

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

FORM 20-F

☐ 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 001-34985

Globus Maritime Limited

(Exact name of Registrant as Specified in its Charter)

Not Applicable

(Translation of Registrant's name into English)

Republic of the Marshall Islands

(Jurisdiction of Incorporation or Organization)

128 Vouliagmenis Ave., 3rd Floor, 166 74 Glyfada, Attica, Greece

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(Name, Telephone, E-mail 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

Name of each exchange on which registered

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

None
(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

None
(Title of Class)

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.

As of December 31, 2022, there were 20,582,301 of the registrant's common shares outstanding and 10,300 Series B preferred shares outstanding.

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 and post such files).

☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of “accelerated filer and large accelerated filer” in Rule 12b-2 of the Exchange Act. (Check one):

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 the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 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. N/A

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

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. N/A

☐ Yes ☐ No

TABLE OF CONTENTS

<u>CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS</u>	<u>3</u>
<u>PART I</u>	<u>4</u>
<u>Item 1. Identity of Directors, Senior Management and Advisers</u>	<u>4</u>
<u>Item 2. Offer Statistics and Expected Timetable</u>	<u>4</u>
<u>Item 3. Key Information</u>	<u>4</u>
<u>Item 4. Information on the Company</u>	<u>41</u>
<u>Item 4A. Unresolved Staff Comments</u>	<u>65</u>
<u>Item 5. Operating and Financial Review and Prospects</u>	<u>65</u>
<u>Item 6. Directors, Senior Management and Employees</u>	<u>87</u>
<u>Item 7. Major Shareholders and Related Party Transactions</u>	<u>90</u>
<u>Item 8. Financial Information</u>	<u>94</u>
<u>Item 9. The Offer and Listing</u>	<u>95</u>
<u>Item 10. Additional Information</u>	<u>95</u>
<u>Item 11. Quantitative and Qualitative Disclosures About Market Risk</u>	<u>116</u>
<u>Item 12. Description of Securities Other than Equity Securities</u>	<u>117</u>
<u>PART II</u>	<u>117</u>
<u>Item 13. Defaults, Dividend Arrearages and Delinquencies</u>	<u>117</u>
<u>Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds</u>	<u>117</u>
<u>Item 15. Controls and Procedures</u>	<u>118</u>
<u>Item 16A. Audit Committee Financial Expert</u>	<u>120</u>
<u>Item 16B. Code of Ethics</u>	<u>120</u>
<u>Item 16C. Principal Accountant Fees and Services</u>	<u>120</u>
<u>Item 16D. Exemptions from the Listing Standards for Audit Committees</u>	<u>121</u>
<u>Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers</u>	<u>121</u>
<u>Item 16F. Change in Registrant's Certifying Accountant</u>	<u>121</u>
<u>Item 16G. Corporate Governance</u>	<u>121</u>
<u>Item 16H. Mining Safety Disclosure</u>	<u>122</u>
<u>Item 16I. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections</u>	<u>122</u>
<u>PART III</u>	<u>122</u>
<u>Item 17. Financial Statements</u>	<u>122</u>
<u>Item 18. Financial Statements</u>	<u>122</u>
<u>Item 19. Exhibits</u>	<u>122</u>

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This annual report on Form 20-F contains forward-looking statements and information within the meaning of U.S. securities laws and Globus Maritime Limited desires to take advantage of, among other things, the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and is including this cautionary statement in connection with this safe harbor legislation.

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 or that are not present facts or conditions. Forward-looking statements and information can generally be identified by the use of forward-looking terminology or words, such as “anticipate,” “approximately,” “believe,” “continue,” “estimate,” “expect,” “forecast,” “intend,” “may,” “ongoing,” “pending,” “perceive,” “plan,” “potential,” “predict,” “project,” “seeks,” “should,” “views” or similar words or phrases or variations thereon, or the negatives of those words or phrases, or statements that events, conditions or results “can,” “will,” “may,” “must,” “would,” “could” or “should” occur or be achieved and similar expressions in connection with any discussion, expectation or projection of future operating or financial performance, costs, regulations, events or trends. The absence of these words does not necessarily mean that a statement is not forward-looking. Forward-looking statements and information are based on management’s current expectations and assumptions, which are inherently subject to uncertainties, risks and changes in circumstances that are difficult to predict.

Without limiting the generality of the foregoing, all statements in this annual report on Form 20-F concerning or relating to estimated and projected earnings, margins, costs, expenses, expenditures, cash flows, growth rates, future financial results and liquidity are forward-looking statements. In addition, we, through our senior management, from time to time may make forward-looking public statements concerning our expected future operations and performance and other developments. Such forward-looking statements are necessarily estimates reflecting our best judgment based upon current information and involve a number of risks and uncertainties. Other factors may affect the accuracy of these forward-looking statements and our actual results may differ materially from the results anticipated in these forward-looking statements. While it is impossible to identify all such factors, factors that could cause actual results to differ materially from those estimated by us may include, but are not limited to, those factors and conditions described under “Item 3.D. Risk Factors” as well as general conditions in the economy, dry bulk industry and capital markets and effects of COVID-19 and world conflicts. We undertake no obligation to revise any forward-looking statement to reflect circumstances or events after the date of this annual report on Form 20-F or to reflect the occurrence of unanticipated events or new information, other than any obligation to disclose material information under applicable securities laws. Forward-looking statements appear in a number of places in this annual report on Form 20-F including, without limitation, in the sections entitled “Item 5. Operating and Financial Review and Prospects,” “Item 4.A. History and Development of the Company” and “Item 8.A. Consolidated Statements and Other Financial Information—Our Dividend Policy and Restrictions on Dividends.”

Terms Used in this Annual Report on Form 20-F

The “Company,” “Globus,” “Globus Maritime,” “we,” “our” and “us” refer to Globus Maritime Limited and its subsidiaries, unless the context otherwise requires.

References to our common shares are references to Globus Maritime Limited’s registered common shares, par value \$0.004 per share, or, as applicable, the ordinary shares of Globus Maritime Limited prior to our redomiciliation into the Marshall Islands on November 24, 2010.

References to our Class B shares are references to Globus Maritime Limited’s registered Class B shares, par value \$0.001 per share, none of which are currently outstanding. We refer to both our common shares and Class B shares as our shares. References to our shareholders are references to the holders of our common shares and Class B shares. References to our Series A Preferred Shares are references to our shares of Series A preferred stock, par value \$0.001 per share, none of which were outstanding on December 31, 2021 and 2022 as well as on the date of this annual report on Form 20-F. References to our Series B Preferred Shares are references to our shares of Series B preferred stock, par value \$0.001 per share.

On July 29, 2010, we effected a 1-4 reverse split of our common shares. On October 20, 2016, we effected a 1-4 reverse stock split which reduced the number of outstanding common shares from 10,510,741 to 2,627,674 shares (adjustments were made based on fractional shares). On October 15, 2018, the Company effected a 1-10 reverse stock split which reduced the number of outstanding common shares from 32,065,077 to 3,206,495 shares (adjustments were made based on fractional shares). On October 21, 2020, the Company effected a 1-100 reverse stock split which reduced number of outstanding common shares from 175,675,651 to 1,756,720 shares (adjustments were made based on fractional shares). Unless otherwise noted, all historical share numbers and per share amounts in this annual report on Form 20-F have been adjusted to give effect to these reverse splits.

Unless otherwise indicated, all references to “dollars” and “\$” in this annual report on Form 20-F are to, and amounts are presented in, U.S. dollars. References to our ships, our vessels or our fleet relates to the ships that we own, unless context otherwise requires.

Rounding

Certain financial information has been rounded, and, as a result, certain totals shown in this annual report on Form 20-F may not equal the arithmetic sum of the figures that should otherwise aggregate to those totals.

PART I

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

This annual report on Form 20-F contains forward-looking statements and information within the meaning of U.S. securities laws that involve risks and uncertainties. Our actual results may differ materially from the results discussed in the forward-looking statements and information. Factors that may cause such a difference include those discussed below and elsewhere in this annual report on Form 20-F.

Some of the following risks relate principally to the industry in which we operate and our business in general. Other risks relate principally to the securities market and ownership of our common shares. The occurrence of any of the events described in this section could significantly and negatively affect our business, financial condition, operating results, and ability to pay dividends or the trading price of our common shares, and you may lose all or part of your investment.

Summary of Risk Factors

Below is a summary of the principal factors that make an investment in our common stock speculative or risky. This summary does not address all of the risks that we face. Additional discussion of the risks summarized in this risk factor summary, and other risks that we face, can be found below under the headings “Risks relating to Our Industry,” “Company Specific Risk Factors” and “Risks Relating to our Common Shares” and should be carefully considered, together with other information in this Annual Report on Form 20-F and our other filings with the Securities and Exchange Commission (the “SEC”), before making an investment decision regarding our common shares.

Risks relating to Our Industry

- *The international dry bulk shipping industry is cyclical and volatile.*
- *The dry bulk vessel charter market remains significantly below its high in 2008.*
- *The international shipping industry and dry bulk market are highly competitive.*
- *Disruptions in global financial markets from terrorist attacks, regional armed conflicts, general political unrest, the emergence of a pandemic or epidemic crisis and the resulting governmental action could have a material adverse impact on our results of operations, financial condition and cash flows.*
- *The current state of the global financial markets and current economic conditions may adversely impact the dry bulk shipping industry.*
- *An over-supply of dry bulk carrier capacity may depress charter rates.*
- *Our industry is subject to complex laws and regulations.*
- *Climate change and greenhouse gas restrictions may be imposed.*
- *Pending and future tax law changes may result in significant additional taxes to us.*
- *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.*
- *Capital expenditures and other costs necessary to operate and maintain our vessels may increase.*
- *Seasonal fluctuations in industry demand could affect us.*
- *Our insurance may not be adequate to cover our losses that may result from our operations.*
- *Our vessels are exposed to operational risks.*
- *We may be subject to funding calls by our protection and indemnity clubs, and our clubs may not have enough resources to cover claims made against them.*
- *We may be subject to increased inspection procedures, tighter import and export controls and new security regulations.*
- *Rising fuel prices may adversely affect our profits.*
- *Increases in crew costs may adversely affect our profits.*
- *Maritime claimants could arrest our vessels.*
- *Governments could requisition our vessels during a period of war or emergency.*
- *Compliance with safety and other vessel requirements imposed by classification societies may be costly.*
- *A further economic slowdown or changes in the economic, regulatory and political environment in the Asia Pacific region could reduce dry bulk trade demand.*

Table of Contents

- *Pandemics such as the coronavirus (COVID-19) make it very difficult for us to operate in the short-term and have unpredictable long-term consequences, all of which could decrease the supply of and demand for the raw materials we transport, the rates that we are paid to carry our cargo, and our financial outlook.*
- *Sulphur regulations to reduce air pollution from ships may require retrofitting of vessels and may cause us to incur significant costs.*
- *A downturn in the worldwide economy may harm our business.*
- *Worldwide inflationary pressures could negatively impact our results of operations and cash flows.*
- *Environmental, social and governance matters may impact our business and reputation.*
- *The smuggling of drugs or other contraband onto our vessels may lead to governmental claims against us.*
- *Labor interruptions could disrupt our business.*

Company Specific Risk Factors

- *The market values of our vessels have fluctuated and have from time to time triggered certain financial covenants under our existing and potentially future loan and credit facilities.*
- *We may not be able to attract and retain key management personnel and other employees in the shipping industry.*
- *Our loan agreement contains, and we expect that future loan agreements and financing arrangements will contain, restrictive covenants that may limit our liquidity and corporate activities, which could limit our operational flexibility and have an adverse effect on our financial condition and results of operations. In addition, because of the presence of cross-default provisions in our loan agreement and the expectation that such will exist in any future loan agreements and financing arrangements, a default by us under one loan could lead to defaults under multiple loans.*
- *We cannot assure you that we will be able to refinance our existing indebtedness or obtain additional financing.*
- *We depend on short-term or spot charters in volatile shipping markets.*
- *We may be unable to successfully employ our vessels on long-term time charters or take advantage of favorable opportunities involving short-term or spot market charter rates.*
- *We conduct a substantial amount of business in China.*
- *As we expand our business, we may have difficulty improving our operating and financial systems and recruiting suitable employees and crew for our vessels.*
- *Our charterers may renegotiate or default on their charters.*
- *Contracts for newbuilding vessels present certain economic and other risks.*
- *The aging of our fleet may result in increased operating costs in the future.*
- *We may have difficulty managing our planned growth properly.*
- *Legislative or regulatory changes in Greece may adversely affect our results from operations.*
- *We rely on our information systems to conduct our business.*
- *A cyber-attack could materially disrupt our business.*
- *We expect that a limited number of financial institutions will hold our cash including financial institutions that may be located in Greece or the United States.*

Table of Contents

- *Purchasing and operating secondhand vessels may result in increased operating costs and reduced fleet utilization.*
- *Management may be unable to provide reports as to the effectiveness of our internal control over financial reporting or when applicable, our independent registered public accounting firm may be unable to provide us with unqualified attestation reports as to the effectiveness of our internal control over financial reporting when required.*
- *Unless we set aside reserves or are able to raise or borrow funds for vessel replacement, at the end of a vessel's useful life our revenues will decline.*
- *We depend upon a few significant customers for a large part of our revenues.*
- *We generate revenues from the trading of our vessels in U.S. dollars but incur a portion of our expenses in other currencies.*
- *If volatility in the Secured Overnight Financing Rate, or SOFR, occurs, it could affect our profitability, earnings and cash flow.*
- *We may have to pay tax on U.S. source shipping income.*
- *U.S. tax authorities could treat us as a "passive foreign investment company," which could result in adverse U.S. federal income tax consequences to U.S. shareholders.*
- *We could face penalties under European Union, United States or other economic sanctions.*
- *Our vessels may call on ports subject to economic sanctions or embargoes.*
- *As a Marshall Islands corporation with principal executive offices in Greece, and also having subsidiaries in the Marshall Islands and other offshore jurisdictions such as Malta, our operations may be subject to economic substance requirements.*
- *It may be difficult to serve us with legal process or enforce judgments against us, our directors or our management.*
- *The international nature of our operations may make the outcome of any bankruptcy proceedings difficult to predict.*

Risks Relating to our Common Shares

- *Our stock price has been volatile and no assurance can be made that it will not substantially depreciate.*
- *We may issue additional common shares or other equity securities without shareholder approval, which would dilute our existing shareholders' ownership interests and may depress the market price of our common shares.*
- *Future issuances or sales, or the potential for future issuances or sales, of our common shares may cause the trading price of our securities to decline and could impair our ability to raise capital through subsequent equity offerings.*
- *The market price of our common shares may be volatile, which could result in substantial losses for investors who purchase our shares; and the volatility in the stock prices of other companies may contribute to volatility in our stock price.*
- *A possible "short squeeze" due to a sudden increase in demand of our common shares that largely exceeds supply may lead to further price volatility in our common shares.*
- *Our common shares could be delisted from Nasdaq, which could affect their market price and liquidity.*
- *Our ability to declare and pay dividends to holders of our common shares will depend on a number of factors and will always be subject to the discretion of our board of directors.*

[Table of Contents](#)

- *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 or to make dividend payments.*
- *Provisions of our articles of incorporation and bylaws may have anti-takeover effects, which could depress the trading price of our common shares.*
- *We are subject to Marshall Islands corporate law, which is not well-developed.*
- *Increases in interest rates may cause the market price of our shares to decline.*
- *The public market may not continue to be active and liquid enough for our shareholders to resell our common shares in the future.*

Risks relating to Our Industry.

The international dry bulk shipping industry is cyclical and volatile.

The international seaborne transportation industry is cyclical and has high volatility in charter rates, vessel values and profitability. Fluctuations in charter rates result from changes in the supply and demand for vessel capacity and changes in the supply and demand for energy resources, commodities, semi-finished and finished consumer and industrial products internationally carried at sea. Since the early part of 2009, rates have been volatile and low, relative to previous years. In the beginning of 2020, the rates continued to drop and came close to the all-time low, but substantially rebounded in 2020 and continued to increase in 2021, reaching in October 2021 the highest point since 2008. In 2022 the rates remained volatile reaching a peak during the second quarter, followed by a decreasing trend the next two quarters and remain at fairly depressed levels in the beginning of 2023. Currently eight of our vessels are chartered on short-term time charters or on the spot market, and we are exposed, therefore, to changes in spot market and short-term charter rates for dry bulk vessels and such changes affect our earnings and the value of our dry bulk vessels at any given time. The supply of and demand for shipping capacity strongly influences freight rates. The factors affecting the supply and demand for vessels are outside of our control, and the nature, timing and degree of changes in industry conditions are unpredictable.

Factors that influence demand for vessel capacity include:

- port and canal congestion charges;
- general dry bulk shipping market conditions, including fluctuations in charter hire rates and vessel values and demand for and production of dry bulk products;
- global and regional economic and political conditions, including exchange rates, trade deals, conflicts and wars (including the Ukraine conflict), and the rate and geographic distributions of economic growth;
- environmental and other regulatory developments;
- the distance dry bulk cargoes are to be moved by sea;
- changes in seaborne and other transportation patterns; and
- natural disasters and/or world pandemics such as COVID-19.

Factors that influence the supply of vessel capacity include:

- the size of the newbuilding orderbook;
- the price of steel and vessel equipment;
- technological advances in vessel design and capacity;

[Table of Contents](#)

- the number of newbuild deliveries, which among other factors relates to the ability of shipyards to deliver newbuilds by contracted delivery dates and the ability of purchasers to finance such newbuilds;
- the scrapping rate of older vessels;
- port and canal congestion;
- the number of vessels that are in or out of service, including due to vessel casualties; and
- changes in environmental and other regulations that may limit the useful lives of vessels.

In addition to the prevailing and anticipated freight rates, factors that affect the rate of newbuilding, scrapping and laying-up include newbuilding prices, secondhand vessel values in relation to scrap prices, costs of bunkers and other operating costs, costs associated with classification society surveys, normal maintenance costs, insurance coverage costs, the efficiency and age profile of the existing dry bulk fleet in the market, and government and industry regulation of maritime transportation practices, particularly environmental protection laws and regulations. These factors influencing the supply of and demand for shipping capacity are outside of our control, and we may not be able to correctly assess the nature, timing and degree of changes in industry conditions.

We anticipate that the future demand for our dry bulk vessels and charter rates will be dependent upon continued economic growth in the world's economies, seasonal and regional changes in demand and changes to the capacity of the global dry bulk vessel fleet and the sources and supply of dry bulk cargo to be transported by sea. Adverse economic, political, social or other developments could negatively impact charter rates and therefore have a material adverse effect on our business, results of operations and ability to pay dividends. We may also decide that it makes economic sense to lay up one or more vessels. While our vessels are laid up, we will pay lay-up costs, but those vessels will not be able to earn any hire.

The dry bulk vessel charter market remains significantly below its high in 2008.

The revenues, earnings and profitability of companies in our industry are affected by the charter rates that can be obtained in the market, which is volatile and has experienced significant declines since its highs in 2008. The Baltic Dry Index, or the BDI, which is published daily by the Baltic Exchange Limited, or the Baltic Exchange, a London-based membership organization that provides daily shipping market information to the global investing community, is an average of selected ship brokers' assessments of time charter rates paid by a customer to hire a dry bulk vessel to transport dry bulk cargoes by sea. The BDI has long been viewed as the main benchmark to monitor the movements of the dry bulk vessel charter market and the performance of the entire dry bulk shipping market. The BDI declined from an all-time high of 11,793 in May 2008 to a low of 663 in December 2008, which represents a decline of 94% within a single calendar year. Since 2009, the BDI has remained fairly depressed compared to historical numbers. The BDI reached a new all-time low of 290 on February 10, 2016. The BDI remained significantly depressed from 2008-2019. In 2021, the BDI rose to a high of 5,650 on October 7, 2021 and had a low of 1,303 on February 10, 2021. In 2022, the BDI ranged from a low of 965 on August 31, 2022 to a high of 3,369 on May 23, 2022. During calendar year 2023 to March 14, 2023, the BDI has ranged from a high of 1,587 (on March 14, 2023) to a low of 601 (on February 7, 2023).

The decline and volatility in charter rates in the dry bulk market also affects the value of our dry bulk vessels, which generally follows the trends of dry bulk charter rates, and earnings on our charters, and similarly affects our cash flows, liquidity and compliance with the covenants contained in our loan arrangements.

The international shipping industry and dry bulk market are highly competitive.

The shipping industry and dry bulk market are capital intensive and highly fragmented with many charterers, owners and operators of vessels and are characterized by intense competition. Competition arises primarily from other vessel owners, some of whom have substantially greater resources than we do. The trend towards consolidation in the industry is creating an increasing number of global enterprises capable of competing in multiple markets, which may result in a greater competitive threat to us. Our competitors may be better positioned to devote greater resources to the development, promotion and employment of their businesses than we are. Competition for the transportation of cargo by sea is intense and depends on customer relationships, operating expertise, professional reputation, price, location, size, age, environmental, social, and governance criteria, condition and the acceptability of the vessel and its operators to the charterers. Competition may increase in some or all of our principal markets, including with the entry of new competitors, who may operate larger fleets through consolidations or acquisitions and may be able to sustain lower charter rates and offer higher quality vessels than we are able to offer. We may not be able to continue to compete successfully or effectively with our competitors and our competitive position may be eroded in the future, which could have an adverse effect on our fleet utilization and, accordingly, business, financial condition, results of operations and ability to pay dividends.

Disruptions in global financial markets from terrorist attacks, regional armed conflicts, general political unrest, the emergence of a pandemic or epidemic crisis and the resulting governmental action could have a material adverse impact on our results of operations, financial condition and cash flows.

Continuing war and recent developments in Ukraine, the Middle East, including tensions between the U.S. and Iran, as well as other geographic countries and areas, terrorist or other attacks, and war (or threatened war) or international hostilities, such as the ones currently in progress between Russia and Ukraine, China and Taiwan, or the U.S. and North Korea, have recently and may in the future lead to armed conflict or acts of terrorism around the world continue to cause uncertainty and volatility in the world financial markets and may affect our business, results of operations and financial condition. Additionally, continuing concerns relating geopolitical events such as the previous withdrawal of the U.K. from the European Union, or Brexit and concerns regarding any lingering effects of the COVID-19 pandemic or the emergence of other viral outbreaks have led to increased volatility in global credit and equity markets. These uncertainties could also adversely affect our ability to obtain additional financing on terms acceptable to us or at all. In the past, political conflicts have also resulted in attacks on vessels, mining of waterways and other efforts to disrupt international shipping, particularly in the Arabian Gulf region. These types of attacks have also affected vessels trading in regions such as the Black Sea, South China Sea and the Gulf of Aden off the coast of Somalia. The IMO's extraordinary council session held on March 10-11, 2022 addressed the impacts on shipping and seafarers, as a result of the war in Ukraine. The IMO called for the need to preserve the integrity of maritime supply chains and the safety and welfare of seafarers and any spillover effects of the military action on global shipping, logistics and supply chains, in particular the impacts on the delivery of commodities and food to developing nations and the impacts on energy supplies. Any of these occurrences could have a material adverse impact on our operating results, revenues and costs.

The conflict between Russia and Ukraine, which commenced in February 2022, has disrupted supply chains and caused instability and significant volatility in the global economy. Much uncertainty remains regarding the global impact of the conflict in Ukraine, and it is possible that such instability, uncertainty and resulting volatility could significantly increase our costs and adversely affect our business, including our ability to secure charters and financing on attractive terms, and as a result, adversely affect our business, financial condition, results of operation and cash flows.

As a result of the conflict between Russia and Ukraine, Switzerland, the United States, the European Union, the United Kingdom and others have announced unprecedented levels of sanctions and other measures against Russia and certain Russian entities and nationals. Such sanctions against Russia may adversely affect our business, financial condition, results of operation and cash flows. For example, apart from the immediate commercial disruptions caused in the conflict zone, escalating tensions and fears of potential shortages in the supply of Russian crude have caused the price of oil to trade above historical pricing. The ongoing conflict could result in the imposition of further economic sanctions against Russia, with uncertain impacts on the dry bulk market and the world economy. While we do not have any Ukrainian or Russian crew and our vessels currently do not sail in the Black Sea, it is possible that the conflict in Ukraine, including any increased shipping costs, disruptions of global shipping routes, any impact on the global supply chain and any impact on current or potential customers caused by the events in Russia and Ukraine, could adversely affect our operations or financial performance. Due to the recent nature of these activities, the full impact on our business is not yet known.

Brexit further increases the risk of additional trade protectionism. Brexit, or similar events in other jurisdictions, could continue to 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, cash flows and operations.

Further, as a result of the economic situation in Greece, which has been slowly recovering from the sovereign crisis and the related austerity measures implemented by the Greek government and the influx of refugees from Syria and other areas, the operations of our Manager located in Greece may be subjected to new regulations and potential shift in government policies that may require us to incur new or additional compliance or other administrative costs and may require the payment of new taxes or other fees. We also face the risk that strikes, work stoppages, civil unrest and violence within Greece could disrupt the shoreside operations of our Manager located in Greece.

In addition, global financial markets and economic conditions have been severely disrupted and volatile in recent years and remain subject to significant vulnerabilities, such as the deterioration of fiscal balances and the rapid accumulation of public debt, continued deleveraging in the banking sector and a limited supply of credit. Credit markets as well as the debt and equity capital markets were exceedingly distressed during 2008 and 2009 and have been volatile since that time. The resulting uncertainty and volatility in the global financial markets may accordingly affect our business, results of operations and financial condition. These uncertainties, as well as future hostilities or other political instability in regions where our vessels trade, could also affect trade volumes and patterns and adversely affect our operations, and otherwise have a material adverse effect on our business, results of operations and financial condition, as well as our cash flows and cash available for distributions to our shareholders.

Specifically, 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 and higher capital requirements, many lenders have increased margins on lending rates, enacted tighter lending standards, required more restrictive terms (including higher collateral ratios for advances, shorter maturities and smaller loan amounts), or have refused to refinance existing debt at all. Furthermore, certain banks that have historically been significant lenders to the shipping industry have reduced or ceased lending activities in the shipping industry. Additional tightening of capital requirements and the resulting policies adopted by lenders could further reduce lending activities. We may experience difficulties obtaining financing commitments or be unable to fully draw on the capacity under our committed term loans in the future if our lenders are unwilling to extend financing to us or unable to meet their funding obligations due to their own liquidity, capital or solvency issues. We cannot be certain that financing will be available on acceptable terms or at all. If financing 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 distributions 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.

An over-supply of dry bulk carrier capacity may depress charter rates.

An oversupply of dry bulk vessel capacity, particularly during a period of economic recession, may result in a reduction of charter hire rates. If we cannot enter into charters on acceptable terms, we may have to secure charters on the short-term or spot market, where charter rates are more volatile and revenues are, therefore, less predictable, or we may not be able to charter our vessels at all. In addition, a material increase in the net supply of dry bulk vessel capacity without corresponding growth in dry bulk vessel demand could have a material adverse effect on our fleet utilization (including ballast days) and our charter rates generally, and could, accordingly, materially adversely affect our business, financial condition, results of operations and ability to pay dividends. An uptick in charter rates generally discourages scrapping older vessels, but recent regulatory actions have increased the economic incentive to scrap certain older vessels. Accordingly, it remains to be seen in 2023 whether the number of worldwide dry bulk carrying capacity, net of scrapped vessels, will increase.

We may also decide that it makes economic sense to lay up one or more vessels. While our vessels are laid up, we will pay lay-up costs, but those vessels will not be able to earn any hire.

Our industry is subject to complex laws and regulations.

Our operations are subject to numerous laws and regulations in the form of international conventions and treaties, national, state and local laws and national and international regulations in force in the jurisdictions in which our vessels operate or are registered, which can significantly affect the ownership and operation of our vessels. These requirements include but are not limited to: U.S. Oil Pollution Act 1990, as amended, which we refer to as OPA; International Convention for the Safety of Life at Sea, 1974, as amended, which we refer to as SOLAS; International Convention on Load Lines, 1966; International Convention for the Prevention of Pollution from Ships, 1973, as amended by the 1978 Protocol, which we refer to as MARPOL; International Convention on Civil Liability for Bunker Oil Pollution Damage, 2001, which we refer to as the Bunker Convention; International Convention on Liability and Compensation for Damage in Connection with the Carriage of Hazardous and Noxious Substances by Sea, 1996, as superseded by the 2010 Protocol, which we refer to as the HNS Convention; International Convention on Civil Liability for Oil Pollution Damage of 1969, as amended by the 1992 Protocol and further amended in 2000, which we refer to as the CLC; International Convention on the Establishment of an International Fund for Compensation for Oil Pollution Damage, 1971, as amended, which we refer to as the Fund Convention; and Marine Transportation Security Act of 2002, which we refer to as the MTSA.

Government regulation of vessels, particularly in the area of environmental requirements, can be expected to become more stringent in the future and could require us to incur significant capital expenditures on our vessels to keep them in compliance, or even to scrap or sell certain vessels altogether. Compliance with such laws, regulations and standards, where applicable, may require installation of costly equipment or operational changes and increased management costs and may affect the resale value or useful lives of our vessels. We may also incur additional costs in order to comply with other existing and future regulatory obligations, including, but not limited to, costs relating to air emissions, the management of ballast water, recycling of vessels, maintenance and inspection, elimination of tin-based paint, development and implementation of safety and emergency procedures and insurance coverage or other financial assurance of our ability to address pollution incidents. For instance, the International Maritime Organization (“IMO”) global 0.5% sulphur cap on marine fuels came into force on January 1, 2020, as stipulated in 2008 amendments to Annex VI to the International Convention for the Prevention of Pollution from ships (“MARPOL”). Our vessels require pricier low-sulphur fuel, which may reduce the amount charterers are willing to pay to charter our vessels. In addition, on January 1, 2023, regulations came into force that aim to reduce carbon emissions from both new and existing ships as measured by two main energy efficiency indicators. Ships that fail to comply with these 2023 regulations may be subject to penalties and require modifications to the ship to ensure compliance. It is difficult to determine the cost, if any, until our ships’ performance is measured in accordance with these new regulations. If our ships fail to comply with the IMO 2023 regulations or otherwise do not have good performance, this can result in penalties and require modifications to the ship to ensure compliance. Any such modifications may be costly and those ships will be offhire during any period of modification. These and other costs could have a material adverse effect on our business, results of operations, cash flows and financial condition and our ability to pay dividends.

These requirements can also affect the resale prices or useful lives of our vessels or require reductions in capacity, vessel modifications or operational changes or restrictions. Failure to comply with these requirements could lead to decreased availability of or more costly insurance coverage for environmental matters or result in 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 claims for impairment of the environment, personal injury and property damages in the event that there is a release of petroleum or other hazardous materials from our vessels or otherwise in connection with our operations. Violations of, or liabilities under, environmental regulations can result in substantial penalties, fines and other sanctions, including, in certain instances, seizure or detention of our vessels. Events of this nature would have a material adverse effect on our business, financial condition and results of operations.

The operation of our vessels is affected by the requirements set forth in the International Management Code for the Safe Operation of Ships and for Pollution Prevention, or ISM Code. The ISM Code requires the party with operational control of the vessel to develop, implement and maintain an extensive “Safety Management System” that includes, among other things, the adoption of a safety and environmental protection policy setting forth instructions and procedures for safe vessel operation and protection of the environment and describing procedures for dealing with emergencies. Further details in relation to the ISM Code are set out below in the section headed “Environmental and Other Regulations.” The failure of a shipowner or bareboat charterer to comply with the ISM Code may subject it to increased liability, and, if the implementing legislation so provides, to criminal sanctions, may invalidate or result in the loss of existing insurance or decrease available insurance coverage for the affected vessels and may result in a denial of access to, or detention in, certain ports. In addition, if we fail to maintain ISM Code certification for our vessels, we may also breach covenants in our CIT Loan Facility that require that our vessels be ISM-Code certified. If we breach such covenants due to failure to maintain ISM Code certification and are unable to remedy the relevant breach, our lender could accelerate our indebtedness and foreclose on the vessels in our fleet securing the CIT Loan Facility. As of the date of this annual report on Form 20-F, each of our vessels is ISM Code-certified.

