)
TAISHIN INTERNATIONAL BANK)
in the presence of:)

Witness' signature:)
Witness' name:)
Witness' address:)

MANDATED LEAD ARRANGERS

SIGNED by)
Attorney-in-fact)
for and on behalf of)
E.SUN COMMERCIAL BANK, LTD.)
in the presence of:)

Witness' signature:)
Witness' name:)
Witness' address:)

SIGNED by)
Attorney-in-fact)
for and on behalf of)
CATHAY UNITED BANK)
in the presence of:)

Witness' signature:)
Witness' name:)
Witness' address:)

SIGNED by)
Attorney-in-fact)
for and on behalf of)
MEGA INTERNATIONAL COMMERCIAL)
BANK CO., LTD.,)
OFFSHORE BANKING BRANCH)
in the presence of:)

Witness' signature:)
Witness' name:)
Witness' address:)

SIGNED by)
Attorney-in-fact)
for and on behalf of)
TAISHIN INTERNATIONAL BANK)
in the presence of:)

Witness' signature:)
Witness' name:)
Witness' address:)

FACILITY AGENT

SIGNED by)
Attorney-in-fact)
for and on behalf of)
E.SUN COMMERCIAL BANK, LTD.)
in the presence of:)

Witness' signature:)
Witness' name:)
Witness' address:)

SECURITY AGENT

SIGNED by)
Attorney-in-fact)
for and on behalf of)
E.SUN COMMERCIAL BANK, LTD.)
in the presence of:)

Witness' signature:)
Witness' name:)
Witness' address:)

Exhibit 8.1

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 ZIM Europe	Republic of Marshall Islands
24	Drake Marine LLC	Owns Ian H	Republic of Marshall Islands
25	Triton Containers Holdings LLC	Sub-holding	Republic of Marshall Islands
26	Triton NB LLC	Sub-holding	Republic of Marshall Islands
27	Philippos Marine LLC	Owns Alexandra	Republic of Marshall Islands
28	Aristoteles Marine LLC	Owns Alexis	Republic of Marshall Islands
29	Menelaos Marine LLC	Owns Olivia I	Republic of Marshall Islands
30	Odyssia Containers Holdings LLC	Sub-holding	Republic of Marshall Islands
31	Odyssia NB LLC	Sub-holding	Republic of Marshall Islands
32	Argos Marine LLC (dissolved September 20, 2022)	Inactive	Republic of Marshall Islands
33	Laertis Marine LLC	Owns ZIM Norfolk (ex UASC Al Khor)	Republic of Marshall Islands
34	Penelope Marine LLC	Owns ZIM Xiamen (ex Maira XL)	Republic of Marshall Islands
35	Telemachus Marine LLC (1)	Owns Anthea Y	Republic of Marshall Islands
36	Global Ship Lease 30 LLC	Owns GSL Eleni	Republic of Marshall Islands
37	Global Ship Lease 31 LLC	Owns GSL Kalliopi	Republic of Marshall Islands
38	Global Ship Lease 32 LLC	Owns GSL Grania	Republic of Marshall Islands
39	Global Ship Lease 33 LLC	Owns GSL Vinia	Liberia
40	Global Ship Lease 34 LLC	Owns GSL Christel Elisabeth	Liberia
41	Global Ship Lease 35 LLC	Owns GSL Nicoletta	Liberia
42	Global Ship Lease 36 LLC	Owns GSL Christen	Liberia
43	Global Ship Lease 37 LLC	Inactive	Liberia
44	Global Ship Lease 38 LLC	Owns Manet	Liberia
45	Global Ship Lease 39 LLC	Inactive	Liberia
46	Global Ship Lease 40 LLC	Owns Keta	Liberia
47	Global Ship Lease 41 LLC	Owns Julie	Liberia
48	Global Ship Lease 42 LLC	Owns GSL Valerie	Liberia
49	Global Ship Lease 43 LLC	Owns GSL Ningbo	Liberia
50	Global Ship Lease 44 LLC	Owns Marie Delmas	Liberia
51	Global Ship Lease 45 LLC	Owns Kumasi	Liberia
52	Global Ship Lease 46 LLC	Owned La tour (sold June 30, 2021)	Liberia
53	Global Ship Lease 47 LLC	Owns GSL Chateau d 'If	Liberia
54	Global Ship Lease 48 LLC	Owns CMA CGM Berlioz	Liberia
55	Global Ship Lease 49 LLC	Owns CMA CGM Sambhar	Liberia
56	Global Ship Lease 50 LLC	Owns CMA CGM Jamaica	Liberia
57	Global Ship Lease 51 LLC	Owns CMA CGM America	Liberia
58	Global Ship Lease 52 LLC	Owns MSC Qingdao	Liberia
59	Global Ship Lease 53 LLC	Owns MSC Tianjin	Liberia
60	Global Ship Lease 54 LLC	Owns CMA CGM Thalassa	Liberia
61	Global Ship Lease 1 Limited (dissolved December 16, 2022)	Inactive	Cyprus
62	Global Ship Lease 2 Limited (dissolved December 16, 2022)	Inactive	Cyprus
63	Global Ship Lease 3 Limited (dissolved December 16, 2022)	Inactive	Cyprus
64	Global Ship Lease 4 Limited (dissolved December 16, 2022)	Inactive	Cyprus
65	Global Ship Lease 5 Limited (dissolved February 04, 2022)	Inactive	Cyprus
66	Global Ship Lease 6 Limited (dissolved February 04, 2022)	Inactive	Cyprus
67	Global Ship Lease 7 Limited (dissolved February 04, 2022)	Inactive	Cyprus
68	Global Ship Lease 8 Limited (dissolved February 04, 2022)	Inactive	Cyprus
69	Global Ship Lease 9 Limited (dissolved February 04, 2022)	Inactive	Cyprus
70	Global Ship Lease 10 Limited (dissolved December 16, 2022)	Inactive	Cyprus
71	Global Ship Lease 11 Limited (dissolved February 04, 2022)	Inactive	Cyprus
72	Global Ship Lease 12 Limited (dissolved December 16, 2022)	Inactive	Cyprus
73	Global Ship Lease 13 Limited (dissolved December 16, 2022)	Inactive	Cyprus
74	Global Ship Lease 14 Limited (dissolved December 16, 2022)	Inactive	Cyprus
75	Global Ship Lease 15 Limited (dissolved December 16, 2022)	Inactive	Cyprus
76	Global Ship Lease 16 Limited (dissolved December 16, 2022)	Inactive	Cyprus
77	Global Ship Lease 17 Limited (dissolved December 16, 2022)	Inactive	Cyprus
78	Global Ship Lease 20 Limited	Inactive	Hong Kong
79	Global Ship Lease 21 Limited	Inactive	Hong Kong
80	Global Ship Lease 22 Limited	Inactive	Hong Kong
81	Global Ship Lease 23 Limited	Inactive	Hong Kong
82	Global Ship Lease 24 Limited (dissolved June 10, 2022)	Inactive	Hong Kong
83	Global Ship Lease 25 Limited (dissolved April 14, 2022)	Inactive	Hong Kong
84	Global Ship Lease 26 Limited	Inactive	Hong Kong
85	Global Ship Lease Services Limited	Service company	UK
86	GSL Arcadia LLC	Owns GSL Arcadia	Liberia
87	GSL Tegea LLC	Owns GSL Tegea	Liberia
88	GSL MYNY LLC	Owns GSL MYNY	Liberia
89	GSL Melita LLC	Owns GSL Melita	Liberia