Climate change and greenhouse gas restrictions.

Due to concern over the risk of climate change, a number of countries and the IMO have adopted, or are considering the adoption of, regulatory frameworks to reduce greenhouse gas emissions. These regulatory measures may include, among others, adoption of cap and trade regimes, carbon taxes, increased efficiency standards and incentives or mandates for renewable energy. For instance, the IMO imposed a global 0.5% sulphur cap on marine fuels which came into force on January 1, 2020. Our vessels do not have scrubbers and use low-sulphur fuel instead, and now may require pricier low-sulphur fuel, which may reduce the amount charterers are willing to pay to charter our vessels. In addition, charterers may focus on how environmentally friendly our vessels are, generally, and our rates may be adjusted downwards accordingly.

We discuss this further in this annual report on Form 20-F. See “Item 4.B. Business Overview—Environmental and Other Regulations—Regulations to Prevent Pollution from Ships” and “Item 3.D. Risk Factors—Risks Relating to our Industry—Our industry is subject to complex laws and regulations.”

In addition, although the emissions of greenhouse gases from international shipping currently are not subject to the Kyoto Protocol to the United Nations Framework Convention on Climate Change (this task was delegated under the Kyoto Protocol to the IMO for action), which required adopting countries to implement national programs to reduce emissions of certain gases, a new treaty may be adopted in the future that includes restrictions on shipping emissions. Compliance with changes in laws, regulations and obligations relating to climate change could increase our costs related to operating and maintaining our vessels and require us to install new emission controls, acquire allowances or pay taxes related to our greenhouse gas emissions, or administer and manage a greenhouse gas emissions program. Revenue generation and strategic growth opportunities may also be adversely affected, which could have a material adverse effect on our business, results of operations, cash flows and financial condition and our ability to pay dividends.

Pending and future tax law changes may result in significant additional taxes to us.

Pending and future tax law changes may result in significant additional taxes to us. For example, the Organization for Economic Cooperation and Development published a “Programme of Work,” which was divided into two pillars. Pillar One focused on the allocation of group profits among taxing jurisdictions based on a market-based concept rather than the historical “permanent establishment” concept. Pillar Two, among other things, introduced a global minimum tax. The foregoing proposals (in the event international consensus is achieved and implementing laws are adopted) and other possible future tax changes may have an adverse impact on us. Any requirement or legislation that requires us to pay more tax could have a material adverse effect on our business, results of operations, cash flows and financial condition and our ability to pay dividends.

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 be our sole source of operating cash flow. Weaknesses in demand for shipping services, increased operating costs due to changes in environmental or other regulations and the oversupply of large vessels as well as the oversupply of smaller size vessels due to a cascading effect would place certain of our customers under financial pressure. Any declines in demand could result in worsening financial challenges to our customers and may increase the likelihood of one or more of our customers being unable or unwilling to pay us contracted charter rates or going bankrupt.

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 similarly favorable 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. The combination of any surplus of dry bulk vessel capacity, the expected entry into service of new technologically advanced ships, and the expected increase in the size of the world dry bulk fleet over the next few years may make it difficult to secure substitute employment for any of our vessels if our counterparties fail to perform their obligations under the currently arranged time charters, and any new charter arrangements we are able to secure may be at lower rates. Furthermore, the surplus of dry bulk vessels available at lower charter rates could negatively affect our charterers’ willingness to perform their obligations under our time charters, particularly if the charter rates in such time charters are significantly above the prevailing market rates. Accordingly, we may have to grant concessions to our charterers in the form of lower charter rates for the remaining duration of the relevant charter or part thereof, or to agree to re-charter vessels coming off charter at reduced rates compared to the charter then ended. Because we enter into short-term and medium-term time charters from time-to-time, we may need to re-charter vessels coming off charter more frequently than some of our competitors, which may have a material adverse effect on business, results of operations and financial condition, as well as our cash flows, including cash available for distributions to our shareholders.

The loss of any of our charterers, time charters or vessels, or a decline in payments under our time charters, 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 distributions to our shareholders.

In addition to charter parties, we may, among other things, enter into contracts for the sale or purchase of secondhand dry bulk vessels or shipbuilding contracts for newbuildings, provide performance guarantees relating to shipbuilding contracts to sale and purchase contracts or to charters, enter into credit facilities or other financing arrangements, accept commitment letters from banks, or enter into insurance contracts and interest or exchange rate swaps or enter into joint ventures. Such agreements expose us to counterparty credit risk. The ability and willingness of each of our counterparties to perform its obligations under a contract with us will depend upon a number of factors that are beyond our control and may include, among other things, general economic conditions, the state of the capital markets, the condition of the ocean-going dry bulk shipping industry and charter hire rates. Should a counterparty fail to honor its obligations under agreements with us, we could sustain significant losses, which in turn 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 distributions to our shareholders.

Capital expenditures and other costs necessary to operate and maintain our vessels may increase.

Changes in safety or other equipment standards, as well as compliance with standards imposed by maritime self-regulatory organizations and customer requirements or competition, may require us to make additional expenditures. In order to satisfy these requirements, we may, from time to time, be required to take our vessels out of service for extended periods of time, with corresponding losses of revenues. In the future, market conditions may not justify these expenditures or enable us to operate some or all of our vessels profitably during the remainder of their economic lives.

Seasonal fluctuations in industry demand could affect us.

We operate our vessels in markets that have historically exhibited seasonal variations in demand and, as a result, in charter rates. This seasonality may result in quarter-to-quarter volatility in our results of operations, which could affect the amount of dividends, if any, that we pay to our shareholders. The market for marine dry bulk transportation services is typically stronger in the fall and winter months in anticipation of increased consumption of coal and other raw materials in the northern hemisphere during the winter months. In addition, unpredictable weather patterns in these months tend to disrupt vessel scheduling and supplies of certain commodities. This seasonality could have a material adverse effect on our business, financial condition and results of operations.

We may also decide that it makes economic sense to lay up one or more vessels. While our vessels are laid up, we will pay lay-up costs, but those vessels will not be able to earn any hire.

Our insurance may not be adequate to cover our losses that may result from our operations.

We carry insurance to protect us against most of the accident-related risks involved in the conduct of our business, including marine hull and machinery insurance, war risk insurance, protection and indemnity insurance, which includes pollution risks, crew insurance and war risk insurance. However, we may not be adequately insured to cover losses from our operational risks, which could have a material adverse effect on us. Additionally, our insurers may refuse to pay particular claims and our insurance may be voidable by the insurers if we take, or fail to take, certain action, such as failing to maintain certification of our vessels with applicable maritime regulatory organizations. Any significant uninsured or underinsured loss or liability could have a material adverse effect on our business, results of operations, cash flows and financial condition and our ability to pay dividends. It may also result in protracted legal litigation. In addition, we may not be able to obtain adequate insurance coverage at reasonable rates in the future during adverse insurance market conditions. We maintain, for each of our vessels, pollution liability coverage insurance for \$1.0 billion per event. If damages from a catastrophic spill exceed our insurance coverage, it would have a materially adverse effect on our business, results of operations and financial condition and our ability to pay dividends to our shareholders.

Moreover, insurers have over the last few years increased premiums and reduced or restricted coverage for losses caused by terrorist acts generally.

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

Our vessels are exposed to operational risks.

The operation of any vessel includes risks such as weather conditions, mechanical failure, collision, fire, contact with floating objects, cargo or property loss or damage and business interruption due to political circumstances in countries, piracy, terrorist attacks, armed hostilities and labor strikes. Such occurrences could result in death or injury to persons, loss, damage or destruction of property or environmental damage, delays in the delivery of cargo, 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.

[Table of Contents](#)

In the past, political conflicts have also resulted in attacks on vessels, mining of waterways and other efforts to disrupt international shipping, particularly in the Arabian Gulf region. Acts of terrorism and piracy have also affected vessels trading in regions such as the South China Sea, the Gulf of Aden and parts of the Indian Ocean and West Africa. Continuing conflicts and recent developments in the Middle East and North Africa, including Egypt, Syria, Iran, Iraq and Libya, the recent conflict in Ukraine, and the presence of United States and other armed forces in the Middle East and Asia could produce armed conflict or be the target of terrorist attacks, and lead to civil disturbance and uncertainty in financial markets. If these attacks and other disruptions result in areas where our vessels are deployed being characterized by insurers as “war risk” zones or Joint War Committee “war, strikes, terrorism and related perils” listed areas, premiums payable for such coverage could increase significantly and such insurance coverage may be more difficult or impossible to obtain. In addition, we face the risk of a marine disaster, which could include an oil spill and other environmental damage. Although our vessels carry a relatively small amount of oil used for fuel (“bunkers”), a spill of oil from one of our vessels or losses as a result of fire or explosion could be catastrophic under certain circumstances.

The operation of certain vessel types, such as dry bulk vessels, also carry certain unique risks. With a dry bulk vessel, the cargo itself and its interaction with the vessel can be a risk factor. By their nature, dry bulk cargoes are often heavy, dense, easily shifted and react badly to water exposure. In addition, dry bulk vessels are often subjected to battering during unloading operations with grabs, jackhammers (to pry encrusted cargoes out of the hold) and small bulldozers. This may cause damage to the vessel. Vessels damaged due to treatment during unloading procedures may be more susceptible to breach while at sea. Hull breaches in dry bulk vessels may lead to the flooding of the vessels holds. If a dry bulk vessel suffers flooding in its forward holds, the bulk cargo may become so dense and waterlogged that its pressure may buckle the vessels bulkheads leading to the loss of a vessel. If we are unable to adequately maintain our vessels, we may be unable to prevent these events. Any of these circumstances or events could negatively impact our business, financial condition, results of operations and ability to pay dividends. In addition, the loss of any of our vessels could harm our reputation as a safe and reliable vessel owner and operator.

We may not be adequately insured against all risks, and our insurers may not pay particular claims. With respect to war risks insurance, which we usually obtain for certain of our vessels making port calls in designated war zone areas, such insurance may not be obtained prior to one of our vessels entering into an actual war zone, which could result in that vessel not being insured. Even if our insurance coverage is adequate to cover our losses, we may not be able to timely obtain a replacement vessel in the event of a loss. Under the terms of the CIT Loan Facility, we will be subject to restrictions on the use of any proceeds we may receive from claims under our insurance policies. Furthermore, in the future, we may not be able to maintain or 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. Our insurance policies also contain deductibles, limitations and exclusions which may increase our costs in the event of a claim or decrease any recovery in the event of a loss. If the damages from a catastrophic oil spill or other marine disaster exceeded our insurance coverage, the payment of those damages could have a material adverse effect on our business and could possibly result in our insolvency.

In general, we do not carry loss of hire insurance. Occasionally, we may decide to carry loss of hire insurance when our vessels are trading in areas where a history of piracy has been reported. Loss of hire insurance covers the loss of revenue during extended vessel off-hire periods, such as those that could occur during an unscheduled drydocking, unscheduled repairs due to damage to the vessel, or as a result of acts of piracy. Accordingly, any loss of a vessel or any extended period of vessel off-hire, due to an incident, accident or otherwise, could have a material adverse effect on our business, financial condition and results of operations.

We may also decide that it makes economic sense to lay up one or more vessels. While our vessels are laid up, we will pay lay-up costs, but those vessels will not be able to earn any hire.

We may be subject to funding calls by our protection and indemnity clubs, and our clubs may not have enough resources to cover claims made against them.

We are indemnified for legal liabilities incurred while operating our vessels through membership of protection and indemnity, or P&I, associations, otherwise known as P&I clubs. P&I clubs are mutual insurance clubs whose members must contribute to cover losses sustained by other club members. The objective of a P&I club is to provide mutual insurance based on the aggregate tonnage of a member's vessels entered into the club. Claims are paid through the aggregate premiums of all members of the club, although members remain subject to calls for additional funds if the aggregate premiums are insufficient to cover claims submitted to the club. Claims submitted to the club may include those incurred by members of the club, as well as claims submitted by other P&I clubs with which our club has entered into interclub agreements. We cannot assure you that the P&I club to which we belong will remain viable or that we will not become subject to additional funding calls, which could adversely affect us.

We may be subject to increased inspection procedures, tighter import and export controls and new security regulations.

International shipping is subject to various security and customs inspection and related procedures in countries of origin and destination and trans-shipment points. Inspection procedures can result in the seizure of the cargo and contents of our vessels, delays in the loading, offloading or delivery and the levying of customs duties, fines or other penalties against us. It is possible that changes to inspection procedures could impose additional financial and legal obligations on us. Furthermore, changes to inspection procedures could also impose additional costs and obligations on our customers and may, in certain cases, render the shipment of certain types of cargo impractical. Any such changes or developments may have a material adverse effect on our business, financial condition, results of operations and our ability to pay dividends.

Rising fuel prices may adversely affect our profits.

Fuel is a significant, if not the largest, expense if vessels are under voyage charter or if consumed during ballast days. Moreover, the cost of fuel will affect the profit we can earn on the short-term or spot market. Upon redelivery of vessels at the end of a time charter, we may be obliged to repurchase the fuel on board at prevailing market prices, which could be materially higher than fuel prices at the inception of the time charter period. As a result, an increase in the price of fuel may adversely affect our profitability. The price and supply of fuel is unpredictable and fluctuates based on events outside our control, including geopolitical events, supply and demand for oil and gas, actions by the Organization of the Petroleum Exporting Countries and other oil and gas producers, war and unrest in oil producing countries and regions, regional production patterns and environmental concerns. Further, fuel has or may become much more expensive in the future, including as a result of the developments in Ukraine and the sanctions against Russia, the imposition of sulfur oxide emissions limits in January 2020 and reductions of carbon emissions from January 2023 under new regulations adopted by the International Maritime Organization, or the IMO, which may reduce the profitability and competitiveness of our business versus other forms of transportation, such as truck or rail.

As a result of the sulfur oxide emissions limits, because we do not have scrubbers on our vessels, our vessels require pricier low-sulfur fuel, which may reduce the amount charterers are willing to pay to charter our vessels. This could have a material adverse effect on our business, results of operations, cash flows and financial condition and our ability to pay dividends.

Increases in crew costs may adversely affect our profits.

Crew costs are a significant expense for us under our charters. There is a limited supply of well-qualified crew. We generally bear crewing costs under our charters. Increases in crew costs may adversely affect our profitability. In addition, labor disputes or unrest, including work stoppages, strikes and/or work disruptions or increases imposed by collective bargaining agreements covering the majority of our officers on board our vessels could result in higher personnel costs and significantly affect our financial performance. Furthermore, while we do not have any Ukrainian or Russian crew and the Company's vessels currently do not sail in the Black Sea, the extent to which this will impact the Company's future results of operations and financial condition will depend on future developments, which are highly uncertain and cannot be predicted. Changes in labor laws and regulations, collective bargaining negotiations and labor disputes, and potential shortage of crew due to the conflict between Russia and Ukraine, could increase our crew costs and have a material adverse effect on our business, results of operations, cash flows, financial condition and ability to pay dividends.

Maritime claimants could arrest our vessels.

Crew members, suppliers of goods and services to a vessel, shippers of cargo and other parties may be entitled to a maritime lien against a vessel, or other assets of the relevant vessel-owning company, for unsatisfied debts, claims or damages even if we are not at fault, for example, if we pay a supplier for bunkers who subcontracts the supply and does not pay such subcontractor. In many jurisdictions, a claimant may seek to obtain security for its claim by arresting a vessel through foreclosure proceedings. The arrest or attachment of one or more of our vessels, could cause us to default on a charter, breach covenants in the CIT Loan Facility, interrupt our cash flow and require us to pay large sums of money to have the arrest or attachment lifted. Please see "Item 5.B. Liquidity and Capital Resources—Indebtedness" for further information.

In addition, in some jurisdictions, such as South Africa, under the “sister ship” theory of liability, a claimant may arrest both the vessel which 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 attempt to assert “sister ship” liability against one vessel in our fleet for claims relating to another of our vessels.

Governments could requisition our vessels during a period of war or emergency.

A government could requisition one or more of our vessels for title or for hire. Requisition for title occurs when a government takes control of a vessel and becomes the owner. Requisition for hire occurs when a government takes control of a vessel and effectively becomes the charterer at dictated charter rates. Generally, requisitions occur during a period of war or emergency, although governments may elect to requisition vessels in other circumstances. Even if we would 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. Government requisition of one or more of our vessels may negatively impact our business, financial condition, results of operations and ability to pay dividends.

Compliance with safety and other vessel requirements imposed by classification societies may be costly.

The hull and machinery of every commercial vessel must be certified as safe and seaworthy in accordance with applicable rules and regulations, and accordingly vessels must undergo regular surveys. All of the vessels that we operate or manage are classed by one of the major classification societies, including Nippon Kaiji Kyokai (Class NK), DNV GL, Lloyds and ABS. Vessels must undergo annual surveys, immediate surveys 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 over a five-year period. Our vessels are on special survey cycles for hull inspection and continuous survey cycles for machinery inspection. Every vessel is also required to be drydocked every two to three years for inspection of its underwater parts. If any vessel does not maintain its class and/or fails any annual, intermediate or special survey, certain covenants in the CIT Loan Facility or future credit arrangements may be triggered, including as a result of the vessel being unable to trade between ports and being unemployable. Such an occurrence could have a material adverse impact on our business, financial condition, results of operations and ability to pay dividends. Please see “Item 5.B. Liquidity and Capital Resources—Indebtedness” for further information.

A further economic slowdown or changes in the economic, regulatory and political environment in the Asia Pacific region could reduce dry bulk trade demand.

A significant number of the port calls made by our vessels involve the transportation of dry bulk products to ports in the Asia Pacific region. As a result, continued economic slowdown in the region or changes in the regulatory environment, and particularly in China or Japan, could have an adverse effect on our business, results of operations, cash flows and financial condition. Before the global economic financial crisis that began in 2008, China had one of the world’s fastest growing economies as measured by 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. In addition, China previously imposed measures to restrain lending, which may further contribute to a slowdown in its economic growth. China and other countries in the Asia Pacific region may continue to experience slowed or even negative economic growth in the future.

Many of the economic and political reforms adopted by the Chinese government are unprecedented or experimental and may be subject to revision, change or abolition based upon the outcome of such experiments. If the Chinese government does not continue to pursue a policy of economic reform, the level of imports of exports of dry bulk products to and 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, such as changes in laws, regulations or restrictions on importing commodities into the country. Notwithstanding economic reform, the Chinese government may adopt policies that favor domestic shipping companies and may hinder our ability to compete with them effectively. Moreover, a significant or protracted slowdown in the economies of the United States, the European Union or various Asian countries or changes in the regulatory environment may adversely affect economic growth in China and elsewhere. Our business, results of operations, cash flows and financial condition could be materially and adversely affected by an economic downturn or changes in the regulatory environment in any of these countries.

Pandemics such as the coronavirus (COVID-19) make it very difficult for us to operate in the short-term and have unpredictable long-term consequences, all of which could decrease the supply of and demand for the raw materials we transport, the rates that we are paid to carry our cargo, and our financial outlook.

Our business may be adversely affected by the lingering effects of COVID-19 and the reimposition of governmental responses to the virus, which has introduced uncertainty into our operational and financial activities and has negatively impacted, and may continue to impact negatively, global economic activity. 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 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 tanker and other cargo vessels may deteriorate and our operations and cash flows may be negatively impacted.

Average charter rates for dry bulk vessels, as measured by the Baltic Dry Index, improved significantly in 2021 and part of 2022 since the second quarter of 2020, but has reduced in the beginning of 2023; the underlying reasons for this improvement, such as tight supply lines, increased demand for bulk commodities on the back of firmly rebounding industrial activity, increased demand for containerized cargo due to increased consumption mainly from developed countries, and newbuild construction being put on hold due to the pandemic, has somewhat reversed, which could negatively impact our business. Over time, the incidence of COVID-19 and its variants has diminished although periodic spikes in incidence occur. Consequently, restrictions imposed by various governmental health organizations may change over time. Several countries have lifted restrictions only to reimpose such restrictions as the number of cases rise and new variants emerge. Negative impacts could occur, even after the pandemic itself diminishes or ends. It is difficult to predict what impact a resurgence of COVID-19 or the occurrence of another pandemic and resultant government measures may have on our business. The duration of scheduled repairs could exceed our estimates, causing our vessels to remain off-hire for longer periods than planned or to miss scheduled employment. We may face increased costs operating our vessels due to travel restrictions and quarantine requirements. Possible delays due to quarantine of our vessels caused by viral infections of our crew or other related disruptions may lead to the termination of charters leaving our vessels without employment. It is also possible that the companies that charter our vessels may be materially impacted by the effects of the COVID-19 or another virus outbreak and therefore may default on their charters or seek to restructure the terms of their charters (which are legally binding).

We expect that pandemics generally, including the current novel coronavirus pandemic, could affect our business in the following ways, among others:

- (1) Pandemics generally reduce the demand for goods worldwide without a commensurate corresponding change in the number of vessels worldwide, thereby increasing competition for cargo and decreasing the market price for transporting dry bulk products.

- (2) Countries could impose quarantine checks and hygiene measures on arriving vessels, which functionally reduce the amount of cargo that we and our competitors are able to move by causing delays in loading and delivery of cargo.
- (3) The process of buying, selling, and maintaining vessels is made more onerous and time-intensive. For instance, delays may be caused at shipyards for newbuildings, drydocks and other works, in vessel inspections and related certifications by class societies, customers or government agencies, as well as delays and shortages or a lack of access to required spare parts and lack of berths or shortages in labor, which may in turn delay any repairs to, scheduled or unscheduled maintenance or modifications, or drydocking of, our vessels.
- (4) We have seen a decrease in productivity, generally, as people—including our office employees and crews, as well as our counterparties—get sick and take time off from work. We are particularly vulnerable to our crew members getting sick, as if even one of our crew members gets sick, local authorities could require us to detain and quarantine the ship and its crew for an unspecified amount of time, disinfect and fumigate the vessels, or take similar precautions, which would add costs, decrease our utilization, and substantially disrupt our cargo operations. If a vessel's entire crew fell seriously ill, we may have substantial difficulty operating its vessel and may necessitate extraordinary external aid.
- (5) International transportation of personnel could be limited or otherwise disrupted. In particular, our crews generally work on a rotation basis, relying largely on international air transport for crew changes plan fulfillment. Any such disruptions could impact the cost of rotating our crew, and possibly impact our ability to maintain a full crew synthesis onboard all our vessels at any given time. It may also be difficult for our in-house technical teams to travel to shipyards to observe vessel maintenance, and we may need to hire local experts, which local experts may vary in skill and are difficult to supervise remotely, to conduct work we ordinarily address in-house.
- (6) Governments impose new regulations, directives or practices, which we may be obligated to implement at our own expense.
- (7) Any or all of the foregoing could lead our charterers to try to invoke force majeure clauses. As of the date hereof, however, none of our charterers have invoked a force majeure clause citing the pandemic.
- (8) Credit tightening or declines in global financial markets, including to the prices of our publicly traded securities and the securities of our peers, could make it more difficult for us to access capital, including to finance our existing debt obligations.

Any of these public health threats and related consequences could adversely affect our financial results.

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

Since January 1, 2020 the IMO regulations have required vessels to comply with a global cap on the sulphur in fuel oil used on board of 0.5%, down from the previous 3.5%. The interpretation of “fuel oil used on board” includes use in main engine, auxiliary engines and boilers. Shipowners may comply with this regulation by (i) using 0.5% sulphur fuels on board, which costs more than higher sulphur fuel; (ii) installing scrubbers for cleaning of the exhaust gas (which we have not done to any of our vessels); or (iii) by retrofitting vessels to be powered by liquefied natural gas (which we have not done to any of our vessels), which may not be a viable option due to the lack of supply network and high costs involved in this process. Costs of compliance with these regulatory changes may be significant and may have a material adverse effect on our future performance, results of operations, cash flows and financial position. It is unclear how the new emissions standard will affect the employment of our vessels, given that the cost of fuel is borne by our charterers when our vessels are on time charter employment. Over time, however, it is possible that ships not retrofitted to comply with the new emissions standard may become less competitive (compared with ships equipped with exhaust gas scrubbers that can utilize less expensive high sulphur fuel), may have difficulty finding employment, may command lower charter hire and/or may need to be scrapped.

A downturn in the worldwide economy may harm our business.

Downturns in the worldwide economy, due to inflation, geopolitics, major central bank policy actions including interest rate increases, public health crises, or other factors, have harmed our business in the past and future downturns could also adversely affect our business. Adverse economic conditions affect demand for goods and oil. Reduced demand for these or other products could result in significant decreases in rates we obtain for chartering our ships. In addition, the cost for crew members, oils and bunkers, and other supplies may increase. A deterioration of conditions in worldwide credit markets could limit our ability to obtain external financing to fund our operations and capital expenditures. In addition, we may experience losses on our holdings of cash and investments due to failures of financial institutions and other parties. Difficult economic conditions may also result in a higher rate of losses on our accounts receivable due to credit defaults. During an inflationary period, such as one we are currently experiencing, the SOFR or similar reference rate will generally be increased, thus costing us more money to service our debt obligations and reducing our net revenues. As a result, downturns in the worldwide economy could have a material adverse effect on our business, results of operations, or financial condition.

Worldwide inflationary pressures could negatively impact our results of operations and cash flows.

It has been recently observed that worldwide economies have experienced inflationary pressures, with price increases seen across many sectors globally. For example, the U.S. consumer price index, an inflation gauge that measures costs across dozens of items, rose 6.5% in December 2022 compared to the prior year, driven in large part by increases in energy costs. It remains to be seen whether inflationary pressures will continue, and to what degree, as central banks begin to respond to price increases. In the event that inflation becomes a significant factor in the global economy generally and in the shipping industry more specifically, inflationary pressures would result in increased operating, voyage and administrative costs. Furthermore, the effects of inflation on the supply and demand of the products we transport could alter demand for our services. Interventions in the economy by central banks in response to inflationary pressures may slow down economic activity, including by altering consumer purchasing habits and reducing demand for the commodities and products we carry, and cause a reduction in trade. As a result, the volumes of goods we deliver and/or charter rates for our vessels may be affected. Any of these factors could have an adverse effect on our business, financial condition, cash flows and operating results.

Environmental, social and governance matters may impact our business and reputation.

In addition to the importance of their financial performance, companies are increasingly being judged by their performance on a variety of environmental, social and governance matters, or ESG, which are considered to contribute to the long-term sustainability of companies' performance.

A variety of organizations measure the performance of companies on such ESG topics, and the results of these assessments are widely publicized. In addition, investment in funds that specialize in companies that perform well in such assessments are increasingly popular, and major institutional investors have publicly emphasized the importance of such ESG measures to their investment decisions. Topics taken into account in such assessments include, among others, the company's efforts and impacts on climate change and human rights, ethics and compliance with law, and the role of the company's board of directors in supervising various sustainability issues.

We actively manage a broad range of such ESG matters, taking into consideration their expected impact on the sustainability of our business over time, and the potential impact of our business on society and the environment. However, in light of investors' increased focus on ESG matters, there can be no certainty that we will manage such issues successfully, or that we will successfully meet society's expectations as to our proper role. Any failure or perceived failure by us in this regard could have a material adverse effect on our reputation and on our business, share price, financial condition, or results of operations, including the sustainability of our business over time.

On December 31, 2018, EU-flagged vessels became subject to Regulation (EU) No. 1257/2013 of the European Parliament and of the Council of 20 November 2013 on ship recycling (the "EU Ship Recycling Regulation" or "ESRR") and exempt from the Regulation (EC) No. 1013/2006 of the European Parliament and of the Council of 14 June 2006 on shipments of waste (the "European Waste Shipment Regulation" or "EWSR"), which had previously governed their disposal and recycling. The EWSR continues to be applicable to Non-European Union Member State-flagged ("non-EU-flagged") vessels.

Under the ESRR, commercial EU-flagged vessels of 500 gross tonnage and above may be recycled only at shipyards included on the European List of Authorised Ship Recycling Facilities (the "European List"). The European List presently includes eight facilities in Turkey, but no facilities in the major ship recycling countries in Asia. The combined capacity of the European List facilities may prove insufficient to absorb the total recycling volume of EU-flagged vessels. This circumstance, taken in tandem with the possible decrease in cash sales, may result in longer wait times for divestment of recyclable vessels as well as downward pressure on the purchase prices offered by European List shipyards. We currently have one vessel flagged in Malta and in the future may have additional vessels flagged in EU jurisdictions.

In addition, the EWSR requires that non-EU-flagged ships departing from European Union ports be recycled only in Organisation for Economic Cooperation and Development (OECD) member countries. In March 2018, the Rotterdam District Court ruled that the sale of four recyclable vessels by third-party Dutch ship owner Seatrade to cash buyers, who then reflagged and resold the vessels to non-OECD country recycling yards, were effectively indirect sales to non-OECD country yards, in violation of the EWSR. If European Union Member State courts widely adopt this analysis, it may negatively impact revenue from the residual values of our vessels and we may be subject to a heightened risk of non-compliance, due diligence obligations and costs in instances where we sell older ships to cash buyers.

The smuggling of drugs or other contraband onto our vessels may lead to governmental claims against us.

We expect that our vessels will call at ports where smugglers may attempt to hide drugs and other contraband on vessels, with or without the knowledge of crew members. To the extent that our vessels are found with contraband, whether inside or attached to the hull of our vessel, and whether with or without the knowledge of any of our crew, we may face governmental or other regulatory claims that could have an adverse effect on our business, results of operations, cash flows, financial condition and ability to pay dividends.

Labor interruptions could disrupt our business.

Our vessels are manned by masters, officers and crews (totaling 192 as of December 31, 2022). Seafarers manning the vessels in our fleet are covered by industry-wide collective bargaining agreements that set basic standards. Any labor interruptions or employment disagreements with our crew members could disrupt our operations and could have a material adverse effect on our business, results of operations, cash flows, financial condition and ability to pay dividends. We cannot assure you that collective bargaining agreements will prevent labor interruptions.

Company-Specific Risk Factors

The market values of our vessels have fluctuated and have from time to time triggered certain financial covenants under our existing and potentially future loan and credit facilities.

The market value of dry bulk vessels has generally experienced high volatility. The market prices for secondhand and newbuilding dry bulk vessels in the recent past have declined from historically high levels to low levels within a short period of time. In particular, as of March 31, 2020, the Company concluded that the recoverable amounts of the vessels were lower than their carrying amounts and recognized an impairment loss of \$4.6 million. However, the market value of our vessels increased the subsequent years and we did not recognize any impairment loss on our vessels in 2021 and 2022.

The market value of our vessels may increase and decrease depending on a number of factors including:

- prevailing level of charter rates;
- age of vessels;
- the environmental friendliness of our vessels;
- general economic and market conditions affecting the shipping industry, including relating to COVID-19 and the Ukraine conflict and related sanctions;
- competition from other shipping companies;
- configurations, sizes and ages of vessels;
- supply and demand for vessels;
- other modes of transportation;
- cost of newbuildings;
- governmental or other regulations; and
- technological advances.

Our loan agreement with First Citizens Bank & Trust Company (formerly known as CIT Bank N.A.), which we refer to as our CIT Loan Facility, is secured by mortgages on seven of our vessels, and requires us to maintain specified collateral coverage ratios and to satisfy financial covenants, including requirements based on the market value of our vessels and our liquidity. Our previous loan facilities had similar requirements, and we expect any future loan agreements to have similar collateral requirements and provisions. Since the middle of 2008 through part of 2021, the prevailing conditions in the dry bulk charter market coupled with the general difficulty in obtaining financing for vessel purchases led to a decline in the market values of our vessels, which have increased since that time. However, we cannot predict when and if vessel values will again start to decline.

[Table of Contents](#)

As of December 31, 2022, we satisfied the covenants included in our CIT Loan Facility. For a more detailed discussion see “Item 5.B Liquidity and Capital Resources—Indebtedness” and Note 11 in the Consolidated Financial Statements included herewith.

Further declines of market values of our vessels may affect our ability to comply with various covenants and could also limit the amount of funds we are permitted to borrow under our current or future loan arrangements. If we breach the financial and other covenants under the CIT Loan Facility, our lenders could accelerate our indebtedness and foreclose on vessels in our fleet, which would significantly impair our ability to continue to conduct our business. If our indebtedness were accelerated in full or in part, it would be very difficult in the current financing environment for us to refinance our debt or obtain additional financing and we could lose our vessels if our lenders foreclose upon their liens, which would adversely affect our business, financial condition, ability to continue our business and for Globus Maritime to pay dividends.

For a more detailed discussion on our loan covenants and cross-default provisions, see “Item 5.B Liquidity and Capital Resources—Indebtedness.”

If we sell any vessel at a time when vessel prices have fallen and before we have recorded an impairment adjustment to our consolidated financial statements, the sale price may be agreed at a value lower than the vessel’s depreciated book value as in our consolidated financial statements at that time, resulting in a loss and a respective reduction in earnings. If the market values of our vessels decrease, such decrease and its effects could have a material adverse effect on our business, financial condition, results of operations and ability for Globus Maritime to pay dividends.

If a determination is made that a vessel’s future useful life is limited or its future earnings capacity is reduced, it could result in an impairment of its value on our consolidated financial statements that would result in a charge against our earnings and the reduction of our stockholders’ equity. These impairment costs could be very substantial.

We may not be able to attract and retain key management personnel and other employees in the shipping industry.

Our success will depend to a significant extent upon the abilities and efforts of our management team consisting of our Chief Executive Officer, including our ability to retain our management team and the ability of our management to recruit and hire suitable employees. The loss of our Chief Executive Officer or other key employees could adversely affect our business prospects and financial condition. Difficulty in hiring and retaining personnel could adversely affect our results of operations.

Our loan agreement contains, and we expect that future loan agreements and financing arrangements will contain, restrictive covenants that may limit our liquidity and corporate activities, which could limit our operational flexibility and have an adverse effect on our financial condition and results of operations. In addition, because of the presence of cross-default provisions in our loan agreement and the expectation that such will exist in any future loan agreements and financing arrangements, a default by us under one loan could lead to defaults under multiple loans.

Our CIT Loan Facility contains, and we expect that future loan agreements and financing arrangements will contain, customary covenants and event of default clauses, financial covenants, restrictive covenants and performance requirements, which may affect operational and financial flexibility. Such restrictions could affect, and in many respects limit or prohibit, among other things, our ability to pay dividends, incur additional indebtedness, create liens, sell assets, change our chief executive officer or chairman or ship manager, or engage in mergers or acquisitions. These restrictions could limit our ability to plan for or react to market conditions or meet extraordinary capital needs or otherwise restrict corporate activities. There can be no assurance that such restrictions will not adversely affect our ability to finance our future operations or capital needs.

As a result of these restrictions, we may need to seek permission from our lenders and other financing counterparties in order to engage in some corporate actions. Our lenders’ and other financing counterparties’ interests may be different from ours and we may not be able to obtain their permission when needed. This may prevent us from taking actions that we believe are in our best interests, which may adversely impact our revenues, results of operations and financial condition.

If we fail to meet our payment and other obligations, including our financial covenants and any security coverage requirements, could lead to defaults under our financing arrangements. Likewise, a decrease in vessel values or adverse market conditions could cause us to breach our financial covenants or security requirements (the market values of dry bulk vessels have generally experienced high volatility). In the event of a default that we cannot remedy, our lenders and other financing counterparties could then accelerate their indebtedness and foreclose on the respective vessels in our fleet. The loss of any of our vessels could have a material adverse effect on our business, results of operations and financial condition.

[Table of Contents](#)

There can be no assurance that we will obtain waivers and deferrals from our lenders in the future, if needed, as we have obtained in the past. We are currently in compliance with all applicable financial covenants under our CIT Loan Facility. For more information regarding our current loan facilities, see please see “Item 5.B. Liquidity and Capital Resources.”

Because of the presence of cross-default provisions in our CIT Loan Facility and, we expect, any future loan agreements, a default by us under a loan and the refusal of any one lender to grant or extend a waiver could result in the acceleration of our indebtedness under our other loans. A cross-default provision means that if we default on one loan, we would then default on our other loans containing a cross-default provision.

We cannot assure you that we will be able to refinance our existing indebtedness or obtain additional financing.

We may finance future fleet expansion with additional secured indebtedness. In May 2021, we reached an agreement with First Citizens Bank & Trust Company (formerly known as CIT Bank N.A.) for a loan facility of up to \$34.25 million bearing interest at LIBOR plus a margin of 3.75% per annum. The proceeds of this financing were used to repay the outstanding balance of a loan agreement with EnTrust, which we refer to as the EnTrust Loan Facility. In August 2022, we reached an agreement with First Citizens Bank & Trust Company (formerly known as CIT Bank N.A.) for a deed of accession, amendment and restatement of the CIT loan facility by the accession of an additional borrower in order to increase the loan facility from a total of \$34.25 million to \$52.25 million, by a top up loan amount of \$18 million for the purpose of financing our vessel Orion Globe and for general corporate and general working capital purposes. The CIT Loan Facility (including the new top up loan amount) is now further secured by a first preferred mortgage over the vessel Orion Globe. Furthermore, the CIT Loan Facility now bears interest at Term SOFR plus a margin of 3.35%.

Our ability to obtain bank financing or to access the capital markets for future offerings may be limited by our financial condition at the time of any such financing or offering, including the actual or perceived credit quality of our charterers and the market value of our fleet, as well as by adverse market conditions resulting from, among other things, general economic conditions, weakness in the financial markets and contingencies and uncertainties that are beyond our control. Significant contraction, de-leveraging and reduced liquidity in credit markets worldwide is reducing the availability and increasing the cost of credit.

If we are not able to obtain new debt financing on terms acceptable to us or refinance our existing debt, we will have to dedicate a portion of our cash flow from operations to pay the principal and interest of this indebtedness. If we are not able to satisfy these obligations, we may have to undertake alternative financing plans. In addition, debt service payments under the CIT Loan Facility or alternative financing may limit funds otherwise available for working capital, capital expenditures, the payment of dividends and other purposes. Our inability to obtain additional or replacement financing at anticipated costs or at all may materially affect our results of operation, our ability to implement our business strategy, our payment of dividends and our ability to continue as a going concern.

We depend on short-term or spot charters in volatile shipping markets.

We currently charter most of the vessels we own on the short-term charter market. The short-term or spot charter market is highly competitive and short-term or spot charter rates may fluctuate significantly based upon available charters and the supply of and demand for seaborne shipping capacity. While our focus on the short-term or spot market may enable us to benefit if industry conditions strengthen, we must consistently procure short-term or spot charter business. Conversely, such dependence makes us vulnerable to declining market rates for short-term or spot charters and to the off-hire periods including ballast passages. Rates within the short-term or spot charter market are subject to volatile fluctuations while longer-term time charters provide income at pre-determined rates over more extended periods of time. There can be no assurance that we will be successful in keeping our vessels fully employed in these short-term markets or that future short-term or spot rates will be sufficient to enable the vessels to be operated profitably. A significant decrease in charter rates would affect value and further adversely affect our profitability, cash flows and ability to pay dividends. Furthermore, we have in the past, and may in the future, employ our vessels on index-linked time charters, which may have similar fluctuations in hire as short-term or spot charters. We cannot give assurances that future available short-term, spot charters or index-linked charters will enable us to operate our vessels profitably.

We may also decide that it makes economic sense to lay up one or more vessels. While our vessels are laid up, we will pay lay-up costs, but those vessels will not be able to earn any hire.

We may be unable to successfully employ our vessels on long-term time charters or take advantage of favorable opportunities involving short-term or spot market charter rates.

Our long-term strategy to maximize the value of our fleet is to employ our vessels on a mix of all types of charter contracts, including in the short-term or spot market and on bareboat charters and long-term or fixed-hire or index-linked hire time charters. We believe this strategy provides the cash flow stability, reduced exposure to market downturns and high utilization rates of the charter market, while at the same time enabling us to benefit from periods of increasing short-term or spot market rates. But our short-term strategy at any given point in time is dictated by a multitude of factors and the chartering opportunities before us. We may, for example, seek to employ a greater portion of our fleet on the short-term, spot market or index-linked time charters or on fixed-hire time charters with longer durations, should we believe it to be in our best interests. We generally prefer spot or short-term contracts in order to be versatile, to be able to move quickly to capture a market upswing, and to be more selective with the cargos we carry. Long-term charters, however, provide desirable cash flow stability, albeit at the cost of missing upswings in cargo rates. Accordingly, our mix between short-term or spot charters, longer-term charters and index-linked charters changes from time-to-time. When our ships are not all on the short-term or spot market, we generally seek to stagger the expiration dates of our charters to reduce exposure to volatility in the shipping cycle when our vessels come off of charter. We also continually monitor developments in the dry bulk shipping industry and, subject to market demand, will adjust the number of vessels on charters and the charter periods for our vessels according to market conditions.

We and our Manager have developed relationships with a number of international charterers, vessel brokers, financial institutions, insurers and shipbuilders. We have also developed a network of relationships with vessel brokers who help facilitate vessel charters and acquisitions.

Although time charters with durations of one to five years may provide relatively steady streams of revenue, if our vessels were committed to such charters they may not be available for re-chartering or for short-term or spot market voyages when such employment would allow us to realize the benefits of comparably more favorable charter rates. In addition, in the future, we may not be able to enter into new time charters on favorable terms. The dry bulk market is volatile. While charter rates are presently generally above our operating expenses, in the past charter rates have declined below operating costs of vessels. If we are required to enter into a charter when charter rates are low, employ our vessels on the short-term or spot market during periods when charter rates have fallen, have index linked charters when rates are low, or we are unable to take advantage of short-term opportunities on the spot or charter market, our earnings and profitability could be adversely affected. We cannot assure you that future charter rates will enable us to cover our costs, operate our vessels profitably or to pay dividends, or all of them.

We may also decide that it makes economic sense to lay up one or more vessels. While our vessels are laid up, we will pay lay-up costs, but those vessels will not be able to earn any hire.

We conduct a substantial amount of business in China.

The Chinese legal system is based on written statutes and their legal interpretation by the Standing Committee of the National People's Congress. Prior court decisions may be cited for reference but have limited precedential value. Since 1979, the Chinese government has been developing a comprehensive system of commercial laws, and considerable progress has been made in introducing laws and regulations dealing with economic matters such as foreign investment, corporate organization and governance, commerce, taxation and trade. However, because these laws and regulations are relatively new, there is a general lack of internal guidelines or authoritative interpretive guidance and because of the limited number of published cases and their non-binding nature interpretation and enforcement of these laws and regulations involve uncertainties. We conduct a substantial portion of our business in China or with Chinese counterparties. For example, we enter into charters with Chinese customers, which charters may be subject to new regulations in China. We may, therefore, be required to incur new or additional compliance or other administrative costs, and pay new taxes or other fees to the Chinese government. Although the charters we enter into with Chinese counterparties are not governed by Chinese law, we may have difficulties enforcing a judgment rendered by an arbitration tribunal or by an English or U.S. court (or other non-Chinese court) in China.

In addition, China enacted a tax for non-resident international transportation enterprises engaged in the provision of services to passengers or cargo, among other items, in and out of China using their own, chartered or leased vessels, including any stevedore, warehousing and other services connected with the transportation. The law and relevant regulations broaden the range of international transportation companies which may find themselves liable for Chinese enterprise income tax on profits generated from international transportation services passing through Chinese ports. This tax or similar regulations by China may reduce our operating results and may also result in an increase in the cost of goods exported from China and the risks associated with exporting goods from China, as well as a decrease in the quantity of goods to be shipped from or through China, which would 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. Changes in laws and regulations, including with regards to tax matters, and their implementation by local authorities could affect our vessels that are either chartered to Chinese customers or that call to Chinese ports and could have a material adverse effect on our business, results of operations and financial condition and our ability to pay dividends.

The Chinese economy differs from the economies of western countries in such respects as structure, government involvement, level of development, growth rate, capital reinvestment, allocation of resources, bank regulation, currency and monetary policy, rate of inflation and balance of payments position. Although state-owned enterprises still account for a substantial portion of the Chinese industrial output, in general, the Chinese government is reducing the level of direct control that it exercises over the economy. There is an increasing level of freedom and autonomy in areas such as allocation of resources, production, pricing and management and a gradual shift in emphasis to a "market economy" and enterprise reform, although it still acts with greater control than a truly free-market economy. Many of the Chinese government's reforms are unprecedented or experimental and may be subject to revision, change or abolition based upon the outcome of such experiments. The level of imports to and exports from China could be adversely affected by the failure to continue market reforms or changes to existing pro-export economic policies. The level of imports to and exports from China may also be adversely affected by changes in political, economic and social conditions (including a slowing of economic growth), the coronavirus, or other relevant policies of the Chinese government, such as changes in laws, regulations or export and import restrictions, internal political instability, changes in currency policies, changes in trade policies and territorial or trade disputes. A decrease in the level of imports to and exports from China could adversely affect our business, operating results and financial condition.

As we expand our business, we may have difficulty improving our operating and financial systems and recruiting suitable employees and crew for our vessels.

Our current operating and financial systems may not be adequate if we expand the size of our fleet, and our attempts to improve those systems may be ineffective. In addition, as we seek to expand our internal technical management capabilities and our fleet, we or our crewing agents may need to recruit suitable additional seafarers and shore based administrative and management personnel. We cannot guarantee that we or our crewing agents will be able to hire suitable employees or a sufficient number of employees if and as we expand our fleet. If we or our crewing agent encounter business or financial difficulties, we may not be able to adequately staff our vessels. If we are unable to develop and maintain effective financial and operating systems or to recruit suitable employees as we expand our fleet, our financial performance may be adversely affected and, among other things, the amount of cash available for distribution as dividends to our shareholders may be reduced or eliminated.

Recently, the limited supply of and increased demand for well-qualified crew, due to the increase in the size of the global shipping fleet, has created upward pressure on crewing costs, which we generally bear under our time and spot charters. Increases in crew costs may adversely affect our profitability, results of operations, cash flows, financial condition and ability to pay dividends.

Our charterers may renegotiate or default on their charters.

Our charters provide the charterer the right to terminate the charter on the occurrence of stated events or the existence of specified conditions. In addition, the ability and willingness of each of our charterers to perform its obligations under its charter with us will depend on a number of factors that are beyond our control. These factors may include general economic conditions, the condition of the dry bulk shipping industry and the overall financial condition of the counterparties. The costs and delays associated with the default of a charterer of a vessel may be considerable and may adversely affect our business, results of operations, cash flows, financial condition and ability to pay dividends.

[Table of Contents](#)

In the recent depressed dry bulk market conditions, there have been numerous reports of charterers renegotiating their charters or defaulting on their obligations under their charters. If a current or future charterer defaults on a charter, we will seek the remedies available to us, which may include arbitration or litigation to enforce the contract, although such efforts may not be successful and for short-term charters may cost more to enforce than the potential recovery. We cannot predict whether our charterers will, upon the expiration of their charters, re-charter our vessels on favorable terms or at all. If our charterers decide not to re-charter our vessels, we may not be able to re-charter them on terms similar to the terms of our current charters or at all. If we receive lower charter rates under replacement charters or are unable to re-charter all of our vessels, this may adversely affect our business, results of operations, cash flows, financial condition and ability to pay dividends.

Contracts for newbuilding vessels present certain economic and other risks.

Three of our subsidiaries have contracts for the construction of three Ultramax for anticipated delivery in 2024. We may also order additional newbuildings. During the course of construction of a vessel, we are typically required to make progress payments. While two of those three contracts have refund guarantees from banks to cover defaults by the shipyards and our construction contracts would be saleable in the event of our payment default, we can still incur economic losses in the event that we or the shipyards are unable to perform our respective obligations. Shipyards may periodically experience financial difficulties.

Delays in the delivery of these vessels, or any newbuilding or secondhand vessels our subsidiaries may agree to acquire, could delay our receipt of revenues generated by these vessels and, to the extent we have arranged charter employment for these vessels, could possibly result in the cancellation of those charters, and therefore adversely affect our anticipated results of operations. The delivery of newbuilding vessels could be delayed because of, among other things: work stoppages or other labor disturbances; bankruptcy or other financial crisis of the shipyard building the vessel; hostilities or political or economic disturbances in the countries where the vessels are being built, including any escalation of tensions involving countries in east Asia; weather interference or catastrophic events, such as a major earthquake, tsunami or fire; our requests for changes to the original vessel specifications; requests from our customers, with whom our commercial managers arrange charters for such vessels, to delay construction and delivery of such vessels due to weak economic conditions and shipping demand or a dispute with the shipyard building the vessel.

The aging of our fleet may result in increased operating costs in the future.

In general, the cost of maintaining a vessel in good operating condition increases with the age of the vessel. As of December 31, 2022 and 2021, the weighted average age of the vessels in our fleet was 11.2 and 10.2 years, respectively. Our oldest vessel was built in 2005, and our youngest vessel was built in 2018. As our fleet ages, we will incur increased costs to operate and maintain the vessels. Older vessels are typically less fuel efficient and cost more to maintain than more recently constructed vessels due to improvements in engine technology. Cargo insurance rates, paid by charterers, increase with the age of a vessel, making older vessels less desirable to charterers. Governmental regulations, safety or other equipment standards related to the age of vessels may require expenditures for alterations or the addition of new equipment, to our vessels and may restrict the type of activities in which our vessels may engage. We cannot assure you that, as our vessels age, further market conditions will justify those expenditures or enable us to operate our vessels profitably during the remainder of their useful lives. We may also decide that it makes economic sense to lay up one or more vessels. While our vessels are laid up, we will pay lay-up costs, but those vessels will not be able to earn any hire.

We may have difficulty managing our planned growth properly.

Our recent vessel acquisitions have imposed additional responsibilities on our management and staff, as will any further acquisition of vessels, which may require us to add more personnel and find new customers. Attracting qualified staff and customers are difficult tasks, and we might struggle to do so on attractive terms.

We intend to continue to stabilize and then to try to grow our business through disciplined acquisitions of vessels that meet our selection criteria and newly built vessels if we can negotiate attractive purchase prices. Our future growth will primarily depend on:

- locating and acquiring suitable vessels;
- identifying and consummating acquisitions;
- enhancing our customer base;
- managing our expansion; and
- obtaining required financing on acceptable terms.

A delay in the delivery to us of any such vessel, or the failure of the shipyard to deliver a vessel at all, could cause us to breach our obligations under a related charter and could adversely affect our earnings. In addition, the delivery of any of these vessels with substantial defects could have similar consequences. A shipyard could fail to deliver a newbuilding on time or at all because of:

- work stoppages or other hostilities or political or economic disturbances that disrupt the operations of the shipyard;
- quality or engineering problems;
- bankruptcy or other financial crisis of the shipyard;
- a backlog of orders at the shipyard;
- weather interference or catastrophic events, such as major earthquakes or fires;

- our requests for changes to the original vessel specifications or disputes with the shipyard;
- shortages of or delays in the receipt of necessary construction materials, such as steel; or
- shortages of or delays in the receipt of necessary equipment, such as main engines, electricity generators and propellers.

In addition, if we enter a newbuilding or secondhand purchase contract, we may seek to terminate the contract due to market conditions, financing limitations or other reasons. The outcome of contract termination negotiations may require us to forego deposits on construction or purchase and pay additional cancellation fees. In addition, where we have already arranged a future charter with respect to the terminated newbuilding contract, we would need to provide an acceptable substitute vessel to the charterer to avoid breaching our charter agreement.

During periods in which charter rates are high, vessel values generally are high as well, and it may be difficult to consummate vessel acquisitions or enter into newbuilding contracts at favorable prices. During periods when charter rates are low, we may be unable to fund the acquisition of newbuildings, whether through lending or cash on hand. For these reasons, we may be unable to execute our growth plans or avoid significant expenses and losses in connection with our future growth efforts.

Growing any business by 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 difficulties associated with imposing common standards, controls, procedures and policies, obtaining additional qualified personnel, managing relationships with customers and integrating newly acquired assets and operations into existing infrastructure. We cannot give any assurance that we will be successful in executing our growth plans or that we will not incur significant expenses and losses in connection with our future growth.

To the extent we scrap or sell vessels, we may decide to terminate the employment of some of our staff.

Legislative or regulatory changes in Greece may adversely affect our results from operations.

Globus Shipmanagement Corp., our ship management subsidiary, who we refer to as our Manager, is regulated under Greek Law 89/67, and conducts its operations and those on our behalf primarily in Greece. Greece has been implementing new legislative measures to address financial difficulties, several of which as a response from oversight by the International Monetary Fund and by European regulatory bodies such as the European Central Bank. Such legislative actions may impose new regulations on our operations in Greece that will require us to incur new or additional compliance or other administrative costs and may require that our Manager or we pay to the Greek government new taxes or other fees. Any such taxes, fees or costs we incur could be in amounts that are significantly greater than those in the past and could adversely affect our results from operations.

For example, in 2013, tax law 4110/2013 amended the long-standing provisions of art. 26 of law 27/1975 by imposing a fixed annual tonnage tax on vessels flying a foreign (i.e., non-Greek) flag which are managed by a Law 89 company, establishing an identical tonnage tax regime as the one already in force for vessels flying the Greek flag. This tax varies depending on the size of the vessel, calculated in gross registered tonnage, as well as on the age of each vessel. Payment of this tonnage tax completely satisfies all income tax obligations of both the shipowning company and of all its shareholders up to the ultimate beneficial owners. Any tax payable to the state of the flag of each vessel as a result of its registration with a foreign flag registry (including the Marshall Islands) is subtracted from the amount of tonnage tax due to the Greek tax authorities.

The tax residents of Greece who receive dividends from such shipowning or their holding companies are taxed at 5% on the dividends which they receive and which they import into Greece, not being liable to any other taxation for these, which include those dividends which either remain with the holding company or are paid to the individual Greek tax resident abroad.

We rely on our information systems to conduct our business.

The efficient operation of our business is dependent on computer hardware and software systems. Information systems are vulnerable to security breaches by computer hackers, cyber terrorists, and garden variety computer viruses. We rely on what we believe to be 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.

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.

A cyber-attack could materially disrupt our business.

We rely on information technology systems and networks in our operations and administration of our business. 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. Most recently, the escalation in conflict between Russia and Ukraine has been accompanied by cyber-attacks against the Ukrainian government and other countries in the region. It is possible that these attacks could have collateral effects on additional critical infrastructure and financial institutions globally, which could adversely affect our operations. It is difficult to assess the likelihood of such threat and any potential impact at this time.

We expect that a limited number of financial institutions will hold our cash including financial institutions that may be located in Greece and the United States.

We expect that a limited number of financial institutions will hold all of our cash, including some institutions located in Greece and the U.S. Our bank accounts are with banks in Switzerland, the U.S. and Greece. Of the financial institutions located in Greece, none are subsidiaries of international banks. Depending on our cash balance in any of our accounts at any given point in time, our balances may not be covered by government-backed deposit insurance programs in the event of default by these financial institutions.

For example, a substantial amount of cash is currently held in U.S. banking institutions. While the U.S. Federal Deposit Insurance Corporation provides deposit insurance of \$250,000 per depositor, per insured bank, the amounts that we have in U.S. banks far exceeds that insurance amount, and therefore if the U.S. government does not impose measures to protect depositors, in the event the bank in which our funds are located fails, we may lose all or a substantial portion of our deposits. In addition, our bank accounts held in Swiss banking institutions are used for daily commercial transactions. Esisuisse, a self-regulatory organisation for banks in Switzerland, guarantees that it will cover protected deposits as part of the self-regulation of Swiss banks and securities firms which provides deposit insurance against loss up to the amount of CHF 100,000. The deposits we have in Swiss banks exceeds that insurance amount and therefore if the Swiss government does not impose measures to protect depositors, in the event the bank in which our funds are located fails, we may lose all or a substantial portion of our deposits. In addition, in the event any of our banks do not allow us to withdraw funds in the time and amounts that we want, we may not timely comply with contractual provisions in any of our contracts or our salary obligations, among other things.

The occurrence of any default of any of our banks could have a material adverse effect on our business, financial condition, results of operations and cash flows, and we may lose part or all of our cash that we deposit with such banks.

Purchasing and operating secondhand vessels may result in increased operating costs and reduced fleet utilization.

While we have the right to inspect previously owned vessels prior to our purchase of them, such an inspection does not provide us with the same knowledge about their condition that we would have if these vessels had been built for and operated exclusively by us. A secondhand vessel may have conditions or defects that we are not aware of when we buy the vessel and which may require us to incur costly repairs to the vessel. These repairs may require us to put a vessel into drydocking, which would increase cash outflows and related expenses, while reducing our fleet utilization. Furthermore, we usually do not receive the benefit of warranties on secondhand vessels.

Management may be unable to provide reports as to the effectiveness of our internal control over financial reporting or, when applicable, our independent registered public accounting firm may be unable to provide us with unqualified attestation reports as to the effectiveness of our internal control over financial reporting when required.

Under Section 404 of the Sarbanes-Oxley Act of 2002, which we refer to as Sarbanes-Oxley, 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. In addition, management may not conclude that our internal control over financial reporting is effective if a material weakness exists in our internal control over financial reporting. If in such annual reports on Form 20-F our management cannot provide a report as to the effectiveness of our internal control over financial reporting or, when applicable, our independent registered public accounting firm is unable to provide us with an unqualified attestation report as to the effectiveness of our internal control over financial reporting as required by Section 404, investors could lose confidence in the reliability of our consolidated financial statements, which could result in a decrease in the value of our common shares.

Unless we set aside reserves or are able to raise or borrow funds for vessel replacement, at the end of a vessel's useful life our revenues will decline.

As of December 31, 2022 and December 31, 2021, the vessels in our current fleet had a weighted average age of 11.2 and 10.2 years, respectively. Our oldest vessel was built in 2005, and our youngest vessel was built in 2018. Unless we maintain reserves or are able to raise or borrow or raise funds for vessel replacement, we will be unable to replace the vessels in our fleet upon the expiration of their remaining useful lives, which we expect to be 25 years from the date of their construction. Our cash flows and income are dependent on the revenues earned by the chartering of our vessels to customers. If we are unable to replace the vessels in our fleet upon the expiration of their useful lives, our business, results of operations, financial condition and ability to pay dividends will be materially adversely affected. Any reserves set aside for vessel replacement may not be available for dividends.

We depend upon a few significant customers for a large part of our revenues.

We may derive a significant part of our revenue from a small number of customers. During the years ended December 31, 2022, 2021 and 2020, we derived substantially all of our revenues from approximately 37, 23 and 29 customers, respectively, and approximately 39%, 47% and 31%, respectively, of our revenues during those years were derived from four customers. If one or more of our major customers defaults under a charter with us and we are not able to find a replacement charter, or if such a customer exercises certain rights to terminate the charter, we could suffer a loss of revenues that could materially adversely affect our business, financial condition, results of operations and cash available for distribution as dividends to our shareholders.

We could lose a customer or the benefits of a time charter if, among other things:

- the customer fails to make charter payments because of its financial inability, disagreements with us or otherwise;
- the customer terminates the charter because of our non-performance, including failure to deliver the vessel within a fixed period of time, the vessel is lost or damaged beyond repair, serious deficiencies in the vessel, prolonged periods of off-hire or our default under the charter; or
- the customer terminates the charter because the vessel has been subject to seizure for more than 30 days.

If we lose a key customer, we may be unable to obtain charters on comparable terms with charterers of comparable standing or we may have increased exposure to the volatile short-term or spot market, which is highly competitive and subject to significant price fluctuations. We would not receive any revenues from such a vessel while it remained unchartered, but we may be required to pay expenses necessary to maintain the vessel in proper operating condition, insure it and service any indebtedness secured by such vessel. The loss of any of our customers, time charters or vessels or a decline in payments under our charters could have a material adverse effect on our business, results of operations and financial condition and our ability to pay dividends.

We generate revenues from the trading of our vessels in U.S. dollars but incur a portion of our expenses in other currencies.

We generate substantially all of our revenues from the trading of our vessels in U.S. dollars, but during the years ended December 31, 2022, 2021 and 2020 we incurred approximately 30%, 31% and 25%, respectively, of our vessel operating expenses, and certain administrative expenses, in currencies other than the U.S. dollar. This difference could lead to fluctuations in net profit due to changes in the value of the U.S. dollar relative to the other currencies. Expenses incurred in foreign currencies against which the U.S. dollar falls in value can increase, decreasing our results from operations. We have not hedged our currency exposure, and, as a result, our results of operations and financial condition, denominated in U.S. dollars, and our ability to pay dividends could suffer.

If volatility in the Secured Overnight Financing Rate, or SOFR, occurs, it could affect our profitability, earnings and cash flow.

The interest rates borne by the CIT Loan Facility fluctuates with changes in SOFR (which replaced the previously used LIBOR), which fluctuations would affect the amount of interest payable on those debts, which, in turn, could have an adverse effect on our profitability, earnings and cash flow. CIT Loan Facility now bears interest at Term SOFR, which is a forward looking term SOFR, plus a margin of 3.35%.

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

We may have to pay tax on U.S. source shipping income.

Under the U.S. Internal Revenue Code of 1986, as amended, or the Code, 50% of the gross shipping income of a vessel-owning or chartering corporation that is attributable to transportation that begins or ends, but that does not both begin and end, in the United States is characterized as U.S. source shipping income and such income is subject to a 4% U.S. federal income tax without allowance for deductions, unless that corporation qualifies for exemption from tax under section 883 of the Code and the U.S. Treasury regulations promulgated thereunder, which we refer to as the Section 883 Exemption, or through the application of a comprehensive income tax treaty between the United States and the corporation's country of residence. The eligibility of Globus Maritime and our subsidiaries to qualify for the Section 883 Exemption is determined each taxable year and is dependent on certain circumstances related to the ownership of our shares and on interpretations of existing U.S. Treasury regulations, each of which could change. We can therefore give no assurance that we will in fact be eligible to qualify for the Section 883 Exemption for all taxable years. In addition, changes to the Code, the U.S. Treasury regulations or the interpretation thereof by the U.S. Internal Revenue Service, or IRS, or the courts could adversely affect the ability of Globus Maritime and our subsidiaries to take advantage of the Section 883 Exemption.

If we are not entitled to the Section 883 Exemption or an exemption under a tax treaty for any taxable year in which any company in the group earns U.S. source shipping income, any company earning such U.S. source shipping income, would be subject to a 4% U.S. federal income tax on the gross amount of the U.S. source shipping income for the year (or an effective rate of 2% on shipping income attributable to the transportation of freight to or from the United States). The imposition of this taxation could have a negative effect on our business and revenues and would result in decreased earnings available for distribution to our shareholders.

For a more complete discussion, please read the section entitled "Item 10.E. Taxation— United States Tax Considerations— United States Federal Income Taxation of the Company."

U.S. tax authorities could treat us as a "passive foreign investment company," which could result in adverse U.S. federal income tax consequences to U.S. shareholders.

A foreign corporation will be treated as a "passive foreign investment company," or PFIC, for U.S. federal income tax purposes if either at least 75% of its gross income for any taxable year consists of certain types of "passive income" or at least 50% 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 that are received from unrelated parties in connection with the active conduct of a trade or business. For purposes of these tests, income derived from the performance of services does not constitute "passive income."

U.S. shareholders of a PFIC are subject to a disadvantageous U.S. federal income tax regime with respect to the income derived by the PFIC, the distributions they receive from the PFIC, and the gain, if any, they derive from the sale or other disposition of their shares in the PFIC, unless those shareholders make an election available under the Code (which election could itself have adverse consequences for such shareholders).

In particular, U.S. shareholders who are individuals would not be eligible for the preferential tax rate on qualified dividends. Please read “Item 10.E. Taxation—United States Tax Considerations—United States Federal Income Taxation of United States Holders” for a more comprehensive discussion of the U.S. federal income tax consequences to U.S. shareholders if we are treated as a PFIC.