90	GSL Maria LLC	Owns GSL Maria	Liberia
91	GSL Violetta LLC [1]	Owns GSL Violetta	Liberia
92	GSL Dorothea LLC	Owns GSL Dorothea	Liberia
93	Global Ship Lease 55 LLC	Owns GSL Susan	Liberia
94	Global Ship Lease 57 LLC	Owns GSL Rossi	Liberia
95	Global Ship Lease 58 LLC	Owns GSL Alice	Liberia
96	Global Ship Lease 59 LLC	Owns GSL Melina	Liberia
97	Global Ship Lease 60 LLC	Owns GSL Eleftheria	Liberia
98	Global Ship Lease 61 LLC	Owns GSL Mercer	Liberia
99	Global Ship Lease 62 LLC	Owns Matson Molokai	Liberia
100	Global Ship Lease 63 LLC	Owns GSL Lalo	Liberia
101	Global Ship Lease 64 LLC	Owns GSL Elizabeth	Liberia
102	Global Ship Lease 65 LLC	Owns Beethoven tbr GSL Chloe	Liberia
103	Global Ship Lease 66 LLC	GSL Maren	Liberia
104	Global Ship Lease 67 LLC	GSL Amstel	Liberia
105	Global Ship Lease 68 LLC [1]	GSL Kithira	Liberia
106	Global Ship Lease 69 LLC [1]	GSL Tripoli	Liberia
107	Global Ship Lease 70 LLC [1]	GSL Syros	Liberia
108	Global Ship Lease 71 LLC [1]	GSL Tinos	Liberia
109	GSL KALAMATA LLC	Sub-holding	Liberia
110	GSL KITHIRA HOLDING LLC	Sub-holding	Liberia

(1) Currently, under a sale and leaseback transaction.

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 22, 2023

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 22, 2023

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, 2022 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 22, 2023

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, 2022 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 22, 2023

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. 333-267468, 333-231509 and 333-258800) and Form S-8 (Nos. 333-264113 and 333-258992) of Global Ship Lease, Inc. of our report dated March 22, 2023 relating to the consolidated financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 20-F.

/s/ PricewaterhouseCoopers S.A.

Athens, Greece
March 22, 2023

Exhibit 15.2

Global Ship Lease, Inc.
25 Wilton Road
London SW1V 1LW

March 22, 2023

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, 2022 (the "Annual Report") and the registration statements on Form F-3 (File Nos. 333-267468, 333-231509 and 333-258800) and Form S-8 (File Nos. 333-258992 and 333-264113) of the Company, as may be amended, including the prospectuses contained therein (together, 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.

Adam Kent
Managing Director

Exhibit 15.3

CONSENT OF WATSON FARLEY & WILLIAMS 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, 2022 (the "Annual Report") and the Registration Statements on Form F-3 (File Nos. 333-231509, 333-258800, and 333-267468) and Form S-8 (File Nos. 333-258992 and 333-264113) 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/ Watson Farley & Williams LLP

Watson Farley & Williams LLP
New York, New York
March 22, 2023