Based on our current operations and anticipated future operations, we believe we should not be treated as a PFIC. In this regard, we intend to treat gross income we derive or are deemed to derive from our time chartering activities as services income, rather than rental income. Accordingly, we believe that our income from our time chartering activities should not constitute “passive income,” and that the assets we own and operate in connection with the production of that income do not constitute assets that produce or are held for the production of “passive income.”

There are legal uncertainties involved in this determination because there is no direct legal authority under the PFIC rules addressing our current and projected future operations. Moreover, a case decided in 2009 by the U.S. Court of Appeals for the Fifth Circuit held that, contrary to the position of the IRS in that case, and for purposes of a different set of rules under the Code, income received under a time charter of vessels should be treated as rental income rather than services income. If the reasoning of this case were extended to the PFIC context, the gross income we derive or are deemed to derive from our time chartering activities would be treated as rental income, and we would be a PFIC unless an active leasing exception applies. Although the IRS has announced that it will not follow the reasoning of this case, and that it intends to treat the income from standard industry time charters as services income, no assurance can be given that a U.S. court will not follow the aforementioned case. Moreover, no assurance can be given that we would not constitute a PFIC for any future taxable year if there were to be changes in our assets, income or operations.

If the IRS were to find that we are or have been a PFIC for any taxable year, our U.S. shareholders will face adverse U.S. tax consequences and information reporting obligations, as more fully described under “Item 10.E. Taxation—United States Tax Considerations—United States Federal Income Taxation of United States Holders.”

We could face penalties under European Union, United States or other economic sanctions.

Our business could be adversely impacted if we are found to have violated economic sanctions under the applicable laws of the European Union, the United States or another applicable jurisdiction against countries such as Iran, Syria, North Korea, Russia, and Cuba. U.S. economic sanctions, for example, prohibit a wide scope of conduct, target numerous countries and individuals, are frequently updated or changed and have vague application in many situations.

Many economic sanctions relate to our business, including prohibitions on certain kinds of trade with countries, such as exportation or re-exportation of commodities, or prohibitions against certain transactions with designated nationals who may be operating under aliases or through non-designated companies. The imposition of economic sanctions on Russian persons, first imposed in March 2014 and further in 2022, is an example of economic sanctions with a potentially widespread and unpredictable impact on shipping. Certain of our charterers or other parties with whom we have entered into contracts regarding our vessels may be affiliated with persons or entities that are the subject of sanctions imposed by the U.S. government, the European Union and/or other international bodies relating to the annexation of Crimea by Russia in 2014 and the current conflict in Ukraine. If we determine that such sanctions require us to terminate existing contracts 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.

Additionally, the U.S. Iran Threat Reduction Act (which was signed into law in 2012) amended the Exchange Act to require issuers that file annual or quarterly reports under Section 13(a) of the Exchange Act to include disclosure in their annual and quarterly reports as to whether the issuer or its affiliates have knowingly engaged in certain activities prohibited by sanctions against Iran or transactions or dealings with certain identified persons. We are subject to this disclosure requirement.

There can be no assurance that we will be in compliance with all applicable sanctions and embargo laws and regulations 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 or other penalties and 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. Even inadvertent violations of economic sanctions can result in the imposition of material fines and restrictions and could adversely affect our business, financial condition and results of operations, our reputation, and the market price of our common shares.

Our vessels may call on ports subject to economic sanctions or embargoes.

From time to time on charterers' instructions, our vessels may call on ports located in countries subject to sanctions and embargoes imposed by the United States government and countries identified by the U.S. government as state sponsors of terrorism, such as Iran, Cuba, North Korea, and Syria. It is also possible for us to call on a port in Russia. The U.S. 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 such sanctions and embargo laws and regulations may be amended or strengthened over time.

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 as such regulations and sanctions may be amended over time. 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 countries identified by the U.S. government as state sponsors of terrorism. The determination by these investors not to invest in, or to divest from, our common shares 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 subject to U.S. sanctions and embargo laws that are not controlled by the governments of those countries, or engaging in operations associated with those countries pursuant to contracts with third parties that are unrelated to those countries 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.

As a Marshall Islands corporation with principal executive offices in Greece, and also having subsidiaries in the Marshall Islands and other offshore jurisdictions such as Malta, our operations may be subject to economic substance requirements.

On March 12, 2019, the Council of the European Union published a list of "non-cooperative jurisdictions" for tax purposes in which the Republic of the Marshall Islands, among others, was placed by the E.U. on this list for failing to implement certain commitments previously made to the E.U. by the agreed deadline. However, it was announced by the Council of the European Union on October 10, 2019 that the Marshall Islands had been removed from that list, but was put back on the list in February 2023. E.U. member states have agreed upon a set of measures, which they can choose to apply against the listed countries, including increased monitoring and audits, withholding taxes and non-deductibility of costs. The European Commission has stated it will continue to support member states' efforts to develop a more coordinated approach to sanctions for the listed countries in 2019. E.U. legislation prohibits certain E.U. funds from being channeled or transited through entities in non-cooperative jurisdictions.

We are a Marshall Islands corporation with principal executive offices in Greece. Our management company is also a Marshall Islands entity and one of our subsidiaries is organized in Malta. The Marshall Islands has enacted economic substance regulations with which we may be obligated to comply. Those regulations require certain entities that carry out particular activities to comply with an economic substance test whereby the entity must show that it (i) is directed and managed in the Marshall Islands in relation to that relevant activity, (ii) carries out core income-generating activity in relation to that relevant activity in the Marshall Islands (although it is being understood and acknowledged by the regulators that income-generated activities for shipping companies will generally occur in international waters) and (iii) having regard to the level of relevant activity carried out in the Marshall Islands has (a) an adequate amount of expenditures in the Marshall Islands, (b) adequate physical presence in the Marshall Islands and (c) an adequate number of qualified employees in the Marshall Islands.

If we fail to comply with our obligations under this legislation or any similar law applicable to us in any other jurisdictions, we could be subject to financial penalties and spontaneous disclosure of information to foreign tax officials, or could be struck from the register of companies, in related jurisdictions. Any of the foregoing could be disruptive to our business and could have a material adverse effect on our business, financial conditions and operating results.

We do not know: if the E.U. will remove the Marshall Islands from the list of non-cooperative jurisdictions, or add Malta to that list; how quickly the E.U. would react to any changes in legislation of the Marshall Islands or Malta; or how E.U. banks or other counterparties will react while we or any of our subsidiaries remain as entities organized and existing under the laws of listed countries. The effect of the E.U. list of non-cooperative jurisdictions, and any noncompliance by us with any legislation adopted by applicable countries to achieve removal from the list, including economic substance regulations, could have a material adverse effect on our business, financial conditions and operating results.

It may be difficult to serve us with legal process or enforce judgments against us, our directors or our management.

Our business is operated primarily from our offices in Greece. In addition, a majority of our directors and officers are non-residents of the United States, and all of our assets and a substantial portion of the assets of these non-residents are located outside the United States. As a result, it may be difficult or impossible for you to bring an action against us or against these individuals in the United States if you believe that your rights have been infringed under securities laws or otherwise. You may also have difficulty enforcing, both within and outside of the United States, judgments you may obtain in the United States courts against us or these persons in any action, including actions based upon the civil liability provisions of United States federal or state securities laws. There is also substantial doubt that the courts of the Marshall Islands or Greece would enter judgments in original actions brought in those courts predicated on United States federal or state securities laws.

The international nature of our operations may make the outcome of any bankruptcy proceedings difficult to predict.

We redomiciled into the Marshall Islands and our subsidiaries are incorporated under the laws of the Marshall Islands or Malta, we have limited operations in the United States, and we maintain limited assets, if any, in the United States. Consequently, 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. The Marshall Islands does not have a bankruptcy statute or general statutory mechanism for insolvency proceedings. 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 accept, or be entitled to 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. These factors may delay or prevent us from entering bankruptcy in the United States and may affect the ability of our shareholders to receive any recovery following our bankruptcy.

Risks Relating to our Common Shares

Our stock price has been volatile and no assurance can be made that it will not substantially depreciate.

Our stock price has been volatile recently. The closing price of our common shares within 2022 has ranged from a peak of \$2.57 on April 20, 2022 to a low of \$1.05 on December 30, 2022, representing a decrease of 59%. We can offer no comfort or assurance that our stock price will stop being volatile or not substantially depreciate. Our stock price was \$1.10 on March 15, 2023.

We may continue to incur rapid and substantial increases or decreases in our stock price in the foreseeable future that may not coincide in timing with the disclosure of news or developments by or affecting us. Accordingly, the market price of our common shares may decline or fluctuate rapidly, regardless of any developments in our business. Overall, there are various factors, many of which are beyond our control, that could negatively affect the market price of our common shares or result in fluctuations in the price or trading volume of our common shares, which include but are not limited to:

- investor reaction to our business strategy;
- the sentiment of the significant number of retail investors whom we believe to hold our common shares, in part due to direct access by retail investors to broadly available trading platforms, and whose investment thesis may be influenced by views expressed on financial trading and other social media sites and online forums;
- the amount and status of short interest in our common shares, access to margin debt, trading in options and other derivatives on our common shares and any related hedging and other trading factors;
- our continued compliance with the listing standards of the Nasdaq Capital Market;
- regulatory or legal developments in the United States and other countries, especially changes in laws or regulations applicable to our industry;

[Table of Contents](#)

- variations in our financial results or those of companies that are perceived to be similar to us;
- our ability or inability to raise additional capital and the terms on which we raise it;
- our dividend strategy;
- our continued compliance with our debt covenants;
- variations in the value of our fleet;
- declines in the market prices of stocks generally;
- trading volume of our common shares;
- sales of our common shares by us or our shareholders;
- speculation in the press or investment community about our Company or industry;
- general economic, industry and market conditions; and
- other events or factors, including those resulting from such events, or the prospect of such events, including war, terrorism and other international conflicts, public health issues including health epidemics or pandemics, including worldwide pandemics similar to the COVID-19 pandemic, and natural disasters such as fire, hurricanes, earthquakes, tornados or other adverse weather and climate conditions, whether occurring in the United States or elsewhere, could disrupt our operations or result in political or economic instability.

In addition, some companies that have experienced volatility in the market price of their common shares have been subject to securities class-action litigation. If instituted against us, such litigation could result in substantial costs and diversion of management's attention and resources, which could materially and adversely affect our business, financial condition, operating results and growth prospects. There can be no guarantee that the price of our common shares will remain at its current level or that future sales of our common shares will not be at prices lower than those sold to investors.

We may issue additional common shares or other equity securities without shareholder approval, which would dilute our existing shareholders' ownership interests and may depress the market price of our common shares.

We may issue additional common shares or other equity securities of equal or senior rank in the future without shareholder approval for cash or in connection with, among other things, future vessel acquisitions, the repayment of outstanding indebtedness, and the conversion of convertible financial instruments.

Our issuance of additional common shares or other equity securities of equal or senior rank in these situations would have the following effects:

- our existing shareholders' proportionate ownership interest in us would decrease;
- the proportionate amount of cash available for dividends payable on our common shares could decrease;
- the relative voting strength of each previously outstanding common share could be diminished; and
- the market price of our common shares could decline.

In addition, we may be obligated to issue, upon exercise or conversion of outstanding agreements and warrants pursuant to the terms thereof:

- 388,700 common shares issuable upon the exercise of outstanding Class A Warrants (at an exercise price of \$35.00 per share) which expire in June 2025;
- 458,500 common shares issuable upon exercise of outstanding June PP Warrants (at an exercise price of \$18.00 per share) issued in a private placement that closed on June 30, 2020 and expire in December 2025;

[Table of Contents](#)

- 833,333 common shares issuable upon exercise of outstanding July PP Warrants (at an exercise price of at \$18.00 per share) issued in a private placement that closed on July 21, 2020 and expire in January 2026;
- 1,270,587 common shares issuable upon exercise of the December 2020 Warrants (at an exercise price of \$6.25 per share) which expire in June 2026;
- 1,950,000 common shares issuable upon the exercise of the January 2021 Warrants (at an exercise price of \$6.25 per share) which expire in July 2026; and
- 4,800,000 common shares issuable upon the exercise of the February 2021 Warrants (at an exercise price of \$6.25 per share) which expire in August 2026.
- 10,000,000 common shares issuable upon the exercise of the June 2021 Warrants (at an exercise price of \$5.00 per share) which expire in December 2026.

In addition:

- We historically issued, on a quarterly basis, common shares to certain of our directors, although we have changed our compensation arrangements with directors to pay only cash.
- We have issued an aggregate of 10,300 of our Series B preferred shares, par value \$0.001 per share, to Goldenmare Limited, which shares have 25,000 votes per share, subject to maximum voting rights of 49.99%.

Our issuance of additional common shares upon the exercise of such warrants and agreements would cause the proportionate ownership interest in us of our existing shareholders, other than the exercising warrant or agreement holder, to decrease; the relative voting strength of each previously outstanding common share held by our existing shareholders to decrease; and, depending on our share price when and if these warrants are exercised, may result in dilution to our shareholders. Because we are a foreign private issuer, we are not bound by Nasdaq rules that require shareholder approval for issuances of our securities. We therefore can issue securities in such amounts and at such times as we feel appropriate, all without shareholder approval. See “Item 16G. Corporate Governance.”

Future issuances or sales, or the potential for future issuances or sales, of our common shares may cause the trading price of our securities to decline and could impair our ability to raise capital through subsequent equity offerings.

We have issued a significant number of our common shares and may do so in the future. Shares to be issued pursuant to the exercise of our outstanding warrants could cause the market price of our common shares to decline and could have an adverse effect on our earnings per share. In addition, future sales of our common shares or other securities in the public or private markets, or the perception that these sales may occur, could cause the market price of our common shares to decline, and could materially impair our ability to raise capital through the sale of additional securities.

The market price of our common shares could decline due to sales, or the announcements of proposed sales, of a large number of common shares in the market, including sales of common shares by our large shareholders, or the perception that these sales could occur. These sales or the perception that these sales could occur could also depress the market price of our common shares and impair our ability to raise capital through the sale of additional equity securities or make it more difficult or impossible for us to sell equity securities in the future at a time and price that we deem appropriate. We cannot predict the effect that future sales of common shares or other equity-related securities would have on the market price of our common shares.

The market price of our common shares may be volatile, which could result in substantial losses for investors who purchase our shares; and the volatility in the stock prices of other companies may contribute to volatility in our stock price.

Our common shares have experienced price and volume fluctuations and may continue to experience volatility in the future. The closing price of our common shares within 2022 has ranged from a peak of \$2.57 on April 20, 2022 to a low of \$1.05 on December 30, 2022, representing a decrease of 59%. You may not be able to sell your shares quickly or at the latest market price if trading in our stock is not active or the volume is low. Some of the factors that may cause the market price of our common shares to fluctuate include:

- the trading of our ships, and whether one or more ships are not trading or otherwise offhire;

[Table of Contents](#)

- regulatory or legal developments in the United States and other countries;
- the recruitment or departure of key personnel;
- the level of expenses related to our business or to comply with changing laws, including in relation to environmental laws;
- actual or anticipated changes in estimates as to financial results or recommendations by securities analysts;
- announcement or expectation of additional financing efforts;
- sales of our securities by us, our insiders, or other shareholders, and the exercise of our warrants and other convertible securities and instruments;
- variations in our financial results or those of companies that are perceived to be similar to us;
- changes in estimates or recommendations by securities analysts, if any, that cover our stock;
- market conditions in the shipping industry and dry bulk sector; and
- general economic, industry, and market conditions.

On December 30, 2022, the closing price of our common shares on the Nasdaq Capital Market was \$1.05 per share, as compared to \$1.10, which was the closing price on March 15, 2023. In addition, there has been volatility for our intra-day common share price. For example, the high and low intra-day prices on March 7, 2022 were \$2.59 and \$2.02, respectively, and the high and low intra-day prices on October 5, 2022 were \$1.74 and \$1.30, respectively. As a result, there is a potential for rapid and substantial decreases in the price of our common shares, including decreases unrelated to our operating performance or prospects.

In recent years, the stock market in general, Nasdaq, and the markets for shipping companies, has experienced significant price and volume fluctuations and depressions that have often been unrelated or disproportionate to changes in the operating performance of the companies whose stock is experiencing those price and volume fluctuations. Broad market and industry factors may seriously affect the market price of our common shares, regardless of our actual operating performance. Following periods of such volatility in the market price of a company's securities, securities class action litigation has often been brought against that company. Because of the potential volatility of our stock price, we may become the target of securities litigation in the future. Securities litigation could result in substantial costs and divert management's attention and resources from our business.

A possible "short squeeze" due to a sudden increase in demand of our common shares that largely exceeds supply may lead to further price volatility in our common shares.

Investors may purchase our common shares to hedge existing exposure in our common shares or to speculate on the price of our common shares. Speculation on the price of our common shares may involve long and short exposures. To the extent aggregate short exposure exceeds the number of common shares available for purchase in the open market, investors with short exposure may have to pay a premium to repurchase our common shares for delivery to lenders of our common shares. Those repurchases may in turn, dramatically increase the price of our common shares until investors with short exposure are able to purchase additional common shares to cover their short position. This is often referred to as a "short squeeze." A short squeeze could lead to volatile price movements in common shares that are not directly correlated to the performance or prospects of our company and once investors purchase the common shares necessary to cover their short position the price of our common shares may decline.

Our common shares could be delisted from Nasdaq, which could affect their market price and liquidity.

We are required to meet certain qualitative and financial tests (including a minimum bid price for our common shares of \$1.00 per share, at least 500,000 publicly held shares, at least 300 public holders, a market value of publicly held securities of \$1 million and net income from continuing operations of \$500,000), as well as other corporate governance standards, to maintain the listing of our common shares on the Nasdaq Capital Market, or Nasdaq. It is possible that we could fail to satisfy one or more of these requirements. There can be no assurance that we will be able to maintain compliance with the minimum bid price, shareholders' equity, number of publicly held shares, net income requirements or other listing standards in the future. We may receive notices from Nasdaq that we have failed to meet its requirements, and proceedings to delist our stock could be commenced. We have received in the past, and most recently on March 6, 2020, received a written notification from Nasdaq, indicating that because the closing bid price of our common stock for the last 30 consecutive business days was below \$1.00 per share, we no longer meet the minimum bid price continued listing requirement for Nasdaq, as set forth in Nasdaq Listing Rule 5450(a)(1). We were able to regain compliance within the grace period prescribed pursuant to a reverse stock split effective October 21, 2020. We discuss this reverse stock split and others further in this annual report on Form 20-F. See "Item 4.A. History and Development of the Company—History relating to our shares." In such event, Nasdaq rules permit us to appeal any delisting determination to a Nasdaq Hearings Panel. If we are unable to maintain or regain compliance in a timely manner and our common shares are delisted, it could be more difficult to buy or sell our common shares and obtain accurate quotations, and the price of our shares could suffer a material decline. Delisting may also impair our ability to raise capital. Delisting of our shares may breach our CIT Loan Facility, which contains cross default provisions, and the purchase agreement pursuant to which we sold some of our outstanding warrants. There could also be adverse tax consequences—please read "Item 10.E Taxation – United States Tax Considerations - United States Federal Income Taxation of United States Holders – Distributions" for further information.

There can be no assurance that we will be able to maintain compliance with the minimum bid price, shareholders' equity, number of publicly held shares or other listing standards in the future. We may receive notices from Nasdaq that we have failed to meet its requirements, and proceedings to delist our stock could be commenced. If we are unable to maintain or regain compliance in a timely manner and our common shares are delisted, it could be more difficult to buy or sell our common shares and obtain accurate quotations, and the price of our shares could suffer a material decline. The Company agreed, in its securities purchase agreements relating to share and warrant issuances in 2020 and 2021, to use commercially reasonable efforts to maintain the listing or quotation of the common shares on Nasdaq, and to take all action reasonably necessary to continue the listing and trading of our common shares on Nasdaq.

Our ability to declare and pay dividends to holders of our common shares will depend on a number of factors and will always be subject to the discretion of our board of directors.

If we are not in compliance with our loan covenants and received a notice of default and were unable to cure it under the terms of our loan covenants, we may be forbidden from issuing dividends. There can be no assurance that dividends will be paid to holders of our shares in any anticipated amounts and frequency at all. We may incur other expenses or liabilities that would reduce or eliminate the cash available for distribution as dividends, including as a result of the risks described in this section of this annual report on Form 20-F.

For instance, the CIT Loan Facility presently prohibits our declaration and payment of dividends under some circumstances. Under the CIT Loan Facility Globus Maritime Limited is prohibited from making dividends (other than up to \$500,000 annually on or in respect of its preferred shares) in cash or redeem or repurchase its shares unless there is no event of default under the CIT Loan Facility, the net loan to value ratio is less than 60% before the making of the dividend and Globus Maritime Limited is in compliance with the debt service coverage ratio, and Globus Maritime Limited must prepay the CIT Loan Facility in an equal amount of the dividend. Please read "Item 5.B. Liquidity and Capital Resources—Indebtedness" for further information.

We may also enter into new financing or other agreements that may restrict our ability to pay dividends even without an event of default or make it less desirable for us to do so. In addition, we may pay dividends to the holders of our preferred shares prior to the holders of our common shares, depending on the terms of the preferred shares.

If we pay a dividend, the terms of our outstanding warrants provide that the exercise price shall be decreased by the amount of cash and/or the fair market value of any securities or other assets paid on each common share in respect of such dividend in order that subsequent thereto upon exercise of the warrants the holder of the warrants may obtain the equivalent benefit of such dividend.

The declaration and payment of dividends to holders of our shares will be subject at all times to the discretion of our board of directors, and will be paid equally on a per-share basis between our common shares and our Class B shares, to the extent any are issued and outstanding. We can provide no assurance that dividends will be paid in the future.

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 based upon, among other things:

- the rates we obtain from our charters as well as the rates obtained upon the expiration of our existing charters;
- the level of our operating costs;
- the number of unscheduled off-hire days and the timing of, and number of days required for, scheduled drydocking of our vessels;
- vessel acquisitions and related financings;
- restrictions in our current and future debt arrangements;
- our ability to obtain debt and equity financing on acceptable terms as contemplated by our growth strategy;
- prevailing global and regional economic and political conditions;
- the effect of governmental regulations and maritime self-regulatory organization standards on the conduct of our business;
- our overall financial condition;
- our cash requirements and availability;
- the amount of cash reserves established by our board of directors; and
- restrictions under Marshall Islands law.

Marshall Islands law generally prohibits the payment of dividends other than from surplus or certain net profits, or while a company is insolvent or would be rendered insolvent by the payment of such a dividend. We may not have sufficient funds, surplus, or net profits to make distributions.

We may incur expenses or liabilities or be subject to other circumstances in the future that reduce or eliminate the amount of cash that we have available for distribution as dividends, if any. Our growth strategy contemplates that we will finance the acquisition of our newbuildings or selective acquisitions of vessels through a combination of our operating cash flow and debt financing through our subsidiaries or equity financing. If financing is not available to us on acceptable terms, our board of directors may decide to finance or refinance acquisitions with a greater percentage of cash from operations to the extent available, which would reduce or even eliminate the amount of cash available for the payment of dividends. We may also enter into other agreements that will restrict our ability to pay dividends or make it less desirable for us to do so.

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. 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, if we pay dividends at all.

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 or to make dividend payments.

We are a holding company and our subsidiaries, which are all directly and wholly owned by us, will conduct all of our operations and own all of our operating assets. We have no significant assets other than the equity interests in our wholly owned subsidiaries. As a result, our ability to make dividend payments depends on our subsidiaries and their ability to distribute funds to us. If we are unable to obtain funds from our subsidiaries, our board of directors may exercise its discretion not to declare or pay dividends. In addition, our subsidiaries are subject to limitations on the payment of dividends under Marshall Islands or Maltese law.

Provisions of our articles of incorporation and bylaws may have anti-takeover effects, which could depress the trading price of our common shares.

Several provisions of our articles of incorporation and bylaws, which are summarized below, may have anti-takeover effects. These provisions are intended to avoid costly takeover battles, lessen our vulnerability to a hostile change of control and enhance the ability of our board of directors to maximize shareholder value in connection with any unsolicited offer to acquire our company. However, these anti-takeover provisions could also discourage, delay or prevent the merger or acquisition of our company by means of a tender offer, a proxy contest or otherwise that a shareholder may consider in its best interest and the removal of incumbent officers and directors, which could affect the desirability of our shares and, consequently, our share price.

Multi Class Stock.

Our multi-class stock structure, which consists of common shares, Class B common shares, and preferred shares, can provide holders of our Class B common shares or preferred shares a significant degree of control over all matters requiring shareholder approval, including the election of directors and significant corporate transactions, such as a merger or other sale of our company or its assets, because our different classes of shares can have different numbers of votes.

For instance, while our common shares have one vote on matters before the shareholders, each of our 10,300 outstanding Series B preferred shares has 25,000 votes on matters before the shareholders; *provided however*, that no holder of Series B preferred shares may exercise voting rights pursuant to any Series B preferred shares that would result in the total number of votes a holder is entitled to vote on any matter submitted to a vote of shareholders of the Company to exceed 49.99% of the total number of votes eligible to be cast on such matter. No Class B common shares are presently outstanding, but if and when we issue any, each Class B common share will have 20 votes on matters before the shareholders.

At present, and until a substantial number of additional securities are issued, our holder of Series B preferred shares exerts substantial control of the Company's votes and is able to exert substantial control over our management and all matters requiring shareholder approval, including electing directors and significant corporate transactions, such as a merger. Such holder's interest could differ from other shareholders' interests.

Blank Check Preferred Shares.

Under the terms of our articles of incorporation, our board of directors has authority, without any further vote or action by our shareholders, to issue up to 100 million "blank check" preferred shares, almost all of which currently remain available for issuance. Our board could authorize the issuance of preferred shares with voting or conversion rights that could dilute the voting power or rights of the holders of common shares, in addition to preferred shares that are already outstanding. The issuance of preferred shares, while providing flexibility in connection with possible acquisitions and other corporate purposes, could, among other things, have the effect of delaying, deferring or preventing a change in control of us or the removal of our management and may harm the market price of our common shares.

Classified Board of Directors.

Our articles of incorporation provide for the division of our board of directors into three classes of directors, with each class as nearly equal in number as possible, serving staggered, three-year terms beginning upon the expiration of the initial term for each class. Approximately one-third of our board of directors is elected each year. This classified board 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 our board of directors from removing a majority of our board of directors for up to two years.

Election of Directors.

Our articles of incorporation do not provide for cumulative voting in the election of directors. Our bylaws require parties, other than the chairman of the board of directors, board of directors and shareholders holding 30% or more of the voting power of the aggregate number of our shares issued and outstanding and entitled to vote, to provide advance written notice of nominations for the election of directors. These provisions may discourage, delay or prevent the removal of incumbent officers and directors.

Advance Notice Requirements for Shareholder Proposals and Director Nominations.

[Table of Contents](#)

Our bylaws provide that shareholders, other than shareholders holding 30% or more of the voting power of the aggregate number of our shares issued and outstanding and entitled to vote, 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 150 days or more than 180 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 a shareholder's ability to bring matters before an annual meeting of shareholders or make nominations for directors at an annual meeting of shareholders.

Calling of Special Meetings of Shareholders

Our bylaws provide that special meetings of our shareholders may be called only by the chairman of our board of directors, by resolution of our board of directors or by holders of 30% or more of the voting power of the aggregate number of our shares issued and outstanding and entitled to vote at such meeting.

Action by Written Consent in Lieu of a Meeting

Our articles permit any action which may or is required by the BCA to be taken at a meeting of the shareholders to be authorized by consents in writing signed 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. Presently and until and unless we issue a significant number of securities, Goldenmare Limited, a company affiliated with our Chief Executive Officer, holds Series B preferred shares controlling a significant portion of the voting power of our outstanding capital stock. Goldenmare could, together with shareholders possessing a relatively small number of shares, act by written consent in lieu of a meeting and authorize major transactions on behalf of the Company, all without calling a meeting of shareholders.

Business Combinations

Our articles prohibit us from engaging in a business combination with an interested shareholder for a period of three years following the date of the transaction in which the person became an interested shareholder, subject to certain exceptions. Please see "Item 10B.—Memorandum and Articles of Association—Anti-Takeover Effects of Certain Provisions of our Articles of Incorporation and Bylaws—Business Combinations."

We are subject to Marshall Islands corporate law, which is not well-developed.

Our corporate affairs are governed by our articles of incorporation, our bylaws and by the Marshall Islands Business Corporations Act, or the 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 few judicial cases in the Marshall Islands interpreting the BCA. The rights and fiduciary responsibilities of directors under the laws 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 United States jurisdictions. The rights of shareholders of corporations incorporated in or redomiciled into the Marshall Islands may differ from the rights of shareholders of corporations incorporated in the United States. While the BCA provides that it is to be applied and construed to make the laws of the Marshall Islands, for non-resident entities such as us, with respect of the subject matter of the BCA, uniform with the laws of the State of Delaware and other states with substantially similar legislative provisions (and adopts their case law to the extent it does not conflict with the BCA), there have been few court cases interpreting the BCA in the Marshall Islands and we cannot predict whether Marshall Islands courts would reach the same conclusions as United States courts. Thus, you may have more difficulty in protecting your interests in the face of actions by our management, directors or controlling shareholders than would shareholders of a corporation incorporated in a United States jurisdiction that has developed a more substantial body of case law in the corporate law area.

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

An increase in interest rates may cause a corresponding decline in demand for equity investments in general. Any such increase in interest rates or reduction in demand for our shares resulting from other relatively more attractive investment opportunities may cause the trading price of our shares to decline. If the relevant SOFR increases, then our payments pursuant to certain existing loan will increase. See "Item 11. Quantitative and Qualitative Disclosures About Market Risk."

The public market may not continue to be active and liquid enough for our shareholders to resell our common shares in the future.

The price of our common shares may be volatile and may fluctuate due to factors such as:

- actual or anticipated fluctuations in our quarterly and annual results and those of other public companies in our industry;
- mergers and strategic alliances in the dry bulk shipping industry;
- market conditions in the dry bulk shipping industry;
- changes in government regulation;
- shortfalls in our operating results from levels forecast by securities analysts;
- announcements concerning us or our competitors; and
- the general state of the securities market.

The dry bulk shipping industry has been highly unpredictable and volatile. The market for our common shares may be equally volatile.

Item 4. Information on the Company

A. History and Development of the Company

History relating to our shares and certain financings

We originally incorporated as Globus Maritime Limited on July 26, 2006 pursuant to the Companies (Jersey) Law 1991 (as amended) and began operations in September 2006. Following the conclusion of our initial public offering on June 1, 2007, our common shares were listed on the London Stock Exchange's Alternative Investment Market, or AIM, under the ticker "GLBS.L." On July 29, 2010, we effected a 1-4 reverse stock split, with our issued share capital resulting in 7,240,852 common shares of \$0.004 each. (These figures do not reflect the 1-4 reverse stock split which occurred in October 2016, the 1-10 reverse stock split which occurred in October 2018 or the 1-100 reverse stock split which occurred in October 2020.)

On November 24, 2010, we redomiciled into the Marshall Islands pursuant to the BCA and a resale registration statement for our common shares was declared effective by the SEC. Once the resale registration statement was declared effective by the SEC, our common shares began trading on the Nasdaq Global Market under the ticker "GLBS." Our common shares were suspended from trading on the AIM on November 24, 2010 and were delisted from the AIM on November 26, 2010.

On April 11, 2016, our common shares began trading on the Nasdaq Capital Market and ceased trading on the Nasdaq Global Market.

On October 20, 2016, we effected a 1-4 reverse stock split which reduced the number of outstanding common shares from 10,510,741 to 2,627,674 shares (adjustments were made based on fractional shares). (These figures do not reflect the 1-10 reverse stock split which occurred in October 2018 or the 1-100 reverse stock split which occurred in October 2020.)

On October 15, 2018, we effected a 1-10 reverse stock split which reduced the number of outstanding common shares from 32,065,077 to 3,206,495 shares (adjustments were made based on fractional shares). (These figures do not reflect the 1-100 reverse stock split which occurred in October 2020.)

In November 2018, we entered into a credit facility for up to \$15 million with Firment Shipping Inc., a related party to us, for the purpose of financing our general working capital needs, which facility was amended and restated on May 8, 2020. The Firment Shipping Credit Facility was unsecured and remained available until its final maturity date at October 31, 2021, as amended. We had the right to drawdown any amount up to \$15 million or prepay any amount in multiples of \$100,000. Any prepaid amount could have been re-borrowed.

[Table of Contents](#)

Interest on drawn and outstanding amounts was charged at 3.5% per annum until December 31, 2020, and thereafter at 7% per annum. No commitment fee was charged on the amounts remaining available and undrawn. Interest was payable the last day of a period of three months after the drawdown date, after this period in case of failure to pay any sum due a default interest of 2% per annum above the regular interest was charged. We had also the right, in our sole option, to convert in whole or in part the outstanding unpaid principal amount and accrued but unpaid interest under this Agreement into common shares. The conversion price would have equaled the higher of (i) the average of the daily dollar volume-weighted average sale price for the common stock on the Principal Market on any trading day during the period beginning at 9.30 a.m. New York City time and ending at 4.00 p.m. over the Pricing Period multiplied by 80%, where the “Pricing Period” equals the ten consecutive trading days immediately preceding the date on which the conversion notice was executed or (ii) \$280.00. On July 27, 2020, the Company repaid the total outstanding principal and interest of the Firmnet Shipping Credit Facility of approximately \$863,000. This facility expired by its terms on October 31, 2021.

On March 13, 2019, the Company signed a securities purchase agreement with a private investor and on March 13, 2019 issued, for gross proceeds of \$5 million, a senior convertible note (the “Convertible Note”) that was convertible into shares of the Company’s common stock, par value \$0.004 per share. If not converted or redeemed beforehand pursuant to the terms of the Convertible Note, the Convertible Note was scheduled to mature on March 13, 2020, the first anniversary of its issue, but its holder waived the Convertible Note’s maturity until March 13, 2021. The Convertible Note was issued in a transaction exempt from registration under the Securities Act. The Convertible Note provided for interest to accrue at 10% annually, to be paid at maturity unless the Convertible Note was converted or redeemed pursuant to its terms beforehand. The interest could have been paid in common shares of the Company, if certain conditions described within the Convertible Note were met. The outstanding balance of the Convertible Note not previously converted into shares was fully repaid in June 2020.

On June 22, 2020, we completed a public offering of 342,857 units of the Company. Each unit consisted of one common share and one Class A Warrant to purchase one common share (a “Class A Warrant”), for \$35 per unit. At the time of the closing, the underwriters exercised and closed a part of their over-allotment option, and purchased an additional 51,393 common shares and Class A Warrants to purchase 51,393 common shares.

The exercise price of the Class A Warrants is \$35 per whole share at any time after their original issuance up to the date that is five years after their original issuance. If a registration statement registering the issuance of the common shares underlying the warrants under the Securities Act is not effective or available, the holder may, in its sole discretion, elect to exercise the warrant through a cashless exercise, in which case the holder would receive upon such exercise the net number of common shares determined according to the formula set forth in the warrant. We may be required to pay certain amounts as liquidated damages as specified in the warrants in the event we do not deliver common shares upon exercise of the warrants within the time periods specified in the warrants.

On June 30, 2020, we issued 458,500 of our common shares in a registered direct offering and 458,500 of June Private Placement (“PP”) Warrants in a concurrent private placement for a purchase price of \$27 per common share and June PP Warrant. The exercise price of each June PP Warrant was initially \$30 per share but in July 2020 was reduced to \$18 per share.

On July 21, 2020, we issued 833,333 of our common shares in a registered direct offering and 833,333 of July PP Warrants to purchase common shares in a concurrent private placement for a purchase price of \$18 per common share and July PP Warrant. The exercise price of each July PP Warrant is \$18 per share.

On December 9, 2020, we issued (a) 1,256,765 common shares, (b) pre-funded warrants to purchase 155,000 common shares, and (c) warrants (the “December 2020 Warrants”) to purchase 1,270,587 common shares. The pre-funded warrants have all been exercised. No December 2020 Warrants have been exercised as of the date hereof, and may be exercised at any time prior to 5:00 PM New York time on June 9, 2026. The exercise price of the December 2020 Warrants was reduced from \$8.50 per share to \$6.25 per share on January 29, 2021.

On January 29, 2021, we issued (a) 2,155,000 common shares, (b) pre-funded warrants to purchase 445,000 common shares, and (c) warrants (the “January 2021 Warrants”) to purchase 1,950,000 common shares at an exercise price of \$6.25 per share, which may be exercised at any time prior to 5:00 PM New York time on July 29, 2026. The pre-funded warrants were all exercised prior to the date of this annual report. No January 2021 Warrants have been exercised as of the date hereof.

On February 17, 2021, we issued (a) 3,850,000 common shares, (b) pre-funded warrants to purchase 950,000 common shares, and (c) warrants (the “February 2021 Warrants”) to purchase 4,800,000 common shares at an exercise price of \$6.25 per share, which may be exercised at any time prior to 5:00 PM New York time on August 17, 2026. The pre-funded warrants have all been exercised. No February 2021 Warrants have been exercised as of the date hereof.

[Table of Contents](#)

On June 29, 2021, we issued (a) 8,900,000 common shares, (b) pre-funded warrants to purchase 1,100,000 common shares, and (c) warrants (the “June 2021 Warrants”) to purchase 10,000,000 common shares at an exercise price of \$5.00 per share, which may be exercised at any time prior to 5:00 PM New York time on December 29, 2026. The pre-funded warrants have all been exercised. No June 2021 Warrants have been exercised as the date hereof.

Each of the June PP Warrants, July PP Warrants, December 2020 Warrants, January 2021 Warrants, February 2021 Warrants and June 2021 Warrants is exercisable for a period of five and one-half years commencing on the date of issuance. The warrants are exercisable at the option of each holder, in whole or in part by delivering to us a duly executed exercise notice with payment in full in immediately available funds for the number of common shares purchased upon such exercise. If a registration statement registering the resale of the common shares underlying the private placement warrants under the Securities Act is not effective or available at any time after the six month anniversary of the date of issuance of the private placement warrants, the holder may, in its sole discretion, elect to exercise the private placement warrant through a cashless exercise, in which case the holder would receive upon such exercise the net number of common shares determined according to the formula set forth in the warrant. If a registration statement covering the issuance of the shares under the Securities Act is not effective or available at any time after the issuance of the December 2020 Warrants, January 2021 Warrants, February 2021 Warrants and June 2021 Warrants, the holder may, in its sole discretion, elect to exercise the such warrants through a cashless exercise, in which case the holder would receive upon such exercise the net number of common shares determined according to the formula set forth in the warrant. If we do not issue the shares in a timely fashion, each warrant contains certain liquidated damages provisions.

Each of the warrants described above, other than the Class A Warrants, were issued pursuant to a securities purchase agreement and a placement agency agreement.

From June 22, 2020 to date hereof, we have issued 5,550 common shares pursuant to exercises of outstanding Class A Warrants. As of the date of this annual report, no June PP Warrants, July PP Warrants, December 2020 Warrants, January 2021 Warrants, February 2021 Warrants or June 2021 Warrants have been exercised.

On October 21, 2020, we effected a 1-100 reverse stock split which reduced the number of shares outstanding from 175,675,651 to 1,756,720 (adjustments were made based on fractional shares). Unless otherwise noted, all historical share numbers, per share amounts, including common share, preferred shares and warrants, have been adjusted to give effect to this reverse split.

On June 12, 2020, we entered into a stock purchase agreement and issued 50 of our newly designated Series B preferred shares, par value \$0.001 per share, to Goldenmare Limited, a company controlled by our Chief Executive Officer, Athanasios Feidakis, in return for \$150,000, which amount was settled by reducing, on a dollar for dollar basis, the amount payable by the Company to Goldenmare Limited pursuant to a consultancy agreement.

In July 2020, we issued an additional 250 of our Series B preferred shares to Goldenmare Limited in return for \$150,000. The \$150,000 was paid by reducing, on a dollar-for-dollar basis, the amount payable by the Company to Goldenmare Limited pursuant to a consultancy agreement. In addition, we increased the maximum voting rights under the Series B preferred shares from 49.0% to 49.99%.

In March 2021, we issued an additional 10,000 of our Series B preferred shares to Goldenmare Limited in return for \$130,000, which was settled by reducing, on a dollar-for-dollar basis, the amount payable by the Company to Goldenmare Limited pursuant to a consultancy agreement.

Each Series B preferred share entitles the holder thereof to 25,000 votes per share on all matters submitted to a vote of the shareholders of the Company, provided however, that no holder of Series B preferred shares may exercise voting rights pursuant to Series B preferred shares that would result in the aggregate voting power of any beneficial owner of such shares and its affiliates (whether pursuant to ownership of Series B preferred shares, common shares or otherwise) to exceed 49.99% of the total number of votes eligible to be cast on any matter submitted to a vote of shareholders of the Company. To the fullest extent permitted by law, the holders of Series B preferred shares shall have no special voting or consent rights and shall vote together as one class with the holders of the common shares on all matters put before the shareholders. The Series B preferred shares are not convertible into common shares or any other security. They are not redeemable and have no dividend rights. Upon any liquidation, dissolution or winding up of the Company, the Series B preferred shares are entitled to receive a payment with priority over the common shareholders equal to the par value of \$0.001 per share.

[Table of Contents](#)

The Series B preferred shareholder has no other rights to distributions upon any liquidation, dissolution or winding up of the Company. All issued and outstanding Series B preferred shares must be held of record by one holder, and the Series B preferred shares shall not be transferred without the prior approval of our Board of Directors. Finally, in the event the Company (i) declares any dividend on its common shares, payable in common shares, (ii) subdivides the outstanding common shares or (iii) combines the outstanding common shares into a smaller number of shares, there shall be a proportional adjustment to the number of outstanding Series B preferred shares.

Each issuance of Series B preferred shares to Goldenmare Limited was approved by an independent committee of the Board of Directors of the Company, which (in each instance) received a fairness opinion from an independent financial advisor that the transaction was for a fair value.

In March 2021, the Company prepaid \$6.0 million of the EnTrust loan facility, which represented all amounts that would otherwise come due during calendar year 2021. As a result, after this pre-payment we had an aggregate debt outstanding of \$31 million, gross of unamortized debt costs, from the EnTrust Loan Facility.

On May 10, 2021, we reached an agreement with First Citizens Bank & Trust Company (formerly known as CIT Bank N.A.) for a loan facility of \$34.25 million bearing interest at LIBOR plus a margin of 3.75% per annum. This loan facility is referred to as the CIT loan facility. The proceeds of this financing were used to repay the outstanding balance of the EnTrust Loan Facility. In August 2022, we reached an agreement with First Citizens Bank & Trust Company (formerly known as CIT Bank N.A.) for a deed of accession, amendment and restatement of the CIT loan facility by the accession of an additional borrower in order to increase the loan facility from a total of \$34.25 million to \$52.25 million, by a top up loan amount of \$18 million for the purpose of financing vessel Orion Globe and for general corporate and working capital purposes of all the borrowers and Globus. Following the agreement reached in August 2022 the benchmark rate was amended from LIBOR to Term SOFR and the applicable margin was decreased from 3.75% to 3.35%.

As of December 31, 2022, our issued and outstanding capital stock consisted of 20,582,301 common shares and 10,300 Series B preferred shares.

Recent history relating to our ships

In October 2020, we purchased a 2015-built Kamsarmax dry bulk carrier for \$18.4 million. The vessel was delivered on October 29, 2020 and was named *Galaxy Globe*. *Galaxy Globe* was built at the Hudong-Zhonghua Shipyard in China and has a carrying capacity of 81,167 dwt.

On June 9, 2021, we took delivery of the m/v “Diamond Globe”, a 2018-built Kamsarmax dry bulk carrier, through its subsidiary, Argo Maritime Limited, for a purchase price of \$27 million financed with available cash. The m/v “Diamond Globe” was built at Jiangsu New Yangzi Shipbuilding Co., Ltd and has a carrying capacity of 82,027 dwt.

On July 20, 2021, we took delivery of the m/v “Power Globe”, a 2011-built Kamsarmax dry bulk carrier, through its subsidiary, Talisman Maritime Limited, for a purchase price of \$16.2 million financed with available cash. The m/v “Power Globe” was built at Universal Shipbuilding Corporation in Japan and has a carrying capacity of 80,655 dwt.

On November 29, 2021, we took delivery of the m/v “Orion Globe”, a 2015-built Kamsarmax dry bulk carrier, through its subsidiary, Salamina Maritime Limited, for a purchase price of \$28.4 million financed with available cash. The m/v “Orion Globe” was built at Tsuneishi Zosen in Japan and has a carrying capacity of 81,837 dwt.

On April 29, 2022, we entered into a contract, through our subsidiary Calypso Shipholding S.A., for the construction and purchase of one fuel efficient dry bulk carrier with a carrying capacity of about 64,000 dwt. The vessel will be built at Nihon Shipyard Co. in Japan and is scheduled to be delivered during the first half of 2024. The total consideration for the construction of the vessel is approximately \$37.5 million, which we intend to finance with a combination of debt and equity. In May 2022 we paid the first installment of \$7.4 million and in March 2023 we paid the second installment of \$3.7 million.

On May 13, 2022, we signed two contracts, through our subsidiaries Daxos Maritime Limited and Paralus Shipholding S.A., for the construction and purchase of two fuel efficient bulk carriers of about 64,000 dwt each. The sister vessels will be built at Nantong COSCO KHI Ship Engineering Co. in China with the first one scheduled to be delivered during the third quarter of 2024 and the second one scheduled during the fourth quarter of 2024. The total consideration for the construction of both vessels is approximately \$70.3 million, which we intend to finance with a combination of debt and equity. In May 2022 we paid the first installment of \$13.8 million and in November 2022 paid the second installment of \$6.9 million for both vessels under construction.

[Table of Contents](#)

Our fleet is currently comprised of a total of nine dry bulk vessels consisting of four Kamsarmaxes, one Panamax and four Supramaxes, and we have contracted for the construction of three additional Ultramaxs. The weighted average age of the vessels we owned as of December 31, 2022 was 11.2 years, and their carrying capacity was 626,257 dwt.

On March 6, 2023, we, through a wholly owned subsidiary, entered into an agreement to sell the 2007-built Sun Globe for a gross price of \$14.1 million, before commissions, to an unaffiliated third party, which sale is subject to standard closing conditions. We expect the sale to occur in the second quarter of 2023.

General

Our executive office is located at the office of Globus Shipmanagement Corp., which we refer to as our Manager, at 128 Vouliagmenis Avenue, 3rd Floor, 166 74 Glyfada, Attica, Greece. Our telephone number is +30 210 960 8300. Our registered agent in the Marshall Islands is The Trust Company of the Marshall Islands, Inc. and our registered address in the Marshall Islands is Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960. We maintain our website at www.globusmaritime.gr. Information that is available on or accessed through our website does not constitute part of, and is not incorporated by reference into, this annual report on Form 20-F. The SEC maintains an internet site that contains reports, proxy and information statements, and other information regarding us and other issuers that file electronically with the SEC at <http://www.sec.gov>.

B. Business Overview

We are an integrated dry bulk shipping company, providing marine transportation services on a worldwide basis. We own, operate and manage a fleet of dry bulk vessels that transport iron ore, coal, grain, steel products, cement, alumina and other dry bulk cargoes internationally. We intend to grow our fleet through timely and selective acquisitions of modern vessels or acquisition through construction of new vessels in a manner that we believe will provide an attractive return on equity and will be accretive to our earnings and cash flow based on anticipated market rates at the time of purchase. There is no guarantee however, that we will be able to find suitable vessels to purchase or that such vessels will provide an attractive return on equity or be accretive to our earnings and cash flow.

Our operations are managed by our Glyfada, Greece-based wholly owned subsidiary, Globus Shipmanagement Corp., which we refer to as our Manager, which provides in-house commercial and technical management for our vessels and provided consulting services for an affiliated ship-management company. Our Manager has entered into a ship management agreement with each of our wholly owned vessel-owning subsidiaries to provide services that include managing day-to-day vessel operations, such as supervising the crewing, supplying, maintaining of vessels and other services.

[Table of Contents](#)

The following table presents information concerning the vessels we own:

Vessel	Year Built	Flag	Direct Owner	Shipyard	Vessel Type	Delivery Date	Carrying Capacity (dwt)
<i>m/v River Globe</i>	2007	Marshall Islands	Devocean Maritime Ltd.	Yangzhou Dayang	Supramax	December 2007	53,627
<i>m/v Sky Globe</i>	2009	Marshall Islands	Domina Maritime Ltd.	Taizhou Kouan	Supramax	May 2010	56,855
<i>m/v Star Globe</i>	2010	Marshall Islands	Dulac Maritime S.A.	Taizhou Kouan	Supramax	May 2010	56,867
<i>m/v Moon Globe</i>	2005	Marshall Islands	Artful Shipholding S.A.	Hudong-Zhonghua	Panamax	June 2011	74,432
<i>m/v Sun Globe</i>	2007	Malta	Longevity Maritime Limited	Tsuneishi Cebu	Supramax	September 2011	58,790
<i>m/v Galaxy Globe</i>	2015	Marshall Islands	Serena Maritime Limited	Hudong-Zhonghua	Kamsarmax	October 2020	81,167
<i>m/v Diamond Globe</i>	2018	Marshall Islands	Argo Maritime Limited	Jiangsu New Yangzi Shipbuilding Co.	Kamsarmax	June 2021	82,027
<i>m/v Power Globe</i>	2011	Marshall Islands	Talisman Maritime Limited	Universal Shipbuilding Corporation	Kamsarmax	July 2021	80,655
<i>m/v Orion Globe</i>	2015	Marshall Islands	Salamina Maritime Limited	Tsuneishi Zosen	Kamsarmax	November 2021	81,837
Total:							626,257

We own each of our vessels through separate, wholly owned subsidiaries, eight of which are incorporated in the Marshall Islands, and one of which is incorporated in Malta. All of our Supramax vessels are geared. Geared vessels can operate in ports with minimal shore-side infrastructure. Due to the ability to switch between various dry bulk cargo types and to service a wider variety of ports, the day rates for geared vessels tend to have a premium.

In addition to the above vessels, we have contracted for the construction of three additional Ultramaxs. See “Item 4.A. History and Development of the Company.”

On March 6, 2023, we, through a wholly owned subsidiary, entered into an agreement to sell the 2007-built Sun Globe for a gross price of \$14.1 million, before commissions, to an unaffiliated third party, which sale is subject to standard closing conditions. We expect the sale to occur in the second quarter of 2023.

Employment of our Vessels

Our long-term strategy to maximize the value of our fleet is to employ our vessels on a mix of all types of charter contracts, including in the short-term or spot market and on long-term charters and index-linked charters. We believe this strategy provides the cash flow stability, reduced exposure to market downturns and high utilization rates of the charter market, while at the same time enabling us to benefit from periods of increasing short-term or spot market rates. But our short-term strategy at any given point in time is dictated by a multitude of factors and the chartering opportunities before us. We may, for example, seek to employ a greater portion of our fleet on the short-term or spot market or on time charters with longer durations, should we believe it to be in our best interests. We generally prefer spot or short-term contracts in order to be versatile, to be able to move quickly to capture a market upswing, and to be more selective with the cargos we carry. Long-term charters, however, provide desirable cash flow stability, albeit at the cost of missing upswings in cargo rates. Finally, the index-linked charters reflect similar rate volatility as spot/voyage rates, although the index-linked hire rate may enable us to capture increased profit margins during periods of improvements in vessel charter rates. Accordingly, our mix between short-term or spot charters, longer-term charters and index-linked charters changes from time-to-time. When our ships are not all on the short-term or spot market, we generally seek to stagger the expiration dates of our charters to reduce exposure to volatility in the shipping cycle when our vessels come off of charter. We also continually monitor developments in the dry bulk shipping industry and, subject to market demand, will adjust the number of vessels on charters and the charter periods for our vessels according to market conditions.

[Table of Contents](#)

We and our Manager have developed relationships with a number of international charterers, vessel brokers, financial institutions, insurers and shipbuilders. We have also developed a network of relationships with vessel brokers who help facilitate vessel charters and acquisitions.

On the date of the filing of this annual report on 20-F, eight of our vessels were employed on short-term time charters, of which two are index-linked.

Each of our vessels travels across the world and not on any particular route. The charterers of our vessels, whether time, bareboat or on the spot market, select the locations to which our vessels travel, subject to any restrictions under terms of employment.

Time Charter

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 crewing, insuring, repairing and maintenance and other services related to the vessel's operation, the cost of which is included in the daily rate, and the customer is responsible for substantially all of the vessel voyage costs, including the cost of bunkers (fuel oil) and canal and port charges. The owner also pays commissions typically ranging from 0% to 6.25% of the total daily charter hire rate of each charter to unaffiliated ship brokers and to in-house brokers associated with the charterer, depending on the number of brokers involved with arranging the charter.

Basic Hire Rate and Term

"Basic hire rate" refers to the basic payment from the customer for the use of the vessel. The hire rate is generally payable semi-monthly or 15 days, in advance, in U.S. dollars as specified in the charter. A hire rate can be fixed or index-linked, with the latter reflecting similar rate volatility as spot/voyage rates, although the index-linked hire rate may enable us to capture increased profit margins during periods of improvements in vessel charter rates.

Off-hire

When the vessel is "off-hire," the charterer generally is not required to pay the basic hire rate, and we are responsible for all costs. Prolonged off-hire may lead to vessel substitution or termination of the time charter. A vessel generally will be deemed off-hire if there is a loss of time due to, among other things, operational deficiencies; drydocking for examination or painting the bottom; equipment breakdowns; damages to the hull; or similar problems.

Ship Management and Maintenance

We are responsible for the technical management of the vessel and for maintaining the vessel, periodic drydocking, cleaning and painting and performing work required by regulations. Globus Shipmanagement provides the technical, commercial and day-to-day operational management of our vessels. Technical management includes crewing, maintenance, repair and drydockings. During the 2022 year, we paid Globus Shipmanagement \$700 per vessel per day. All fees payable to Globus Shipmanagement for vessels that we own are eliminated upon consolidation of our accounts.

Termination

We are generally entitled to suspend performance under the time charter if the customer defaults in its payment obligations. Either party may terminate the charter in the event of war in specified countries.

Commissions

During the year ended December 31, 2022, we paid commissions ranging from 5% to 6.25% relevant to each time charter agreement then in effect.

Bareboat Charter

A bareboat charter is a contract pursuant to which the vessel owner provides the vessel to the charterer for a fixed period of time at a specified daily rate, and the charterer provides for all of the vessel's operating expenses. The charterer undertakes to maintain the vessel in a good state of repair and efficient operating condition and drydock the vessel during this period as per the classification society requirements.

Redelivery

Upon the expiration of a bareboat charter, typically the charterer must redeliver the vessel in as good structure, state, condition and class as that in which the vessel was delivered.

Ship Management and Maintenance

Under a bareboat charter, the charterer is responsible for all of the vessel's operating expenses, including crewing, insuring, maintaining and repairing the vessel, any drydocking costs, and the stores, lube oils and communication expenses. Under a bareboat charter, the charterer is also responsible for the voyage costs, and generally assumes all risk of operation. The charterer covers the costs associated with the vessel's special surveys and related drydocking falling within the charter period.

Commissions

Commissions on bareboat charters typically range from 0% to 3.75%.

Our Customers

We seek to charter our vessels to customers who we perceive as creditworthy thereby minimizing the risk of default by our charterers. We also try to select charterers depending on the type of product they want to carry and the geographical areas in which they tend to trade.

Our assessment of a charterer's financial condition and reliability is an important factor in negotiating employment for our vessels. We generally charter our vessels to operators, trading houses (including commodities traders), shipping companies and producers and government-owned entities and generally avoid chartering our vessels to companies we believe to be speculative or undercapitalized entities. Since our operations began in September 2006, our customers have included Hyundai Glovis Co. Ltd., Dampskibsselskabet NORDEN A/S, NYK Bulk & Projects Carriers Ltd. and Olam Global Agri Pte Ltd. In addition, during the periods when some of our vessels were trading on the spot market, they have been chartered to charterers such as Cargill International SA, Oldendorff GmbH & Co KG, Western Bulk Pte. Ltd., Ausca Shipping HK Limited and others, thus expanding our customer base.

Competition

Our business fluctuates in line with the main patterns of trade of the major dry bulk cargoes and varies according to changes in the supply and demand for these items. We operate in markets that are highly competitive and based primarily on supply and demand. We compete for charters on the basis of price, vessel location, size, age and condition of the vessel, as well as on our reputation as an owner and operator. We compete with other owners of dry bulk vessels in the Panamax, Supramax and Kamsarmax dry bulk vessels, but we also compete with owners for the purchase and sale of vessels of all sizes. Those competitors may be better capitalized or have more liquidity than we do. In this period of significantly depressed pricing and over capacity, better liquidity may be a major competitive advantage, and we believe that some of our competitors may be better capitalized than we are.

Ownership of dry bulk vessels is highly fragmented. It is likely that we will face substantial competition for long-term charter business from a number of experienced companies. Many of these competitors will have larger dry bulk vessel fleets and greater financial resources than us, which may make them more competitive. It is also likely that we will face increased numbers of competitors entering into our transportation sectors, including in the dry bulk sector. Many of these competitors have strong reputations and extensive resources and experience. Increased competition may cause greater price competition, especially for long-term charters. We believe that no single competitor has a dominant position in the markets in which we compete.

[Table of Contents](#)

The process for obtaining longer term time charters generally involves a lengthy and intensive screening and vetting process and the submission of competitive bids. In addition to the quality and suitability of the vessel, longer term shipping contracts may be awarded based upon a variety of other factors relating to the vessel operator, including:

- environmental, health and safety record;
- compliance with regulatory industry standards;
- reputation for customer service, technical and operating expertise;
- shipping experience and quality of vessel operations, including cost-effectiveness;
- quality, experience and technical capability of crews;
- the ability to finance vessels at competitive rates and overall financial stability;
- environmental, social, and governance criteria;
- relationships with shipyards and the ability to obtain suitable berths;
- construction management experience, including the ability to procure on-time delivery of new vessels according to customer specifications;
- willingness to accept operational risks pursuant to the charter, such as allowing termination of the charter for force majeure events; and
- competitiveness of the bid in terms of overall price.

As a result of these factors, we may be unable to expand our relationships with existing customers or obtain new customers for long-term time charters on a profitable basis, if at all. However, even if we are successful in employing our vessels under longer term charters, our vessels will not be available for trading on the short-term or spot market during an upturn in the market cycle, when short-term or spot trading may be more profitable. If we cannot successfully employ our vessels in profitable charters, our results of operations and operating cash flow could be materially adversely affected.

The Dry Bulk Shipping Industry

The world dry bulk fleet is generally divided into six major categories, based on a vessel's cargo carrying capacity. These categories consist of: Handysize, Handymax/Supramax, Panamax, Kamsarmax, Capesize and Very Large Ore Carrier.

➤ *Handysize.* Handysize vessels have a carrying capacity of up to 39,999 dwt. These vessels are primarily involved in carrying minor bulk cargoes. Increasingly, vessels of this type operate on regional trading routes, and may serve as trans-shipment feeders for larger vessels. Handysize vessels are well suited for small ports with length and draft restrictions. Their cargo gear enables them to service ports lacking the infrastructure for cargo loading and unloading.

➤ *Handymax/Supramax.* Handymax vessels have a carrying capacity of between 40,000 and 59,999 dwt. These vessels operate on a large number of geographically dispersed global trade routes, carrying primarily iron ore, coal, grains and minor bulks. Within the Handymax category there is also a sub-sector known as *Supramax*. Supramax bulk vessels are vessels between 50,000 to 59,999 dwt, normally offering cargo loading and unloading flexibility with on-board cranes, while at the same time possessing the cargo carrying capability approaching conventional Panamax bulk vessels. Hence, the earnings potential of a Supramax dry bulk vessel, when compared to a conventional Handymax vessel of 45,000 dwt, is greater.

➤ *Ultramax.* Ultramax vessels are medium-sized vessels. Larger than Supramax vessels, they have a carrying capacity generally between 60,000 to 65,000 dwt.

➤ *Panamax.* Panamax vessels have a carrying capacity of between 60,000 and 79,999 dwt. These vessels carry coal, grains, and, to a lesser extent, minor bulks, including steel products, forest products and fertilizers. The term "Panamax" refers to vessels that were able to pass through the Panama Canal before the Panama Canal was expanded in June 2016 (to allow vessels of up to 120,000 dwt, a size sometimes referred to as New Panamax). Panamax vessels are more versatile than larger vessels.

- *Kamsarmax*. Kamsarmax vessels typically have a carrying capacity of between 80,000 and 109,999 dwt. These vessels tend to be shallower and have a larger beam than a standard Panamax vessel with a higher cubic capacity. They have been designed specifically for loading high cubic cargoes from draught restricted ports. The term Kamsarmax stems from Port Kamsar in Guinea, where large quantities of bauxite are exported from a port with only 13.5 meter draught and a 229 meter length overall restriction, but no beam restriction.
- *Capesize*. Capesize vessels have carrying capacities of between 110,000 and 199,999 dwt. Only the largest ports around the world possess the infrastructure to accommodate vessels of this size. Capesize vessels are mainly used to transport iron ore or coal and, to a lesser extent, grains, primarily on long-haul routes.
- *VLOC*. Very large ore carriers are in excess of 200,000 dwt. VLOCs are built to exploit economies of scale on long-haul iron ore routes.

The supply of dry bulk shipping capacity, measured by the amount of suitable vessel tonnage available to carry cargo, is determined by the size of the existing worldwide dry bulk fleet, the number of new vessels on order, the scrapping of older vessels and the number of vessels out of active service (i.e., laid up or otherwise not available for hire). In addition to prevailing and anticipated freight rates, factors that affect the rate of newbuilding, scrapping and laying-up include newbuilding prices, secondhand vessel values in relation to scrap prices, costs of bunkers and other voyage expenses, costs associated with classification society surveys, normal maintenance and insurance coverage, the efficiency and age profile of the existing fleets in the market and government and industry regulation of marine transportation practices. The supply of dry bulk vessels is not only a result of the number of vessels in service, but also the operating efficiency of the fleet. Dry bulk trade is influenced by the underlying demand for the dry bulk commodities which, in turn, is influenced by the level of worldwide economic activity. Generally, growth in gross domestic product and industrial production correlate with peaks in demand for marine dry bulk transportation services.

Dry bulk vessels are one of the most versatile elements of the global shipping fleet in terms of employment alternatives. They seldom operate on round trip voyages with high ballasting times. Rather, they often participate in triangular or multi-leg voyages.

Charter Rates

In the time charter market, rates vary depending on the length of the charter period and vessel specific factors such as age, speed, size and fuel consumption. In the voyage charter market, rates are influenced by cargo size, commodity, port dues and canal transit fees, as well as delivery and redelivery regions. In general, a larger cargo size is quoted at a lower rate per ton than a smaller cargo size. Routes with costly ports or canals generally command higher rates. Voyages loading from a port where vessels usually discharge cargo, or discharging from a port where vessels usually load cargo, are generally quoted at lower rates. This is because such voyages generally increase vessel efficiency by reducing the unloaded portion (or ballast leg) that is included in the calculation of the return charter to a loading area.

Within the dry bulk shipping industry, the freight rate indices issued by the Baltic Exchange in London are the references most likely to be monitored. These references are based on actual charter hire rates under charters entered into by market participants as well as daily assessments provided to the Baltic Exchange by a panel of major shipbrokers. The Baltic Exchange, an independent organization comprised of shipbrokers, shipping companies and other shipping players, provides daily independent shipping market information and has created freight rate indices reflecting the average freight rates (that incorporate actual business concluded as well as daily assessments provided to the exchange by a panel of independent shipbrokers) for the major bulk vessel trading routes. These indices include the Baltic Panamax Index, the index with the longest history and, more recently, the Baltic Capesize Index.

Charter (or hire) rates paid for dry bulk vessels are generally a function of the underlying balance between vessel supply and demand. Over the past 25 years, dry bulk cargo charter rates have passed through cyclical phases and changes in vessel supply and demand have created a pattern of rate “peaks” and “troughs.” Generally, spot/voyage charter rates will be more volatile than time charter rates, as they reflect short-term movements in demand and market sentiment. The BDI remained significantly depressed from 2008-2020. In 2021, the BDI rose to a high of 5,650 on October 7, 2021 and had a low of 1,303 on February 10, 2021. In 2022, the BDI ranged from a low of 965 on August 31, 2022 to a high of 3,369 on May 23, 2022.

During calendar year 2023 to date, the BDI has ranged from a high of 1,587 (on March 14, 2023) to a low of 601 (on February 7, 2023).

Vessel Prices

Newbuilding vessel prices generally fell as part of the sudden and steep decline in freight rates after August 2008, and continued to gradually decline, but started to increase in 2021 (although not at the 2008 levels) although have fallen in the latter half of 2022 and in the beginning of 2023.

In broad terms, the secondhand market is affected by both the newbuilding prices as well as the overall freight expectations and sentiment observed at any given time. As with newbuild prices, secondhand vessel values have continued to gradually decline since August 2008 until 2021, when they started to increase, although have fallen in the latter half of 2022 and in the beginning of 2023.

Seasonality

Our fleet consists of dry bulk vessels that operate in markets that have historically exhibited seasonal variations in demand and, as a result, in charter rates. The dry bulk sector is typically stronger in the fall and winter months in anticipation of increased consumption of coal and other raw materials in the northern hemisphere during the winter months. Such seasonality will affect the rates we obtain on the vessels in our fleet that operate on the short-term or spot market.

Permits and Authorizations

We are required by various governmental and quasi-governmental 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 commodity transported, the waters in which the vessel operates, the nationality of the vessel's crew and the age of a vessel. We have been able to obtain all permits, licenses and certificates currently required to permit our vessels to operate. Additional laws and regulations, environmental or otherwise, may be adopted which could limit our ability to do business or increase our cost of doing business.

Disclosure of Activities pursuant to Section 13(r) of the U.S. Securities Exchange Act of 1934

Section 219 of the Iran Threat Reduction and Syria Human Rights Act of 2012 added Section 13(r) to the Exchange Act. Section 13(r), as amended, requires an issuer to disclose whether it or any of its affiliates knowingly engaged in certain activities, transactions or dealings relating to Iran or certain other sanctioned parties. Disclosure is required even where the activities, transactions or dealings are conducted in compliance with applicable law. Provided in this section is information concerning the activities of us and our affiliates that occurred in 2022 and which we believe may be required to be disclosed pursuant to Section 13(r) of the Exchange Act. Because the term "affiliate" is broadly interpreted pursuant to Exchange Act Rule 12b-2, certain activities that occurred during the fiscal year ended December 31, 2022 may be deemed to have been conducted by one of our affiliates.

In 2022, our vessels did not call on any port call in Iran.

However, in 2022, the vessels Eolos Angel and Eolos G each a vessel that is owned by an entity that may be affiliated with our chairman, Mr. George Feidakis, and therefore each vessel may be an affiliate of ours, made calls to Iran. Based on information provided to us, the Eolos Angel made calls to (1) the port of Bandar Imam Khomeini on February, 2022, discharging corn, and remained in that port during 2022 for 31.5 days, pursuant to a time charter with an unaffiliated third party charterer at a gross rate of \$24,750 per day, (2) the port of Bandar Imam Khomeini on June, 2022, discharging soya beans, and remained in that port during 2022 for 20 days, pursuant to a time charter with an unaffiliated third party charterer at a gross rate of \$24,750 per day, and (3) the port of Bandar Imam Khomeini on October, 2022, discharging corn, and remained in that port during 2022 for 8.6 days. The Eolos G made calls to (1) the port of Bandar Imam Khomeini on February, 2022, discharging soya beans, and remained in that port during 2022 for 27.5 days, pursuant to a time charter with an unaffiliated third party charterer at a gross rate of \$35,000 per day, and (2) the port of Bandar Imam Khomeini on June, 2022, discharging corn, and remained in that port during 2022 for 18 days, pursuant to a time charter with an unaffiliated third party charterer at a gross rate of \$35,000 per day. The United States maintains broad authorizations and exceptions that allow for the sale of agricultural commodities and food to Iran. The position is similar under the relevant EU Regulations. As part of the charter arrangements between the vessel owner and third-party charterers or sub-charterers, the vessel owner or its manager may pay fees and expenses related to the port calls made in Iran through a private third-party agent in Iran appointed by the third-party charterer or sub-charterer. Globus Maritime Limited and its subsidiaries did not earn any income from this activity and did not control this activity.

Our charter party agreements for our vessels restrict the charterers from calling in Iran in violation of U.S. sanctions, or carrying any cargo to Iran which is subject to U.S. sanctions. However, there can be no assurance that our vessels will not, from time to time in the future on charterer's instructions, perform voyages which would require disclosure pursuant to Exchange Act Section 13(r).

We currently have no intention to charter our vessels to charterers and sub-charterers, including, as the case may be, Iran-related parties, who may make, or may sub-let the vessels to sub-charterers who may make, port calls to Iran. In addition, our affiliate has informed us that it currently has no intention to continue to charter its vessels to charterers and sub-charterers, including, as the case may be, Iran-related parties, who may make, or may sub-let the vessels to sub-charterers who may make, port calls to Iran.

Inspection by Classification Societies

Every oceangoing vessel must be “classed” by a classification society. The classification society certifies that the vessel is “in class,” signifying that the vessel has been built and maintained in accordance with the rules of the classification society and complies with applicable rules and regulations of the vessel’s country of registry and the international conventions of which that country is a member. In addition, where surveys are required by international conventions and corresponding laws and ordinances of a flag state, the classification society will undertake them on application or by official order, acting on behalf of the authorities concerned.

The classification society also undertakes on request other surveys and checks that are required by regulations and requirements of the flag state. These surveys are subject to agreements made in each individual case and/or to the regulations of the country concerned. For maintenance of the class certification, regular and extraordinary surveys of hull, machinery, including the electrical plant, and any special equipment classed are required to be performed as follows:

- *Annual Surveys.* For seagoing vessels, annual surveys are conducted for the hull and the machinery, including the electrical plant and where applicable for 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 for the vessel’s hull, machinery, including the electrical plant, and for any special equipment classed, at the intervals indicated by the character of classification for the hull. At 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. The classification society may grant a one-year grace period for completion of the special survey. Substantial amounts of money 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 every four or five years, depending on whether a grace period was granted, 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 an 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 survey as defined by the classification society are required to be surveyed at least once per class period, unless shorter intervals between surveys are prescribed elsewhere. The period between two subsequent surveys of each area must not exceed five years.

Most insurance underwriters make it a condition for insurance coverage that a vessel be certified as “in class” by a classification society that is a member of the International Association of Classification Societies. All the vessels that we own and operate are certified as being “in class” by Nippon Kaiji Kyokai (Class NK), DNV GL, Lloyds or ABS. Typically, all new and secondhand vessels that we purchase must be certified “in class” prior to their delivery under our standard purchase contracts and memoranda of agreement. Under our standard purchase contracts, unless negotiated otherwise, if the vessel is not certified on the date of closing, we would have no obligation to take delivery of the vessel. Although we may not have an obligation to accept any vessel that is not certified on the date of closing, we may determine nonetheless to purchase the vessel, should we determine it to be in our best interests. If we do so, we may be unable to charter such vessel after we purchase it until it obtains such certification, which could increase our costs and affect the earnings we anticipate from the employment of the vessel.

Vessels are drydocked during intermediate and special surveys for repairs of their underwater parts. If “in water survey” notation is assigned, the vessel owner has the option of carrying out an underwater inspection of the vessel in lieu of drydocking, subject to certain conditions. In the event that an “in water survey” notation is assigned and other requirements as stipulated by class rules permit, dry docking required as part of an Intermediate Survey may be carried out “in lieu” thereby achieving a higher utilization for the relevant vessel. As per rules each vessel must dry dock twice within a five year cycle.

[Table of Contents](#)

One drydock must coincide with the special survey while the time distance between two dry docks must not exceed 36 months. We budget 40 days per drydocking per vessel. Actual length will vary based on the condition of each vessel, shipyard schedules and other factors.

The following table lists the dates by which we expect to carry out the next drydockings and special surveys for the vessels in our fleet:

Vessel Name	Drydocking	Special Survey	Classification Society
<i>m/v River Globe</i>	August 2025	August 2027	Class NK
<i>m/v Sky Globe</i>	November 2024	November 2024	Class NK
<i>m/v Star Globe</i>	May 2025	May 2025	DNV GL
<i>m/v Moon Globe</i>	November 2025	November 2025	Class NK
<i>m/v Sun Globe</i>	November 2025	August 2027	ABS
<i>m/v Galaxy Globe</i>	October 2023	October 2025	Class NK
<i>m/v Power Globe</i>	October 2024	June 2026	Class NK
<i>m/v Orion Globe</i>	April 2023	March 2025	Class NK
<i>m/v Diamond Globe</i>	May 2023	May 2023	Lloyds

Following an incident or a scheduled survey, if any defects are found, the classification surveyor will issue a “recommendation” or “condition of class” which must be rectified by the vessel owner within the prescribed time limits.

Risk Management and Insurance

General

The operation of any cargo vessel embraces a wide variety of risks, including the following:

- mechanical failure or damage, for example by reason of the seizure of a main engine crankshaft;
- cargo loss, for example arising from hull damage;
- personal injury, for example arising from collision or piracy;
- losses due to piracy, terrorist or war-like action between countries;
- environmental damage, for example arising from marine disasters such as oil spills and other environmental mishaps;
- physical damage to the vessel, for example by reason of collision;
- damage to other property, for example by reason of cargo damage or oil pollution; and
- business interruption, for example arising from strikes and political or regulatory change.

The value of such losses or damages may vary from modest sums, for example for a small cargo shortage damage claim, to catastrophic liabilities, for example arising out of a marine disaster, such as a serious oil or chemical spill, which may be virtually unlimited. While we maintain the traditional range of marine and liability insurance coverage for our fleet (hull and machinery insurance, war risks insurance and protection and indemnity coverage) in amounts and to extents that we believe are prudent to cover normal risks in our operations, we cannot insure against all risks, and we cannot be assured that all covered risks are adequately insured against. Furthermore, there can be no guarantee that any specific claim will be paid by the insurer or that it will always be possible to obtain insurance coverage at reasonable rates. Any uninsured or under-insured loss could harm our business and financial condition.

Hull and Machinery and War Risks

The principal coverages for marine risks (covering loss or damage to the vessels, rather than liabilities to third parties) are hull and machinery insurance and war risk insurance. These address the risks of the actual or constructive total loss of a vessel and accidental damage to a vessel's hull and machinery, for example from running aground or colliding with another ship. These insurances provide coverage which is limited to an agreed "insured value" which, as a matter of policy, is never less than the particular vessel's fair market value. Reimbursement of loss under such coverage is subject to policy deductibles that vary according to the vessel and the nature of the coverage. Hull and machinery deductibles may, for example, be between \$75,000 and \$150,000 per incident whereas the war risks insurance has a more modest incident deductible of, for example, \$30,000.

Protection and Indemnity Insurance

Protection and indemnity insurance is a form of mutual indemnity insurance provided by mutual marine protection and indemnity associations, or "P&I Clubs," formed by vessel owners to provide protection from large financial loss to one club member by contribution towards that loss by all members.

Each of the vessels that we operate is entered in the Gard P&I (Bermuda) Ltd. which we refer to as the Club, for third party liability marine insurance coverage. The Club is a mutual insurance vehicle. As a member of the Club, we are insured, subject to agreed deductibles and our terms of entry, for our legal liabilities and expenses arising out of our interest in an entered ship, out of events occurring during the period of entry of the ship in the Club and in connection with the operation of the ship, against specified risks. These risks include liabilities arising from death of crew and passengers, loss or damage to cargo, collisions, property damage, oil pollution and wreck removal.

The Club benefits from its membership in the International Group of P&I Clubs, or the International Group, for its main reinsurance program, and maintains a separate complementary insurance program for additional risks.

The Club's policy year commences each February. The mutual calls are levied by way of Estimated Total Premiums, or ETP, and the amount of the final installment of the ETP varies in accordance with the actual total premium ultimately required by the Club for a particular policy year. Members have a liability to pay supplementary calls which may be levied by the Club if the ETP is insufficient to cover the Club's outgoings in a policy year.

Cover per claim is generally limited to an unspecified sum, being the amount available from reinsurance plus the maximum amount collectable from members of the International Group by way of overspill calls. Certain exceptions apply, including a \$1.0 billion limit on claims in respect of oil pollution, a \$3.0 billion limit on cover for passenger and crew claims and a sub-limit of \$2.0 billion for passenger claims.

To the extent that we experience either a supplementary or an overspill call, our policy is to expense such amounts. To the extent that the Club depends on funds paid in calls from other members in our industry, if there were an industry-wide slow-down, other members might not be able to meet the call and we might not receive a payout in the event we made a claim on a policy.

Uninsured Risks

Not all risks are insured and not all risks are insurable. The principal insurable risks which nevertheless remain uninsured across our fleet are "loss of hire" and "strikes." We generally do not insure these risks because we regard the costs as disproportionate. These insurances provide, subject to a deductible, a limited indemnity for hire that is not receivable by the shipowner for reasons set forth in the policy. For example, loss of hire risk may be covered on a 14/90/90 basis, with a 14 days deductible, 90 days cover per incident and a 90-day overall limit per vessel per year. Should a vessel on time charter, where the vessel is paid a fixed hire day by day, suffer a serious mechanical breakdown, the daily hire will no longer be payable by the charterer. The purpose of the loss of hire insurance is to secure the loss of hire during such periods.

Environmental and Other Regulations

Sources of Applicable Rules and Standards

Shipping is one of the world's most heavily regulated industries, and it is subject to many industry standards. Government regulation significantly affects the ownership and operation of vessels. These regulations consist mainly of rules and standards established by international conventions, but they also include national, state and local laws and regulations in force in jurisdictions where vessels may operate or are registered, and which may be more stringent than international rules and standards. This is the case particularly in the United States and, increasingly, in Europe.

A variety of governmental and private entities subject vessels to both scheduled and unscheduled inspections. These entities include local port authorities (the U.S. Coast Guard, harbor masters or equivalent entities), classification societies, flag state administration (country vessel of registry), port state control, charterers and particularly terminal operators. Certain of these entities require vessel owners to obtain permits, licenses and certificates for the operation of their vessels. Failure to maintain necessary permits or approvals could require a vessel owner to incur substantial costs or temporarily suspend operation of one or more of its vessels.

Heightened levels of environmental and quality concerns among insurance underwriters, regulators and charterers continue to lead to greater inspection and safety requirements on all vessels and may accelerate the scrapping of older vessels throughout the industry. Increasing environmental concerns have created a demand for vessels that conform to stricter environmental standards. Vessel owners are required to maintain operating standards for all vessels that will emphasize operational safety, quality maintenance, continuous training of officers and crews and compliance with U.S. and international regulations. Because laws and regulations are frequently changed and may impose increasingly stricter requirements, we cannot predict the ultimate cost of complying with these requirements, or the impact of these requirements on the resale value or useful lives of our vessels. In addition, a future serious marine incident that causes significant adverse environmental impact could result in additional legislation or regulation that could negatively affect our profitability.

The following is a non-exhaustive overview of certain material conventions, laws and regulations that affect our business and the operation of our vessels. It is not a comprehensive summary of all the conventions, laws and regulations to which we are subject.

The IMO is a United Nations agency setting standards and creating a regulatory framework for the shipping industry and has negotiated and adopted a number of international conventions. These fall into two main categories, consisting firstly of those concerned generally with vessel safety and security standards, and secondly of those specifically concerned with measures to prevent pollution from vessels.

Ship Safety Regulation

A primary international safety convention is the Safety of Life at Sea Convention of 1974, as amended, or SOLAS, including the regulations and codes of practice that form part of its regime. Much of SOLAS is not directly concerned with preventing pollution, but some of its safety provisions are intended to prevent pollution as well as promote safety of life and preservation of property. These regulations have been and continue to be regularly amended as new and higher safety standards are introduced with which we are required to comply.

Under Chapter IX of the SOLAS Convention, or the International Safety Management Code for the Safe Operation of Ships and for Pollution Prevention, or the ISM Code, our operations are also subject to environmental standards and requirements. The purpose of the ISM Code is to provide an international standard for the safe management and operation of vessels and for pollution prevention. Under the ISM Code, the party with operational control of a vessel is required to develop, implement and maintain an extensive safety management system that includes, among other things, the adoption of a safety and environmental protection policy setting forth instructions and procedures for operating its vessels safely and protecting the environment and describing procedures for responding to emergencies. The ISM Code requires that vessel operators obtain a Safety Management Certificate for each vessel they operate. This certificate issued after verification that the vessel's operator and its shipboard management operate in accordance with the approved safety management system and evidence that the vessel complies with the requirements of the ISM Code. No vessel can obtain a Safety Management Certificate unless its operator has been awarded a document of compliance, issued by the respective flag state for the vessel, under the ISM Code.

Another amendment of SOLAS, made after the terrorist attacks in the United States on September 11, 2001, introduced special measures to enhance maritime security, including the International Ship and Port Facility Security Code, or ISPS Code, which sets out measures for the enhancement of security of vessels and port facilities. 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.

The vessels that we operate maintain ISM and ISPS certifications for safety and security of operations.

Regulations to Prevent Pollution from Ships

In the second main category of international regulation which deals with prevention of pollution, the primary convention is the International Convention for the Prevention of Pollution from Ships 1973 as amended by the 1978 Protocol, or MARPOL, which imposes environmental standards on the shipping industry set out in its Annexes I-VI. These contain regulations for the prevention of pollution by oil (Annex I), by noxious liquid substances in bulk (Annex II), by harmful substances in packaged forms within the scope of the International Maritime Dangerous Goods Code (Annex III), by sewage (Annex IV), by garbage (Annex V) and by air emissions (Annex VI).

These regulations have been and continue to be regularly amended and supplemented as new and higher standards of pollution prevention are introduced with which we are required to comply.

For example, MARPOL Annex VI sets limits on Sulphur Oxides (SOx) and Nitrogen Oxides (NOx) and particulate matter emissions from vessel exhausts and prohibits deliberate emissions of ozone depleting substances. It also regulates the emission of volatile organic compounds (VOC) from cargo tankers and certain gas carriers, as well as shipboard incineration of specific substances. Annex VI also includes a global cap on the sulphur content of fuel oil with a lower cap on the sulphur content applicable inside special areas, the “Emission Control Areas” or ECAs. Already established ECAs include the Baltic Sea, the North Sea, including the English Channel, the North American area and the US Caribbean Sea area. Recently the IMO approved a proposal for a new ECA in the Mediterranean to apply from 1 July 2025 such that the sulphur content of marine fuels does not exceed 0.1%. The global cap on the sulphur content of fuel oil was reduced to 0.5% as of January 1, 2020, regardless of whether a ship is operating outside a designated ECA. From January 1, 2015 the cap on the sulphur content of fuel oil for vessels operating in ECAs has been 0.1%. Additional amendments to Annex VI revising, among other terms, the definition of “Sulphur content of fuel oil” and “low-flashpoint fuel”, and pertaining to the sampling and testing of onboard fuel oil, which became effective in 2022. These regulations subject ocean-going vessels to stringent emissions controls and may cause us to incur substantial costs.

Annex VI also provides for progressive reductions in NOx emissions from marine diesel engines installed in vessels. Limiting NOx emissions is set on a three tier reduction, the final tier (“Tier III”) applying to engines installed on vessels constructed on or after January 1, 2016 and which operate in the North American ECA or the US Caribbean Sea ECA, and to engines installed on vessels constructed on or after January 1, 2021 and which operate in the Baltic Sea ECA or the North Sea ECA. The Tier III requirements would also apply to engines of vessels operating in other ECAs as may be designated in the future by the IMO’s Marine Environment Protection Committee (or MEPC) for Tier III NOx control. The Tier III requirements do not apply to engines installed on vessels constructed prior to January 1, 2021, if they are of less than 500 gross tons, of 24 meters or over in length, and have been designed and used solely for recreational purposes. We anticipate incurring costs at each stage of implementation on all these areas. Currently we are compliant in all our vessels. 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.

Greenhouse Gas Emissions

In February 2005, the Kyoto Protocol to the United Nations Framework Convention on Climate Change entered into force. Pursuant to the Kyoto Protocol, adopting countries are required to implement national programs to reduce emissions of certain gases, generally referred to as greenhouse gases, which are suspected of contributing to global warming. Currently, the greenhouse gas emissions from international shipping do not come under the Kyoto Protocol (this task having been delegated to the IMO). In December 2009, more than 27 nations, including the United States, entered into the Copenhagen Accord. The Copenhagen Accord is non-binding, but is intended to pave the way for a comprehensive, international treaty on climate change. On December 12, 2015 the Paris Agreement was adopted by 195 countries. The Paris Agreement deals with greenhouse gas emission reduction measures and targets from 2020 in order to limit the global temperature increases above pre-industrial levels to well below 2° Celsius. Although shipping was ultimately not included in the Paris Agreement, it is expected that the adoption of the Paris Agreement may lead to regulatory changes in relation to curbing greenhouse gas emissions from shipping. The Paris Agreement has been ratified by a large number of countries and entered into force on November 4, 2016. The United States rejoined the Paris Agreement in February 2021.

In July 2011 the IMO adopted regulations imposing technical and operational measures for the reduction of greenhouse gas emissions. These new regulations formed a new chapter in Annex VI of MARPOL and became effective on January 1, 2013. The new technical and operational measures 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. In October 2016 the MEPC adopted updated guidelines for the calculation of the Energy-Efficiency Design Index. In addition, the IMO is evaluating various mandatory measures to reduce greenhouse gas emissions from international shipping, which may include market-based instruments or a carbon tax. In October 2016, the IMO adopted a mandatory data collection system under which vessels of 5,000 gross tonnage and above are to collect fuel consumption data and to report the aggregated data to their flag state at the end of each calendar year. The new requirements entered into force on March 1, 2018. In April 2018, the MEPC adopted an initial strategy on the reduction of greenhouse gas emissions from ships, which envisages a reduction in total greenhouse gas emissions from international shipping by at least 50% by 2050 compared to 2008.

IMO’s MEPC 76 adopted amendments to Annex VI that will require ships to reduce their greenhouse gas emissions; effective January 2023, the Revised MARPOL Annex VI includes requirements for ships to calculate their Energy Efficiency Existing Ship Index, or “EEXI,” following technical means to improve their energy efficiency and to establish their annual operational carbon intensity indicator and rating, or “CII.” MEPC 76 also adopted guidelines to support implementation of the amendments. The EEXI measures apply to newbuild ships and all existing ships above 400 GT and CII requirements apply to all ships of 5000 GT or above. This means that the first annual reporting will be completed in 2023, with the first rating awarded in 2024. The CII regulations state that a ship rated D for three consecutive years, or E for one year, will be required to submit a corrective action plan showing how C or above will be achieved.

The EU adopted Regulation (EU) 2015/757 on the monitoring, reporting and verification of carbon dioxide emissions from vessels (or the MRV Regulation), which was published in the Official Journal on May 19, 2015 and entered into force on July 1, 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, such as, amongst others, warships and fish catching or fish processing vessels), irrespective of flag, in respect of carbon dioxide emissions released during intra-EU voyages and 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 was the precursor to a market-based mechanism to be adopted in the future (see below).

Furthermore, the 70th MEPC meeting in October 2016 adopted a mandatory data collection system (DCS) which requires ships above 5 000 gross tonnes to report consumption data for fuel oil, hours under way and distance travelled. Unlike the EU MRV (see below), the IMO DCS covers any maritime activity carried out by ships, including dredging, pipeline laying, ice-breaking, fish-catching and off-shore installations. The system, adopted by resolution MEPC.278(70), entered into force on 1 March 2018. Reporting commenced with the year 2019. The Ship Energy Efficiency Management Plans of all ships covered by the IMO DCS must include a description of the methodology for data collection and reporting. After each calendar year, the aggregated data are reported to the flag state. If the data have been reported in accordance with the requirements, the flag state issues a statement of compliance to the ship. Flag states subsequently transfer this data to an IMO ship fuel oil consumption database, which is part of the Global Integrated Shipping Information System (GISIS) platform. IMO will then produce annual reports, summarising the data collected. Thus, currently, data related to the GHG emissions of ships above 5 000 gross tonnes calling at ports in the European Economic Area (EEA) must be reported in two separate, but largely overlapping, systems: the EU MRV – which applies since 2018 – and the IMO DCS – which applies since 2019. The proposed revision of Regulation (EU) 2015/757 adopted on 4 February 2019 aims to align and facilitate the simultaneous implementation of the two systems however it is still not clear when the proposal will be adopted.

In the United States, the U.S. Environmental Protection Agency, or EPA, issued an “endangerment finding” regarding greenhouse gases under the Clean Air Act. While this finding in itself does not impose any requirements on our industry, it authorizes the EPA to regulate directly greenhouse gas emissions through a rule-making process. Any passage of new climate control legislation or other regulatory initiatives by the IMO, EU, the United States or other countries or states where we operate that restrict emissions of greenhouse gases could have a significant financial and operational impact on our business through increased compliance costs or additional operational restrictions that we cannot predict with certainty at this time.

Anti-Fouling Requirements

In 2001, the IMO adopted the International Convention on the Control of Harmful Anti-fouling Systems on Ships, or the Anti-fouling Convention. The Anti-fouling Convention, which entered into force in September 2008, prohibits and/or restricts the use of organotin compound coatings to prevent the attachment of mollusks and other sea life to the hulls of vessels. Vessels of over 400 gross tons engaged in international voyages must obtain an International Anti-Fouling System Certificate and undergo a survey before the vessel is put into service or before the Anti-fouling System Certificate is issued for the first time and when the anti-fouling systems are altered or replaced.

In 2023, 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. MEPC 76 adopted amendments to the Anti-fouling Convention to include controls on the biocide cybutryne; ships shall not apply or re-apply anti-fouling systems containing that substance starting 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.

Other International Regulations to Prevent Pollution

In addition to MARPOL, other more specialized international instruments have been adopted to prevent different types of pollution or environmental harm from vessels.

In February 2004, the IMO adopted an International Convention for the Control and Management of Ships' Ballast Water and Sediments, or the BWM Convention. The BWM Convention, which entered into force on September 8, 2017, aims to prevent the spread of harmful aquatic organisms from one region to another, by establishing standards and procedures for the management and control of vessels' ballast water and sediments. The BWM Convention's implementing regulations require vessels to conduct ballast water management in accordance with the standards set out in the convention, which include performance of ballast water exchange in accordance with the requirements set out in the relevant regulation and the gradual phasing in of a ballast water performance standard which requires ballast water treatment and the installation of ballast water treatment systems on board the vessels. Under the BWM Convention, vessels are required to implement a Ballast Water and Sediments Management Plan, carry a Ballast Water Record Book and an International Ballast Water Management Certificate. Pursuant to the BWM Convention amendments that entered into force in October 2019, ballast water management systems ("BWMSs") installed on or after October 28, 2020 shall be approved in accordance with BWMS Code, while BWMSs installed before October 23, 2020 must be approved taking into account guidelines developed by the IMO or the BWMS Code. Additionally, many countries already regulate the discharge of ballast water carried by vessels from country to country to prevent the introduction of invasive and harmful species via such discharges. The U.S., for example, requires vessels entering its waters from another country to conduct mid-ocean ballast exchange, or undertake some alternate measure, and to comply with certain reporting requirements. Ships sailing in U.S. waters are required to employ a type-approved BWMS which is compliant with USCG regulations. The U.S. Coast Guard has approved a number of BWMS. Amendments to the BWM Convention concerning commissioning testing of BWMS became effective in June 2022.

The Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships adopted by the IMO in 2009, or the Recycling Convention, deals with issues relating to ship recycling and aims to address the occupational health and safety, as well as environmental risks relating to ship recycling. It contains regulations regarding the design, construction, operation, maintenance and recycling of vessels, as well as regarding their survey and certification to verify compliance with the requirements of the Recycling Convention. The Recycling Convention, amongst other things, prohibits and/or restricts the installation or use of hazardous materials on vessels and requires vessels to have on board an inventory of hazardous materials specific to each vessel. It also requires ship recycling facilities to develop a ship-recycling plan for each vessel prior to its recycling. Parties to the Recycling Convention are to ensure that ship-recycling facilities are designed, constructed and operated in a safe and environmentally sound manner and that they are authorized by competent authorities after verification of compliance with the requirements of the Recycling Convention. The Recycling Convention (which is not effective yet) is to enter into force 24 months after a specified minimum number of states with a combined gross tonnage and maximum annual recycling volume during the preceding 10 years have ratified it.

A MARPOL regulation and the International Convention on Oil Pollution Preparedness, Response and Co-operation, 1990 also require owners and operators of vessels to adopt Shipboard Oil Pollution Emergency Plans. Another MARPOL regulation sets out similar requirements for the adoption of shipboard marine pollution emergency plans for noxious liquid substances with respect to vessels carrying such substances in bulk. Periodic training and drills for response personnel and for vessels and their crews are required.

European Union Regulations

European regulations in the maritime sector are in general based on international law most of which were promulgated by the IMO and then adopted by the Member States. However, since the *Erika* incident in 1999, when the *Erika* broke in two off the coast of France while carrying heavy fuel oil, the European Union (or EU) has become increasingly active in the field of regulation of maritime safety and protection of the environment. It has been the driving force behind a number of amendments of MARPOL (including, for example, changes to accelerate the timetable for the phase-out of single hull tankers, and prohibiting the carriage in such tankers of heavy grades of oil), and if dissatisfied either with the extent of such amendments or with the timetable for their introduction it has been prepared to legislate on a unilateral basis. In some instances where it has done so, international regulations have subsequently been amended to the same level of stringency as that introduced in the EU, but the risk is well established that EU regulations (and other jurisdictions) may from time to time impose burdens and costs on shipowners and operators which are additional to those involved in complying with international rules and standards.

[Table of Contents](#)

In some areas of regulation the EU has introduced new laws without attempting to procure a corresponding amendment of international law. Notably, it adopted in 2005 a directive on ship-source pollution (which was amended in 2009), imposing criminal sanctions for discharges of oil and other noxious substances from vessels sailing in its waters, irrespective of their flag not only where such pollution is caused by intent or recklessness (which would be an offense under MARPOL), but also where it is caused by “serious negligence.” The directive could therefore result in criminal liability being incurred in circumstances where it would not be incurred under international law. Experience has shown that in the emotive atmosphere often associated with pollution incidents, retributive attitudes towards vessel interests have found expression in negligence being alleged by prosecutors and found by courts on grounds which the international maritime community has found hard to understand. Moreover, there is skepticism that the notion of “serious negligence” is likely to prove any narrower in practice than ordinary negligence. Criminal liability for a pollution incident could not only result in us incurring substantial penalties or fines but may also, in some jurisdictions, facilitate civil liability claims for greater compensation than would otherwise have been payable.

The EU has also adopted legislation (Directive 2009/16/EC on Port State Control, as subsequently amended) which requires the 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 within certain preceding periods; creates obligations on the part of EU member port states to inspect minimum percentages of vessels using their ports annually; and provides for increased surveillance of vessels posing a high risk to maritime safety or the marine environment. 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.

Commission Regulation (EU) No 802/2010, which was adopted by the European Commission in September 2010, as part of the implementation of the Port State Control Directive and came into force on January 1, 2011, as subsequently amended by Regulation 1205/2012 of December 14, 2012, introduced a ranking system (published on a public website and updated daily) displaying shipping companies operating in the EU with the worst safety records. The ranking is judged upon the results of the technical inspections carried out on the vessels owned by a particular shipping company. Those shipping companies that have the most positive safety records are rewarded by being subjected to fewer inspections, whilst those with the most safety shortcomings or technical failings recorded upon inspection are to be subjected to a greater frequency of official inspections of their vessels.

By Directive 2009/15/EC of April 23, 2009 (on common rules and standards for ship inspection and survey organizations and for the relevant activities of maritime administrations) as amended by Directive 2014/111/EU of December 17, 2014, the European Union has established measures to be followed by the Member States for the exercise of 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 has also adopted legislation requiring the use of low sulphur fuel. Under Council Directive 1999/32/EC as subsequently amended, from January 1, 2015, vessels have been required to burn fuel with a sulphur content not exceeding 0.1% while within EU member states’ territorial seas, exclusive economic zones and pollution control zones falling within sulphur oxide (SOx) 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 MARPOL Annex VI. Directive 1999/32/EC was repealed and codified by 2016/802/EU to align with the revised Annex VI.

Regulation (EU) 2015/757 of the European Parliament and of the Council of 29 April 2015 (amended by Regulation (EU) 2016/2071 with respect to methods of calculating, inter alia, emission and consumption) governs the monitoring, reporting and verification of carbon dioxide emissions from maritime transport, and, subject to some exclusions, requires companies with ships over 5,000 gross tonnage to monitor and report carbon dioxide emissions annually, which may cause us to incur additional expenses. As of January 2019, large ships calling at EU ports have been required to collect and publish data on carbon dioxide emissions and other information. The system entered into force on 1 March 2018.

July 2020 saw the European Parliament’s Committee on Environment, Public Health and Food Safety vote in favor of the inclusion of vessels of 5000 gross tons and above in the EU Emissions Trading System (in addition to voting for a revision to the monitoring, reporting and verification of CO2 emissions). In September 2020, the European Parliament adopted the proposal from the European Commission to amend the regulation on monitoring carbon dioxide emissions from maritime transport.

On July 14, 2021, the European Commission published a package of draft proposals as part of its ‘Fit for 55’ environmental legislative agenda and as part of the wider EU Green Deal growth strategy. The Proposals are not yet in final form and may be subject to amendment. There are two key initiatives relevant to maritime arising from the Proposals: (a) a bespoke emissions trading scheme for maritime (Maritime ETS) which is due to commence in 2024 and which is to apply to all ships above a gross tonnage of 5000; and (b) a FuelEU draft regulation which seeks to require all ships above a gross tonnage of 5000 to carry on board a ‘FuelEU certificate of compliance’ from 30 June 2025 as evidence of compliance with the limits on the greenhouse gas intensity of the energy used on-board by a ship and with the requirements on the use of on-shore power supply (OPS) at berth. More specifically, Maritime ETS is to apply gradually over the period from 2024-2026. The cap under the ETS would be set by taking into account EU MRV system emissions data for the years 2018 and 2019, adjusted, from year 2021 and is to capture 100% of the emissions from intra-EU maritime voyages; 100% of emissions from ships at berth in EU ports; and 50% of emissions from voyages which start or end at EU ports (but the other destination is outside the EU). More recent proposed amendments signal that 100% of non-EU emissions may be caught if the IMO does not introduce a global market-based measure by 2028. Furthermore, the proposals envisage that all maritime allowances would be auctioned and there will be no free allocation. Whilst the FuelEU Maritime Regulation is still being negotiated, Maritime ETS deal was reached in December 2022 and the final legal text is expected to be published in the coming months.

Concerned at the lack of progress in satisfying the conditions needed to bring the Hong Kong Convention into force, the EU published its own Ship Recycling Regulation 1257/2013 (SRR) in 2013, with a view to facilitating early ratification of the Hong Kong Convention both within the EU and in other countries outside the EU. As the Hong Kong Convention has yet to come into force, the 2013 regulations are vital to responsible ship recycling in the EU. The SRR 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, the vessels flying the flag of a third country will be required, amongst other things, to have on board an inventory of hazardous materials which complies with the requirements of the Regulation and to 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 their flag and verifying the inventory. Pursuant to the Regulation, the EU Commission publishes from time to time a European List of approved ship recycling facilities meeting the requirements of the Regulation. On November 11, 2020 the EU Commission published an implementing decision which included an updated version of the European List. Furthermore, the SRR requires that, from 31 December 2020, all existing ships sailing under the flag of EU member states and non-EU flagged ships calling at an EU port or anchorage must carry on-board an Inventory of Hazardous Materials (IHM) with a certificate or statement of compliance, as appropriate. For EU-flagged vessels, a certificate (either an Inventory Certificate or Ready for Recycling Certificate) will be necessary, while non-EU flagged vessels will need a Statement of Compliance.

Compliance Enforcement

The flag state, as defined by the United Nations Convention on the Law of the Sea, has overall responsibility for the implementation and enforcement of international maritime regulations for all vessels granted the right to fly its flag. The “Shipping Industry Guidelines on Flag State Performance” issued by the International Chamber of Shipping in cooperation with other international shipping associations evaluates flag states based on factors such as port state control record, ratification of major international maritime treaties, use of recognized organizations conducting survey work on their behalf which comply with the IMO guidelines, age of fleet, compliance with reporting requirements and participation at IMO meetings. The vessels that we operate are flagged in the Marshall Islands and Malta. Marshall Islands- and Malta-flagged vessels have historically received a good assessment in the shipping industry.

Noncompliance with the ISM Code or other IMO regulations may subject the shipowner or bareboat charterer to increased liability and, if the implementing legislation so provides, to criminal sanctions, may lead to decreases in available insurance coverage for affected vessels or may invalidate or result in the loss of existing insurance cover and may result in the denial of access to, or detention in, some ports. The U.S. Coast Guard and European Union authorities have, for example, indicated that vessels not in compliance with the ISM Code will be prohibited from trading in U.S. and European Union ports, respectively. As of the date of this annual report on Form 20-F, each of our vessels is ISM Code certified. However, there can be no assurance that such certificate will be maintained.

The IMO, the EU and other regulatory authorities continue to review and introduce new regulations. It is impossible to predict what additional regulations, if any, may be passed by the IMO, the EU and/or other regulatory authorities and what effect, if any, such regulations may have on our operations.

United States Environmental Regulations and Laws Governing Civil Liability for Pollution

Environmental legislation in the United States merits particular mention as it is in many respects more onerous than international laws, representing a high-water mark of regulation with which shipowners and operators must comply, and of liability likely to be incurred in the event of non-compliance or an incident causing pollution.

U.S. federal legislation, including notably the OPA, establishes an extensive regulatory and liability regime for the protection and cleanup of the environment from oil spills, including bunker oil spills from dry bulk vessels as well as cargo or bunker oil spills from tankers. The OPA affects all owners and operators whose vessels trade in the United States, its territories and possessions or whose vessels operate in United States waters, which includes the United States' territorial sea and its 200 nautical mile exclusive economic zone. Under OPA, vessel owners, operators and bareboat charterers are "responsible parties" and are jointly, severally and strictly liable without regard to fault (unless the spill results solely from the act or omission of a third party, an act of God or an act of war) for all containment and clean-up costs and other damages arising from discharges or substantial threats of discharges of oil from their vessels. The OPA expressly allows the individual states of the United States to impose their own liability regimes for the discharge of petroleum products. In addition to potential liability under the OPA as the relevant federal legislation, vessel owners may in some instances incur liability on an even more stringent basis under state law in the particular state where the spillage occurred.

The OPA requires the owner or operator of any non-tank vessel of 400 gross tons or more that carries oil of any kind as a fuel for main propulsion, including bunkers, to prepare and submit a response plan for each vessel. The vessel response plans must include detailed information on actions to be taken by vessel personnel to prevent or mitigate any discharge or substantial threat of such a discharge of oil from the vessel.

The OPA contains statutory caps on liability and damages; such caps do not apply to direct clean-up costs. On December 23, 2022, the USCG adjusted the limits of OPA liability for a non-tank vessel, to the greater of \$1,300 per gross ton or \$1,076,000 (subject to periodic adjustment for inflation). However, these limits of liability do not apply if an incident was proximately caused by violation of applicable United States federal safety, construction or operating regulations or by a responsible party's gross negligence or willful misconduct, or if the responsible party fails or refuses to report the incident or to cooperate and assist in connection with oil removal activities.

In addition, the Comprehensive Environmental Response, Compensation, and Liability Act, or CERCLA, which applies to the discharge of hazardous substances (other than oil) whether on land or at sea, contains a similar liability regime and provides for cleanup, removal and natural resource damages. Liability under CERCLA is limited to the greater of \$300 per gross ton or \$0.5 million for vessels not carrying hazardous substances as cargo or residue (or the greater of \$300 per gross ton or \$5.0 million for vessels carrying hazardous substances) unless the incident is caused by gross negligence, willful misconduct or a violation of certain regulations, in which case liability is unlimited.

We maintain, for each of our vessels, protection and indemnity coverage against pollution liability risks in the amount of \$1.0 billion per event. This insurance coverage is subject to exclusions, deductibles and other terms and conditions. If any liabilities or expenses fall within an exclusion from coverage, or if damages from a catastrophic incident exceed the \$1.0 billion limitation of coverage per event, our cash flow, profitability and financial position could be adversely impacted.

We believe our insurance and protection and indemnity coverage as described above meets the requirements of the OPA.

The OPA requires owners and operators of all vessels over 300 gross tons, even those that do not carry petroleum or hazardous substances as cargo, to establish and maintain with the U.S. Coast Guard evidence of financial responsibility sufficient to meet their potential liabilities under the OPA. Under the regulations, vessel owners and operators may evidence their financial responsibility by showing proof of insurance, surety bond, self-insurance or guaranty.

Under the OPA, an owner or operator of a fleet of vessels is required only to demonstrate evidence of financial responsibility in an amount sufficient to cover the vessel in the fleet having the greatest limited liability under the OPA.

The U.S. Coast Guard's regulations concerning certificates of financial responsibility provide, in accordance with the OPA, that claimants may bring suit directly against an insurer or guarantor that furnishes the guaranty that supports the certificates of financial responsibility. In the event that such insurer or guarantor is sued directly, it is prohibited from asserting any contractual defense that it may have had against the responsible party and is limited to asserting those defenses available to the responsible party and the defense that the incident was caused by the willful misconduct of the responsible party.

The OPA specifically permits individual states to impose their own liability regimes with regard to oil pollution incidents occurring within their boundaries, and some states have enacted legislation providing for unlimited liability for oil spills. In some cases, states that have enacted such legislation have not yet issued implementing regulations defining vessels owners' responsibilities under these laws. We intend to comply with all applicable state regulations in the ports where our vessels call.

The United States Clean Water Act, or CWA, prohibits the discharge of oil or hazardous substances in U.S. navigable waters and imposes strict liability in the form of penalties for unauthorized discharges. The CWA also imposes substantial liability for the costs of removal, remediation and damages and complements the remedies available under CERCLA. In 2015, the EPA expanded the definition of "waters of the United States," or 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 enacted rules governing the regulation of ballast water discharges and other discharges incidental to the normal operation of vessels within U.S. waters. Under the rules, commercial vessels 79 feet in length or longer (other than commercial fishing vessels), or Regulated Vessels, are required to obtain a CWA permit regulating and authorizing such normal discharges. This permit, which the EPA had designated as the Vessel General Permit for Discharges Incidental to the Normal Operation of Vessels, or VGP, incorporated the then current U.S. Coast Guard requirements for ballast water management as well as supplemental ballast water requirements, including limits applicable to specific discharge streams, such as deck runoff, bilge water and gray water. The Vessel Incidental Discharge Act (or VIDA) was signed into law on December 4, 2018, and establishes a new framework for the regulation of vessel incidental discharges under the CWA. 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. The new regulations could require the installation of new equipment. Under VIDA, all provisions of the 2013 Vessel General Permit remain in force and effect as currently written until the EPA publishes standards and the corresponding U.S. Coast Guard regulations are published.

Vessels that are constructed after December 1, 2013, are subject to the ballast water numeric effluent limitations. Several U.S. states, including California, have added specific requirements to the VGP and, in some cases, may require vessels to install ballast water treatment technology to meet biological performance standards.

Security Regulations

Since the terrorist attacks of September 11, 2001, there have been a variety of initiatives intended to enhance vessel security. In November 2002, the MTSA came into effect. To implement certain portions of the MTSA, in July 2003, the U.S. Coast Guard issued regulations requiring the implementation of certain security requirements aboard vessels operating in waters subject to the jurisdiction of the United States. Similarly, in December 2002, amendments to SOLAS created a new chapter of the convention dealing specifically with maritime security. The chapter imposes various detailed security obligations on vessels and port authorities, most of which are contained in the newly created 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 U.S. Coast Guard regulations, intended to be aligned with international maritime security standards, exempt non-U.S. vessels from MTSA vessel security measures, provided such vessels have on board a valid International Ship Security Certificate that attests to the vessel's compliance with SOLAS security requirements and the ISPS Code. The vessels in our fleet that we operate have on board valid International Ship Security Certificates and, therefore, will comply with the requirements of the MTSA.

International Laws Governing Civil Liability to Pay Compensation or Damages

Although the United States is not a party to the International Convention on Civil Liability for Oil Pollution Damage of 1969, as amended by the 1992 Protocol and further amended in 2000, or the CLC (which has been adopted by the IMO and sets out a liability regime in relation to oil pollution damage), many countries are parties and have ratified either the original CLC or its 1992 Protocol. Under the CLC, a vessel's registered owner is strictly liable for pollution damage caused in the territorial waters or, under the 1992 Protocol, in the exclusive economic zone or equivalent area, of a contracting state by discharge of persistent oil, subject to certain defenses and subject to the right to limit liability. The original CLC applies to vessels carrying oil as cargo and not in ballast, whereas the CLC as amended by the 1992 Protocol applies to tanker vessels and combination carriers (i.e., vessels which sometimes carry oil in bulk and sometimes other cargoes) but only when the latter carry oil in bulk as cargo and during any voyage following such carriage (to the extent they have oil residues on board). Vessels trading with states that are parties to these conventions must provide evidence of insurance covering the liability of the owner. In jurisdictions where the CLC has not been adopted, various legislative schemes or common law govern, and liability is imposed either on the basis of fault or in a manner similar to that of the convention. We believe that our protection and indemnity insurance will cover the liability under the regime adopted by the IMO.

The CLC is supplemented by the International Convention on the Establishment of an International Fund for Compensation for Oil Pollution Damage 1971, as amended (or the Fund Convention). The purpose of the Fund Convention was the creation of a supplementary compensation fund (the International Oil Pollution Compensation Fund, or IOPC Fund) which provides additional compensation to victims of a pollution incident who are unable to obtain adequate or any compensation under the CLC.

In 2001, the IMO adopted the International Convention on Civil Liability for Bunker Oil Pollution Damage, or the Bunker Convention, which covers liability and compensation for pollution damage caused in the territorial waters or the exclusive economic zone or equivalent area of ratifying states by discharges of "bunker oil." The Bunker Convention defines "bunker oil" as "any hydrocarbon mineral oil, including lubricating oil, used or intended to be used for the operation or propulsion of the ship, and any residues of such oil." The Bunker Convention imposes strict liability (subject to certain defenses) on the shipowner (which term includes the registered owner, bareboat charterer, manager and operator of the vessel). It also requires registered owners of vessels over a certain size to maintain insurance for pollution damage in an amount equal to the limits of liability under the applicable national or international limitation regime (but not exceeding the amount calculated in accordance with the Convention on Limitation of Liability for Maritime Claims of 1976, as amended by the 1996 Protocol to it, or the 1976 Convention). The Bunker Convention entered into force in November 2008. In other jurisdictions, liability for spills or releases of oil from vessels' bunkers continues to be determined by the national or other domestic laws in the jurisdiction where the events or damages occur.

The IMO's International Convention on Liability and Compensation for Damage in Connection with the Carriage of Hazardous and Noxious Substances by Sea 1996, as superseded by the 2010 Protocol, or the HNS Convention, sets out a liability regime for loss or damage caused by hazardous or noxious substances carried on board a vessel. These substances are listed in the convention itself or defined by reference to lists of substances included in various IMO conventions and codes. The HNS Convention covers loss or damage by contamination to the environment, costs of preventive measures and further damage caused by such measures, loss or damage to property outside the ship and loss of life or personal injury caused by such substances on board or outside the ship. It imposes strict liability (subject to certain defenses) on the registered owner of the vessel and provides for limitation of liability and compulsory insurance. The owner's right to limit liability is lost if it is proved that the damage resulted from the owner's personal act or omission, committed with the intent to cause such damage, or recklessly and with knowledge that such damage would probably result. The HNS Convention has not entered into force yet.

Outside the United States, national laws generally provide for the owner to bear strict liability for pollution, subject to a right to limit liability under applicable national or international regimes for limitation of liability. The most widely applicable international regime limiting maritime pollution liability is the 1976 Convention. However, claims for oil pollution damage within the meaning of the CLC or any Protocol or amendment to it are expressly excepted from the limitation regime set out in the 1976 Convention. Rights to limit liability under the 1976 Convention are forfeited where it is proved that the loss resulted from the shipowner's personal act or omissions, committed with the intent to cause such loss, or recklessly and with knowledge that such loss would probably result. Some states have ratified the 1996 Protocol to the 1976 Convention, which provides for liability limits substantially higher than those set forth in the original 1976 Convention to apply in such states. Finally, some jurisdictions are not a party to either the 1976 Convention or the 1996 Protocol, and some are parties to other earlier limitation of liability conventions and, therefore, shipowners' rights to limit liability for maritime pollution in such jurisdictions may be different or uncertain.

The Maritime Labour Convention

The International Labour Organization’s Maritime Labour Convention was adopted in 2006 (“MLC 2006”). The basic aims of the MLC 2006 are to ensure comprehensive worldwide protection of the rights of seafarers and to establish a level playing field for countries and ship owners committed to providing decent working and living conditions for seafarers, protecting them from unfair competition on the part of substandard ships. The Convention was ratified on August 20, 2012, and all our vessels have been certified, as required. The MLC 2006 requirements have not had a material effect on our operations.

C. Organizational Structure

Globus Maritime Limited is a holding company. As of the date of this annual report, Globus wholly owns ten operational subsidiaries, nine of which are Marshall Islands corporations and one of which is incorporated in Malta. Nine of our operational subsidiaries each own one vessel, and one of our operational subsidiaries is our Manager and does not own any vessels. Our Manager provides the technical and day-to-day commercial management of our fleet and our financial reporting. Our Manager provides consultancy services to an affiliated ship management company. Our Manager maintains ship management agreements with each of our vessel-owning subsidiaries. In addition, three additional Marshall Islands subsidiaries have each entered into a shipbuilding contract for the construction of a new vessel. See “Item 4.A. History and Development of the Company.”

D. Property, Plants and Equipment

In 2016 our Manager entered into a rental agreement for 350 square meters of office space for our operations within a building owned by Cyberonica S.A., a related party to us at a monthly rate of €10,360 with a lease period ending January 2, 2025. However, in August 2021, our Manager entered into a new rental agreement for 902 square metres of office space for its operations within a building owned by Cyberonica S.A. (a company controlled by our chairman of the board) at a monthly rate of €26,000 with a lease period ending August 2024, and the 2016 rental agreement was terminated. In June 2022, we entered into a new rental agreement with F.G. Europe (an affiliate of our chairman) for the same office space, at the same rate of Euro 26,000 (absolute amount) and with the same lease period ending of August 4, 2024. The previous rental agreement with Cyberonica was terminated. We do not presently own any real estate. As of December 31, 2022, we did not owe to F.G. Europe any amount of back rent.

As of December 31, 2022 and 2021 we owned and operated a fleet of nine vessels with an aggregate carrying value of \$129.5 and \$130.7 million, respectively.

A vessel-by-vessel carrying value summary as of December 31, 2022 and 2021 follows:

			Month and Year of Acquisition	Purchase Price (in millions of U.S. Dollars)	Carrying Value as of December 31, 2022 (in millions of U.S. Dollars)	Carrying Value as of December 31, 2021 (in millions of U.S. Dollars)
Dry bulk Vessels	Dwt	Year Built				
<i>m/v River Globe</i>	53,627	2007	December 2007	57.5	7.6	7.4
<i>m/v Sky Globe</i>	56,855	2009	May 2010	32.8	8.2	7.0
<i>m/v Star Globe</i>	56,867	2010	May 2010	32.8	9.8	8.9
<i>m/v Sun Globe</i>	58,790	2007	September 2011	30.3	9.3	8.3
<i>m/v Moon Globe</i>	74,432	2005	June 2011	31.4	10.2	9.9
<i>m/v Galaxy Globe</i>	81,167	2015	October 2020	18.4	16.7	17.4
<i>m/v Diamond Globe</i>	82,027	2018	June 2021	27.0	25.0	26.3
<i>m/v Power Globe</i>	80,655	2011	July 2021	16.2	16.0	17.2
<i>m/v Orion Globe</i>	81,837	2015	November 2021	28.4	26.7	28.3
					129.5	130.7

Other than our vessels and contracts to construct vessels, we do not have any material property. Seven of our vessels are subject to priority mortgages, which secure our obligations under the First Citizens Bank & Trust Company (“CIT Loan Facility”) (formerly known as CIT Bank N.A.). For more information on our vessels, please see “Item 4.B. Business Overview.” For more information on the shipbuilding contracts, see “Item 4.A.—History and Development of the Company.”

[Table of Contents](#)

On March 6, 2023, we, through a wholly owned subsidiary, entered into an agreement to sell the 2007-built Sun Globe for a gross price of \$14.1 million, before commissions, to an unaffiliated third party, which sale is subject to standard closing conditions. We expect the sale to occur in the second quarter of 2023.

For further details regarding our credit facilities, please see “Item 5.B. Liquidity and Capital Resources — Indebtedness.”

We have no manufacturing capacity, nor do we produce any products.

We believe that our existing credit facility is adequate to meet our needs for the foreseeable future.

Item 4A. Unresolved Staff Comments

None.

Item 5. Operating and Financial Review and Prospects

The following discussion should be read in conjunction with our consolidated financial statements and the accompanying notes thereto included elsewhere in this annual report on Form 20-F. We believe that the following discussion contains forward-looking statements that involve risks and uncertainties. Actual results or plan of operations could differ materially from those anticipated by forward-looking information due to factors discussed under “Item 3.D. Risk Factors” and elsewhere in this annual report on Form 20-F. Please see the section “Cautionary Note Regarding Forward-Looking Statements” at the beginning of this annual report on Form 20-F.

The following Management’s Discussion and Analysis of Financial Condition and Results of Operations (MD&A) is intended to help the reader understand our results of operations and financial condition. The MD&A is provided as a supplement to, and should be read in conjunction with, our consolidated financial statements and notes thereto included in “Item 18 – Financial Statements.”

The MD&A generally discusses 2022 and 2021 items and year-to-year comparisons between 2022 and 2021. Discussions of 2020 items and year-to-year comparisons between 2021 and 2020 that are not included in this Form 20-F can be found in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in the Company’s Annual Report on Form 20-F for the fiscal year ended December 31, 2021 filed with the SEC.

A. Operating Results

Overview and History

We are an integrated dry bulk shipping company, which began operations in September 2006, providing marine transportation services on a worldwide basis. We own, operate and manage a fleet of dry bulk vessels that transport iron ore, coal, grain, steel products, cement, alumina and other dry bulk cargoes internationally. Following the conclusion of our initial public offering on June 1, 2007, our common shares were listed on the AIM under the ticker “GLBS.L.” On November 24, 2010, we redomiciled into the Marshall Islands pursuant to the BCA and a resale registration statement for our common shares was declared effective by the SEC. Once the resale registration statement was declared effective by the SEC, our common shares began trading on the Nasdaq Global Market under the ticker “GLBS.” We delisted our common shares from the AIM on November 26, 2010.

On April 11, 2016 our common shares began trading on the Nasdaq Capital Market and ceased trading on the Nasdaq Global Market, without a change in our ticker.

On July 29, 2010, we effected a 1-4 reverse stock split, with our issued share capital resulting in 7,240,852 common shares of \$0.004 each. On October 20, 2016, we effected a 1-4 reverse stock split which reduced the number of outstanding common shares from 10,510,741 to 2,627,674 shares (adjustments were made based on fractional shares). (These figures do not reflect the 1-10 reverse stock split which occurred in October 2018 or the 1-100 reverse stock split occurred in October 2020.) On October 15, 2018, we effected a 1-10 reverse stock split which reduced the number of outstanding common shares from 32,065,077 to 3,206,495 shares (adjustments were made based on fractional shares). (These figures do not reflect the 1-100 reverse stock split occurred in October 2020.)

In November 2018, we entered into a credit facility for up to \$15 million with Firment Shipping Inc., a related party to us, for the purpose of financing our general working capital needs, which facility was amended and restated on May 8, 2020. The Firment Shipping Credit Facility was unsecured and remained available until its final maturity date at October 31, 2021, as amended. We have the right to drawdown any amount up to \$15 million or prepay any amount in multiples of \$100,000.

[Table of Contents](#)

Any prepaid amount cannot be re-borrowed. Interest on drawn and outstanding amounts is charged at 3.5% per annum until December 31, 2020, and thereafter at 7% per annum. No commitment fee is charged on the amounts remaining available and undrawn. Interest is payable the last day of a period of three months after the drawdown date, after this period in case of failure to pay any sum due a default interest of 2% per annum above the regular interest is charged. We have also the right, in our sole option, to convert in whole or in part the outstanding unpaid principal amount and accrued but unpaid interest under this Agreement into common shares. The conversion price shall equal the higher of (i) the average of the daily dollar volume-weighted average sale price for the common stock on the Principal Market on any trading day during the period beginning at 9.30 a.m. New York City time and ending at 4.00 p.m. over the Pricing Period multiplied by 80%, where the “Pricing Period” equals the ten consecutive trading days immediately preceding the date on which the conversion notice was executed or (ii) \$280.00. The outstanding amount under the Firment Shipping Credit Facility was fully repaid on July 27, 2020. This facility expired on its terms on October 31, 2021.

On April 23, 2019, the Company converted the outstanding principal amount of \$3.1 million plus the accrued interest of \$0.1 million with a conversion price of \$2.80 per share and issued 1,132,191 new common shares on behalf of Firment Shipping Inc. in accordance with the provisions of the Firment Shipping Credit Facility. This conversion resulted in a gain of \$0.1 million. As of December 31, 2020, \$14.2 million was available to be drawn under the Firment Shipping Credit Facility. (These figures do not reflect the 1-100 reverse stock split occurred in October 2020.)

On June 22, 2020, we completed a public offering of 342,857 units of the Company. Each unit consisted of one common share and one Class A Warrant to purchase one common share (a “Class A Warrant”), for \$35 per unit. At the time of the closing, the underwriters exercised and closed a part of their over-allotment option, and purchased an additional 51,393 common shares and Class A Warrants to purchase 51,393 common shares.

The exercise price of the Class A Warrants is \$35 per whole share at any time after their original issuance up to the date that is five years after their original issuance. If a registration statement registering the issuance of the common shares underlying the warrants under the Securities Act is not effective or available, the holder may, in its sole discretion, elect to exercise the warrant through a cashless exercise, in which case the holder would receive upon such exercise the net number of common shares determined according to the formula set forth in the warrant. We may be required to pay certain amounts as liquidated damages as specified in the warrants in the event it does not deliver common shares upon exercise of the warrants within the time periods specified in the warrants.

On June 30, 2020, we issued 458,500 of our common shares in a registered direct offering and 458,500 of our June PP Warrants in a concurrent private placement for a purchase price of \$27 per common share and June PP Warrant. No June PP Warrants have been exercised as of the date hereof, and may be exercised at any time prior to 5:00 PM New York time on December 30, 2025. The exercise price of each June PP Warrant was originally \$30 per share, but in July 2020 was reduced to \$18 per share.

On July 21, 2020, we issued 833,333 of our common shares in a registered direct offering and 833,333 of our July PP Warrants to purchase common shares in a concurrent private placement for a purchase price of \$18 per common share and July PP Warrant. No July PP Warrants have been exercised as of the date hereof, and may be exercised at any time prior to 5:00 PM New York time on January 21, 2026. The exercise price of each July PP Warrant is \$18 per share.

On December 9, 2020, we issued (a) 1,256,765 common shares, (b) pre-funded warrants to purchase 155,000 common shares, and (c) warrants (the “December 2020 Warrants”) to purchase 1,270,587 common shares. The pre-funded warrants have all been exercised. No December 2020 Warrants have been exercised as of the date hereof, and may be exercised at any time prior to 5:00 PM New York time on June 9, 2026. The exercise price of the December 2020 Warrants was reduced from \$8.50 per share to \$6.25 per share on January 29, 2021.

On January 29, 2021, we issued (a) 2,155,000 common shares, (b) pre-funded warrants to purchase 445,000 common shares, and (c) warrants (the “January 2021 Warrants”) to purchase 1,950,000 common shares at an exercise price of \$6.25 per share, which may be exercised at any time prior to 5:00 PM New York time on July 29, 2026. The pre-funded warrants were all exercised. No January 2021 Warrants have been exercised as of the date hereof.

On February 17, 2021, we issued (a) 3,850,000 common shares, (b) pre-funded warrants to purchase 950,000 common shares, and (c) warrants (the “February 2021 Warrants”) to purchase 4,800,000 common shares at an exercise price of \$6.25 per share, which may be exercised at any time prior to 5:00 PM New York time on August 17, 2026. The pre-funded warrants have all been exercised. No February 2021 Warrants have been exercised as of the date hereof.

[Table of Contents](#)

On June 29, 2021, we issued (a) 8,900,000 common shares, (b) pre-funded warrants to purchase 1,100,000 common shares, and (c) warrants (the “June 2021 Warrants”) to purchase 10,000,000 common shares at an exercise price of \$5.00 per share, which may be exercised at any time prior to 5:00 PM New York time on December 29, 2026. The pre-funded warrants have all been exercised. No June 2021 Warrants have been exercised as the date hereof.

Each of the June PP Warrants, July PP Warrants, December 2020 Warrants, January 2021 Warrants, February 2021 Warrants and June 2021 Warrants is exercisable for a period of five and one-half years commencing on the date of issuance. The warrants are exercisable at the option of each holder, in whole or in part by delivering to us a duly executed exercise notice with payment in full in immediately available funds for the number of common shares purchased upon such exercise. If a registration statement registering the resale of the common shares underlying the private placement warrants under the Securities Act is not effective or available at any time after the six month anniversary of the date of issuance of the private placement warrants, the holder may, in its sole discretion, elect to exercise the private placement warrant through a cashless exercise, in which case the holder would receive upon such exercise the net number of common shares determined according to the formula set forth in the warrant. If a registration statement covering the issuance of the shares under the Securities Act is not effective or available at any time after the issuance of the December 2020 Warrants, January 2021 Warrants, February 2021 Warrants and June 2021 Warrants, the holder may, in its sole discretion, elect to exercise the such warrants through a cashless exercise, in which case the holder would receive upon such exercise the net number of common shares determined according to the formula set forth in the warrant. If we do not issue the shares in a timely fashion, each warrant contains certain liquidated damages provisions.

From June 22, 2020 through the date hereof, we have issued 5,550 common shares pursuant to exercises of outstanding Class A Warrants. As of the date of this annual report, no June PP Warrants, July PP Warrants, December 2020 Warrants, January 2021 Warrants, February 2021 Warrants or June 2021 Warrants have been exercised.

On October 21, 2020, we effected a 1-100 reverse stock split which reduced the number of shares outstanding from 175,675,651 to 1,756,720 (adjustments were made based on fractional shares). Unless otherwise noted, all historical share numbers, per share amounts, including common share, preferred shares and warrants, have been adjusted to give effect to this reverse split.

As of December 31, 2022, our issued and outstanding capital stock consisted of 20,582,301 common shares and 10,300 Series Preferred Shares.

On June 12, 2020, we entered into a stock purchase agreement and issued 50 of our newly-designated Series B preferred shares, par value \$0.001 per share, to Goldenmare Limited, a company controlled by our Chief Executive Officer, Athanasios Feidakis, in return for \$150,000, which amount was settled by reducing, on a dollar-for-dollar basis, the amount payable by the Company to Goldenmare Limited pursuant to the consultancy agreement.

In July 2020, we issued an additional 250 of our Series B preferred shares to Goldenmare Limited in return for \$150,000. The \$150,000 was paid by reducing, on a dollar-for-dollar basis, the amount payable by the Company to Goldenmare Limited pursuant to a consultancy agreement. In addition, we increased the maximum voting rights under the Series B preferred shares from 49.0% to 49.99%.

In March 2021, we issued an additional 10,000 of our Series B preferred shares to Goldenmare Limited in return for \$130,000, which was settled by reducing, on a dollar-for-dollar basis, the amount payable by the Company to Goldenmare Limited pursuant to a consultancy agreement.

Each Series B preferred share entitles the holder thereof to 25,000 votes per share on all matters submitted to a vote of the shareholders of the Company, provided however, that no holder of Series B preferred shares may exercise voting rights pursuant to Series B preferred shares that would result in the aggregate voting power of any beneficial owner of such shares and its affiliates (whether pursuant to ownership of Series B preferred shares, common shares or otherwise) to exceed 49.99% of the total number of votes eligible to be cast on any matter submitted to a vote of shareholders of the Company. To the fullest extent permitted by law, the holders of Series B preferred shares shall have no special voting or consent rights and shall vote together as one class with the holders of the common shares on all matters put before the shareholders. The Series B preferred shares are not convertible into common shares or any other security. They are not redeemable and have no dividend rights. Upon any liquidation, dissolution or winding up of the Company, the Series B preferred shares are entitled to receive a payment with priority over the common shareholders equal to the par value of \$0.001 per share.

[Table of Contents](#)

The Series B preferred shareholder has no other rights to distributions upon any liquidation, dissolution or winding up of the Company. All issued and outstanding Series B preferred shares must be held of record by one holder, and the Series B preferred shares shall not be transferred without the prior approval of our Board of Directors. Finally, in the event the Company (i) declares any dividend on its common shares, payable in common shares, (ii) subdivides the outstanding common shares or (iii) combines the outstanding common shares into a smaller number of shares, there shall be a proportional adjustment to the number of outstanding Series B preferred shares.

Each issuance of the Series B preferred shares to Goldenmare Limited was approved by an independent committee of the Board of Directors of the Company, which (in each instance) received a fairness opinion from an independent financial advisor that the transaction was for a fair value.

In May 2021, we entered into an agreement with First Citizens Bank & Trust Company (formerly known as CIT Bank N.A.) for a loan facility of \$34.25 million bearing interest at LIBOR plus a margin of 3.75% per annum. The proceeds of this financing were used to repay the outstanding balance of the EnTrust Loan Facility.

In August 2022, we reached an agreement with First Citizens Bank & Trust Company (formerly known as CIT Bank N.A.) for a deed of accession, amendment and restatement of the CIT loan facility by the accession of an additional borrower that increased the loan facility from \$34.25 million to \$52.25 million, for the purpose of financing vessel Orion Globe and for general corporate and working capital purposes. The CIT Loan Facility (including the new top up loan amount) is now further secured by a first preferred mortgage over the vessel Orion Globe. The CIT Loan Facility bears interest at Term SOFR plus a margin of 3.35%.

On April 29, 2022, we entered into a contract, through our subsidiary Calypso Shipholding S.A., for the construction and purchase of one fuel efficient bulk carrier with a carrying capacity of about 64,000 dwt. The vessel will be built at Nihon Shipyard Co. in Japan and is scheduled to be delivered during the first half of 2024. The total consideration for the construction of the vessel is approximately \$37.5 million, which we intend to finance with a combination of debt and equity. In May 2022 we paid the first installment of \$7.4 million and in March 2023 we paid the second installment of \$3.7 million.

On May 13, 2022, we entered into two contracts, through our subsidiaries Daxos Maritime Limited and Paralus Shipholding S.A., for the construction and purchase of two fuel efficient bulk carriers with a carrying capacity of about 64,000 dwt each. The sister vessels will be built at Nantong COSCO KHI Ship Engineering Co. in China with the first one scheduled to be delivered during the third quarter of 2024 and the second one scheduled during the fourth quarter of 2024. The total consideration for the construction of both vessels is approximately \$70.3 million, which we intend to finance with a combination of debt and equity. In May 2022 we paid the first installment of \$13.8 million and in November 2022 we paid the second installment of \$6.9 million for both vessels under construction.

On March 6, 2023, we, through a wholly owned subsidiary, entered into an agreement to sell the 2007-built Sun Globe for a gross price of \$14.1 million, before commissions, to an unaffiliated third party, which sale is subject to standard closing conditions. We expect the sale to occur in the second quarter of 2023.

We intend to grow our fleet through timely and selective acquisitions of modern vessels or acquisition through construction of new vessels in a manner that we believe will provide an attractive return on equity and will be accretive to our earnings and cash flow based on anticipated market rates at the time of purchase. There is no guarantee however, that we will be able to find suitable vessels to purchase or that such vessels will provide an attractive return on equity or be accretive to our earnings and cash flow.

Our strategy is to generally employ our vessels on a mix of all types of charter contracts, including bareboat charters, time charters and spot charters. We may, from time to time, enter into charters with longer durations depending on our assessment of market conditions.

We seek to manage our fleet in a manner that allows us to maintain profitability across the shipping cycle and thus maximize returns for our shareholders. To accomplish this objective we have historically deployed our vessels primarily on a mix of bareboat and time charters (with terms of between one month and five years). According to our assessment of market conditions, we have historically adjusted the mix of these charters to take advantage of the relatively stable cash flow and high utilization rates associated with time charters or to profit from attractive spot charter rates during periods of strong charter market conditions.

The average number of vessels in our fleet for the year ended December 31, 2022 was 9.0 for the year ended December 31, 2021 was 7.1, and for the year ended December 31, 2020 was 5.2.

Our operations are managed by our Glyfada, Greece-based wholly owned subsidiary, Globus Shipmanagement Corp., our Manager, who provides in-house commercial and technical management services to our vessels and consultancy services to an affiliated ship-management company. Our Manager enters into a ship management agreement with each of our wholly owned vessel-owning subsidiaries to provide such services and also entered into a consultancy agreement with an affiliated ship-management company.

COVID-19

In March 2020, the World Health Organization (the “WHO”) declared the outbreak of a novel coronavirus strain, or COVID-19, to be a pandemic. The COVID-19 pandemic is having widespread, rapidly evolving, and unpredictable impacts on global society, economies, financial markets, and business practices. Over the course of the pandemic, governments have implemented measures in an effort to contain the virus, including social distancing, travel restrictions, border closures, limitations on public gatherings, working from home, supply chain logistical changes, and closure of non-essential businesses. This led to a significant slowdown in overall economic activity levels globally and a decline in demand for certain of the raw materials that our vessels transport.

Dry bulk shipping rates, and therefore our voyage revenues, depend to a significant degree on global economic activity levels and specifically, economic activity in China. As the world’s second largest economy, China is the largest importer of dry bulk commodities globally, which drives demand for iron ore, coal and other cargoes we carry. In particular, starting in the first quarter of 2020, the COVID-19 pandemic resulted in reduced industrial activity in China on which our business is substantially dependent, with temporary closures of factories and other facilities. The pandemic resulted in a contraction in China’s GDP during the first quarter of 2020, with the most significant impact occurring in January and February. Since March 2020, China’s economy has substantially improved, as various economic indicators such as fixed asset investment and industrial production rose as compared to the previous months of the year, which led to a return to GDP growth for the balance of 2020 and into 2021 and 2022. Demand for the commodities that we carry continued to increase through 2021, which positively impacted the rate our vessels earned during that year. Economic activity levels in regions outside of China declined significantly beginning in the first quarter of 2020 and continued into the second quarter of the year due to various forms of nationwide shutdowns being imposed to prevent the spread of COVID-19. Over time, several economies around the world gradually eased measures taken earlier in 2020 resulting in improved activity levels from earlier year lows and leading to a demand rebound for 2021 and 2022. Although rebounding economies around the world have had a positive impact on our revenues in 2021, our vessel operating expenses continued to be affected by higher than anticipated costs related to COVID-19 disruptions. The impact of COVID-19 on both our revenues and operating expenses remains highly dependent on the trajectory of COVID-19, potential variants, as well as vaccine distribution and efficacy, which remains uncertain.

While China-led global economic activity levels have improved, the outlook for China and the rest of the world remains uncertain and is highly dependent on the path of COVID-19 and measures taken by governments around the world in response to it. Dry bulk commodities that are closely tied to global GDP growth and energy demand, experienced reduced trade flows in 2020 due to lower end user demand resulting from a decline in global economic activity. As countries worldwide gradually reopened their respective economies in mid-2020, trade flows and demand for raw materials increased. Dry bulk spot freight rates rebounded from the 2020 lows towards the end of the second quarter and remained firm in the second half of 2020. In 2021, spot rates for Kamsarmax, Panamax, and Supramax vessels reached levels not seen since 2010. In 2022 spot freight rates remained relatively high for the first half of the year and then started falling. While vaccinations are rising in developed countries, developing countries vaccination rates have lagged. Global vaccination rates, vaccine effectiveness together with the onset of variants, could impact the sustainability of this recovery in addition to dry bulk specific seasonality described in further detail below.

As our vessels trade commodities globally, we have taken measures to safeguard our crew and work toward preventing the spread of COVID-19. Crew members have received gloves, face masks, hand sanitizer, goggles and handheld thermometers. Genco requires its vessel crews to wear masks when in contact with other individuals who board the vessel. We continue to monitor the Centers for Disease Control and Prevention (the “CDC”) and the WHO guidelines and are also limiting access of shore personnel boarding our vessels. Specifically, no shore personnel with fever or respiratory symptoms are allowed on board, and those that are allowed on board are restricted to designated areas that are thoroughly cleaned after their use. Face masks are also provided to shore personnel prior to boarding a vessel. Precautionary materials are posted in common areas to supplement safety training while personal hygiene best practices are strongly encouraged on board.

We have implemented protocols with regard to crew rotations to keep our crew members safe and healthy which includes polymerase chain reaction (PCR) antibody testing as well as a 10-day quarantine period prior to boarding a vessel.

[Table of Contents](#)

Genco is enacting crew changes where permitted by regulations of the ports and of the country of origin of the mariners, in addition to strict protocols that safeguard our crews against COVID-19 exposure. Crew rotations have been challenging due to port and travel restrictions globally, as well as promoting the health and safety of both on and off signing crew members.

The COVID-19 pandemic and measures to contain its spread thus have negatively impacted and could continue to impact regional and global economies and trade patterns in markets in which we operate, the way we operate our business, and the businesses of our charterers and suppliers. These impacts may continue or become more severe. Although we have successfully completed many crew changes over the course of the pandemic to date, additional crew changes could remain challenging due to COVID-19 related factors. The extent to which the COVID-19 pandemic impacts our business going forward will depend on numerous evolving factors we cannot reliably predict, including the duration and scope of the pandemic; governmental, business, and individuals' actions in response to the pandemic; and the impact on economic activity, including the possibility of recession or financial market instability.

Conflicts

The conflict between Russia and Ukraine, which commenced in February 2022, has disrupted supply chains and caused instability and significant volatility in the global economy. Much uncertainty remains regarding the global impact of the conflict in Ukraine, and it is possible that such instability, uncertainty and resulting volatility could significantly increase our costs and adversely affect our business, including our ability to secure charters and financing on attractive terms, and as a result, adversely affect our business, financial condition, results of operation and cash flows.

As a result of the conflict between Russia and Ukraine, Switzerland, the United States, the European Union, the United Kingdom and others have announced unprecedented levels of sanctions and other measures against Russia and certain Russian entities and nationals. Such sanctions against Russia may adversely affect our business, financial condition, results of operation and cash flows. For example, apart from the immediate commercial disruptions caused in the conflict zone, escalating tensions and fears of potential shortages in the supply of Russian crude caused the price of oil to trade above \$100 per barrel in March 2022. The ongoing conflict could result in the imposition of further economic sanctions against Russia, with uncertain impacts on the dry bulk market and the world economy. While we do not have any Ukrainian or Russian crew and our vessels currently do not sail in the Black Sea, it is possible that the conflict in Ukraine, including any increased shipping costs, disruptions of global shipping routes, any impact on the global supply chain and any impact on current or potential customers caused by the events in Russia and Ukraine, could adversely affect our operations or financial performance. Due to the recent nature of these activities, the full impact on our business is not yet known.

IMO 2020 Compliance

On October 27, 2016, the Marine Environment Protection Committee ("MEPC") of the International Maritime Organization ("IMO") announced the ratification of regulations mandating reduction in sulfur emissions from 3.5% currently to 0.5% as of the beginning of 2020 rather than pushing the deadline back to 2025. Accordingly, ships now have to reduce sulfur emissions, for which the principal solutions are the use of exhaust gas cleaning systems ("scrubbers") or buying fuel with low sulfur content. If a vessel is not retrofitted with a scrubber, it will need to use low sulfur fuel, which is currently more expensive than standard marine fuel containing 3.5% sulfur content. This increased demand for low sulfur fuel resulted in an increase in prices for such fuel during the beginning of 2020. Until the middle of 2022 bunker prices increased until the middle of the year and then started decreasing again..

None of our vessels currently have scrubbers. We will continue to evaluate all options to comply with IMO regulations. Our fuel costs and fuel inventories may increase as a result of these sulfur emission regulations. Low sulfur fuel is more expensive than standard marine fuel containing 3.5% sulfur content and may become more expensive or difficult to obtain as a result of increased demand. If the cost differential between low sulfur fuel and high sulfur fuel is significantly higher than anticipated, or if low sulfur fuel is not available at ports on certain trading routes, it may not be feasible or competitive to operate vessels on certain trading routes without installing scrubbers or without incurring deviation time to obtain compliant fuel.

Lack of Historical Operating Data for Vessels Before their Acquisition

[Table of Contents](#)

Consistent with shipping industry practice, we were not and have not been able to obtain the historical operating data for the secondhand vessels we purchase, in part because that information is not material to our decision to acquire such vessels, nor do we believe such information would be helpful to potential investors in our common shares in assessing our business or profitability. We generally purchase our vessels under a standardized agreement commonly used in shipping practice, which, among other things, provides us with the right to inspect the vessel and the vessel's classification society records. The standard agreement does not provide us the right to inspect, or receive copies of, the historical operating data of the vessel. Accordingly, such information was not available to us. Prior to the delivery of a purchased vessel, the seller typically removes from the vessel all records, including past financial records and accounts related to the vessel. Typically, the technical management agreement between a seller's technical manager and the seller is automatically terminated and the vessel's trading certificates are revoked by its flag state following a change in ownership.

In addition, and consistent with shipping industry practice, we treat the acquisition of vessels from unaffiliated third parties as the acquisition of an asset rather than a business. We believe that, under the applicable provisions of Rule 11-01(d) of Regulation S-X under the Securities Act, the acquisition of our vessels does not constitute the acquisition of a "business" for which historical or pro forma financial information would be provided pursuant to Rules 3-05 and 11-01 of Regulation S-X.

Although vessels are generally acquired free of charter, we may in the future acquire some vessels with charters. Where a vessel has been under a voyage charter, the vessel is usually delivered to the buyer free of charter. It is rare in the shipping industry for the last charterer of the vessel in the hands of the seller to continue as the first charterer of the vessel in the hands of the buyer. In most cases, when a vessel is under time charter and the buyer wishes to assume that charter, the vessel cannot be acquired without the charterer's consent and the buyer entering into a separate direct agreement, called a novation agreement, with the charterer to assume the charter. The purchase of a vessel itself does not transfer the charter because it is a separate service agreement between the vessel owner and the charterer.

If the Company acquires a vessel subject to a time charter, it amortizes the amount of the component that is attributable to favorable or unfavorable terms relative to market terms and is included in the cost of that vessel, over the remaining term of the lease. The amortization is included in line "amortization of fair value of time charter attached to vessels" in the income statement component of the consolidated statement of comprehensive income/(loss).

If we purchase a vessel and assume or renegotiate a related time charter, we must take the following steps before the vessel will be ready to commence operations:

- obtain the charterer's consent to us as the new owner;
- obtain the charterer's consent to a new technical manager;
- in some cases, obtain the charterer's consent to a new flag for the vessel;
- arrange for a new crew for the vessel, and where the vessel is on charter, in some cases, the crew must be approved by the charterer;
- replace all hired equipment on board, such as gas cylinders and communication equipment;
- negotiate and enter into new insurance contracts for the vessel through our own insurance brokers;
- register the vessel under a flag state and perform the related inspections in order to obtain new trading certificates from the flag state;
- implement a new planned maintenance program for the vessel; and
- ensure that the new technical manager obtains new certificates for compliance with the safety and vessel security regulations of the flag state.

The following discussion is intended to help you understand how acquisitions of vessels affect our business and results of operations.

Our business is comprised of the following main elements:

- employment and operation of our dry bulk vessels and management of a vessel owned by a third party; and
- management of the financial, general and administrative elements involved in the conduct of our business and ownership of our dry bulk vessels.

[Table of Contents](#)

The employment and operation of our vessels and the vessel we manage require the following main components:

- vessel maintenance and repair;
- crew selection and training;
- vessel spares and stores supply;
- contingency response planning;
- onboard safety procedures auditing;
- accounting;
- vessel insurance arrangement;
- vessel chartering;
- vessel security training and security response plans (ISPS);
- obtaining ISM certification and audit for each vessel within the six months of taking over a vessel;
- vessel hire management;
- vessel surveying; and
- vessel performance monitoring.

The management of financial, general and administrative elements involved in the conduct of our business and ownership of our vessels requires the following main components:

- management of our financial resources, including banking relationships, i.e., administration of bank loans and bank accounts;
- management of our accounting system and records and financial reporting;
- administration of the legal and regulatory requirements affecting our business and assets; and
- management of the relationships with our service providers and customers.

The principal factors that affect our profitability, cash flows and shareholders' return on investment include:

- rates and periods of hire;
- levels of vessel operating expenses, including repairs and drydocking;
- purchase and sale of vessels;
- management fees for any third party ships that we manage;
- depreciation expenses;
- financing costs; and
- fluctuations in foreign exchange rates.

Revenue

Overview

We generate revenues by charging our customers for the use of our vessels to transport their dry bulk commodities. Under a time charter, the charterer pays us a fixed daily charter hire rate and bears all voyage expenses, including the cost of bunkers (fuel oil) and port and canal charges. We remain responsible for paying the chartered vessel's operating expenses, including the cost of crewing, insuring, repairing and maintaining the vessel, the costs of spares and consumable stores, tonnage taxes and other miscellaneous expenses. Under a bareboat charter, the charterer pays us a fixed daily charter hire rate and bears all voyage expenses, as well as the vessel's operating expenses.

Spot charters can be spot voyage charters or spot time charters. Spot voyage charters involve the carriage of a specific amount and type of cargo on a load-port to discharge-port basis, subject to various cargo handling terms, and the vessel owner is paid on a per-ton basis. Under a spot voyage charter, the vessel owner is responsible for the payment of all expenses including capital costs, voyage expenses, such as port, canal and bunker costs. A spot time charter is a contract to charter a vessel for an agreed period of time at a set daily rate. Under spot time charters, the charterer pays the voyage expenses.

Voyage revenues and management & consulting fee income

Our voyage revenues are driven primarily by the number of vessels in our fleet, the number of days during which our vessels operate and the amount of daily hire rates that our vessels earn under charters or on the spot market, which, in turn, are affected by a number of factors, including:

- the duration of our charters;
- the number of days our vessels are hired to operate on the short-term or spot market;
- our decisions relating to vessel acquisitions and disposals;
- the amount of time that we spend positioning our vessels for employment;
- the amount of time that our vessels spend in drydocking undergoing repairs;
- maintenance and upgrade work;
- the age, condition and specifications of our vessels;
- levels of supply and demand in the dry bulk shipping industry; and
- other factors affecting short-term or spot market charter rates for dry bulk vessels.

In 2022, our voyage revenues increased when compared to 2021, mainly due to the increase of our fleet from an average of 7.1 vessels in 2021 to 9.0 vessels in 2022. In 2021, our voyage revenues increased when compared to 2020, mainly due to higher daily time charter and spot rates earned on average from our vessels on a year over year basis.

Employment of our Vessels

As of the date of this annual report on Form 20-F, we employed our vessels as follows:

- *m/v River Globe* – on a time charter that began in January 2023 and is expected to expire in April 2023, at a gross rate of \$10,500 per day.
- *m/v Sky Globe* – on a time charter that began in March 2023 and is expected to expire in the end of March 2023, at a gross rate of \$24,000 per day.
- *m/v Star Globe* – on a time charter that began in March 2023 and is expected to expire in May 2023, at a gross rate of \$18,000 per day.

- *m/v Moon Globe* – on a time charter that began in March 2023 and is expected to expire in May 2023, at a gross rate of \$15,000 per day, and we were paid a bonus of \$500,000 upon commencement of the charter.
- *m/v Sun Globe* – on a time charter that began in February 2023 and is expected to expire in April 2023, at a gross rate of \$6,650 per day for the first 65 days and at a gross rate of \$10,000 per day after April 20, 2023 and until the end of the time charter.
- *m/v Galaxy Globe* – on a time charter that began in December 2022 and is expected to expire between September to December 2023, at a gross rate of \$ 104.5% of the average BPI-82 5TC INDEX as quoted by the Baltic Exchange per day.
- *m/v Diamond Globe* – on a time charter that began in October 2022 and is expected to expire in June 2024, at a gross rate of 104% of the average BPI-82 5TC INDEX as quoted by the Baltic Exchange per day.
- *m/v Power Globe* – on a time charter that began in March 2023 and is expected to expire in May 2023, at a gross rate of \$12,600 per day.
- *m/v Orion Globe* – on a time charter that began in January 2023 and is expected to expire in April 2023, at a gross rate of \$ 16,500 per day.

Our charter agreements subject us to counterparty risk. In depressed market conditions, charterers may seek to renegotiate the terms of their existing charter parties or avoid their obligations under those contracts. Should counterparties to one or more of our charters fail to honor their obligations under their agreements with us, we could sustain significant losses which could have a material adverse effect on our business, financial condition, results of operations, cash flows and ability to pay dividends.

Voyage Expenses

We charter our vessels primarily through time charters under which the charterer is responsible for most voyage expenses, such as the cost of bunkers (fuel oil), port expenses, agents' fees, canal dues, extra war risks insurance and any other expenses related to the cargo.

Whenever we employ our vessels on a voyage basis (such as trips for the purpose of geographically repositioning a vessel or trip(s) after the end of one-time charter and up to the beginning of the next charter), we incur voyage expenses that include port expenses and canal charges and bunker (fuel oil) expenses.

If we charter our vessels on bareboat charters, the charterer will pay for most of the voyage expenses and operating expenses.

As is common in the shipping industry, we have historically paid commissions ranging from 1.25% to 2.50% of the total daily charter hire rate of each charter to unaffiliated ship brokers and in-house brokers associated with the charterers, depending on the number of brokers involved with arranging the charter.

For the year ended December 31, 2022, commissions amounted to \$0.9 million. For the year ended December 31, 2021, commissions amounted to \$0.6 million. For the year ended December 31, 2020, commissions amounted to \$0.2 million.

We believe that the amounts and the structures of our commissions are consistent with industry practices.

These commissions are directly related to our revenues. We therefore expect that the amount of total commissions will increase if the size of our fleet grows as a result of additional vessel acquisitions and employment of those vessels or if charter rates increase.

Vessel Operating Expenses

Vessel operating expenses include costs for crewing, insurance, repairs and maintenance, lubricants, spare parts and consumable stores, statutory and classification tonnage taxes and other miscellaneous expenses. We calculate daily vessel operating expenses by dividing vessel operating expenses by ownership days for the relevant time period excluding bareboat charter days.

Our vessel operating expenses have historically fluctuated as a result of changes in the size of our fleet. In addition, a portion of our vessel operating expenses is in currencies other than the U.S. dollar, such as costs related to repairs, spare parts and consumables. These expenses may increase or decrease as a result of fluctuation of the U.S. dollar against these currencies.

We expect that crewing costs will increase in the future due to the shortage in the supply of qualified sea-going personnel. In addition, we expect that maintenance costs will increase as our vessels age. Other factors that may affect the shipping industry in general, such as the cost of insurance, may also cause our expenses to increase. To the extent that we purchase additional vessels, we expect our vessel operating expenses to increase accordingly. Other factors beyond our control, some of which may affect the shipping industry in general, including, for instance, developments relating to market prices for crewing, lubes, and insurance, may also cause these expenses to increase. The impact of COVID-19 could result in potential shortages or a lack of access to required spare parts for the operation of our vessels, potential delays in any unscheduled repairs, deviations for crew changes or increased costs to successfully execute a crew change, which could lead to business disruptions and delays. We expect that crew costs for the crew that we utilize on our vessels will increase going forward due to expected higher wages, as well as the impact of COVID-19 restrictions. In 2022 operating expenses were higher due to industry-wide inflationary pressures and if these pressures continue to exist during 2023 combined with higher regulatory-related costs we expect higher costs in relation to crew, spares and parts.

Depreciation

The cost of each of the Company's vessels is depreciated on a straight-line basis over each vessel's remaining useful economic life, after considering the estimated residual value of each vessel, beginning when the vessel is ready for its intended use. Management estimates that the useful life of new vessels is 25 years, which is consistent with industry practice. The residual value of a vessel is the product of its lightweight tonnage and estimated scrap value per lightweight ton. The residual values and useful lives are reviewed at each reporting date and adjusted prospectively, if appropriate. For the year 2020 we maintained the scrap rate at the same level of \$300/ton. During the fourth quarter of 2021, we adjusted the scrap rate from \$300/ton to \$380/ton due to the increased scrap rates worldwide. This resulted to a decrease of approximately \$145,000 of the depreciation charge included in the consolidated statement of comprehensive income/(loss) for 2021. During the fourth quarter of 2022, we adjusted the scrap rate from \$380/ton to \$440/ton due to the increased scrap rates worldwide. This resulted to a decrease of approximately \$118,000 to the depreciation charge included in the consolidated statement of comprehensive income/(loss) for 2022.

We do not expect these assumptions to change significantly in the near future. We expect that these depreciation charges will increase if we acquire additional vessels.

Depreciation of Drydocking Costs

Approximately every 2.5 years, our vessels are required to be taken out of service and removed from water (known as "drydocking") for major repairs and maintenance that cannot be performed while the vessels are operating. The costs associated with the drydockings are capitalized and depreciated on a straight-line basis over the period between drydockings, to a maximum of 2.5 years. At the date of acquisition of a vessel, we estimate the component of the cost that corresponds to the economic benefit to be derived until the first scheduled drydocking of the vessel under our ownership and this component is depreciated on a straight-line basis over the remaining period through the estimated drydocking date. We expect that drydocking costs will increase as our vessels age and if we acquire additional vessels.

Administrative Expenses

Our administrative expenses include payroll expenses, traveling, promotional and other expenses associated with us being a public company, which include the preparation of disclosure documents, legal and accounting costs, director and officer liability insurance costs and costs related to compliance. We expect that our administrative expenses will increase as we enlarge our fleet.

Administrative Expenses Payable to Related Parties

Our administrative expenses payable to related parties include cash remuneration of our executive officers and directors.

Share Based Payments

We operated until 2021 an equity-settled, share based compensation plan. The value of the service received in exchange of the grant of shares is recognized as an expense. The total amount to be expensed over the vesting period, if any, was determined by reference to the fair value of the share awards at the grant date. The relevant expense was recognized in the income statement component of the consolidated statement of comprehensive income/(loss), with a corresponding impact in equity.

Impairment Loss and Reversal of Previously Recognized Impairment Losses

We assess at each reporting date whether there is an indication that a vessel that we own may be impaired. Such indicators are:

- Observable indications that the vessel's value has declined/ increased significantly
- Significant adverse / favorable changes in the technological, economic or legal environment incurred or are expected to be incurred and negatively / positively affect vessel's value or decrease / increase its revenue generating ability
- Market interest rates of return on investments have increased / decreased during the period, which will result in increase /decrease of the discount rate.

The vessel's recoverable amount is estimated when events or changes in circumstances indicate the carrying value may not be recoverable. If such indication exists and where the carrying value exceeds the estimated recoverable amounts, the vessel is written down to its recoverable amount. The recoverable amount is the greater of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the vessel. Impairment losses are recognized in the consolidated statement of comprehensive income/(loss). A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of comprehensive income/(loss). After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life. As of December 31, 2022 and 2021, no impairment indicators were identified for the Company's vessels as the vessels' recoverable amounts exceeded their carrying amounts.

We also assess at each reporting date whether there is any indication that an impairment loss recognized in prior periods for a vessel may no longer exist or may have decreased. As of December 31, 2022 and 2021, no indicators for reversal of impairment were present and no reversal of previously recognized impairment losses is required for the financial years ended December 31, 2022 and 2021.

Gain/(Loss) on Sale of Vessels

Gain or loss on the sale of vessels is the residual value remaining after deducting from the vessels' sale proceeds, the carrying value of the vessels at the respective date of delivery to their new owners and the total expenses associated with the sale.

Other (Expenses)/Income, Net

We include other operating expenses or income that is not classified otherwise. It mainly consists of provisions for insurance claims deductibles and refunds from insurance claims.

Interest Income from Bank Balances & Bank Deposits

We earn interest on the funds we have deposited with certain banks as well as from short-term certificates of deposit.

Interest Expense and Finance Costs

We incur interest expense and financing costs in connection with the indebtedness under our credit arrangements. We also incurred financing costs in connection with establishing those arrangements, which is included in our finance costs and amortization and write-off of deferred finance charges. As of December 31, 2022 and 2021, we had \$44.4 million and \$31.8 million of indebtedness outstanding under our then existing credit arrangements, respectively. We incurred interest expense and financing costs relating to our outstanding debt. We will incur additional interest expense in the future on our outstanding borrowings and under future borrowings to finance future acquisitions. Please see “Item 5.B. Liquidity and Capital Resources—Indebtedness” for further information.

Gain/ (Loss) on Derivative Financial Instruments

Derivative financial instruments, including embedded derivative financial instruments, are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at fair value. Changes in the fair value of these derivative instruments are recognized immediately in the income statement component of the consolidated statement of comprehensive income/(loss). These instruments are not designated for hedge accounting.

Foreign Exchange Gains/ (Losses), Net

We generate substantially all of our revenues from the trading of our vessels in U.S. dollars but incur a portion of our expenses in currencies other than the U.S. dollar. We convert U.S. dollars into foreign currencies to pay for our non-U.S. dollar expenses, which we then hold on deposit until the date of each transaction. Fluctuations in foreign exchange rates create foreign exchange gains or losses when we mark-to-market these non-U.S. dollar deposits. Because a portion of our expenses is payable in currencies other than the U.S. dollar, our expenses may from time to time increase relative to our revenues as a result of fluctuations in exchange rates, which could affect the amount of net income that we report in future periods.

Factors Affecting Our Results of Operations

We believe that the important measures for analyzing trends in our results of operations consist of the following:

- *Ownership days.* We define ownership days as the aggregate number of days in a period during which each vessel in our fleet has been owned by us. Ownership days are an indicator of the size of our fleet over a period and affect both the amount of revenues and the amount of expenses that we record during a period.
- *Available days.* We define available days as the number of our ownership days less the aggregate number of days that our vessels are off-hire due to scheduled repairs or repairs under guarantee, vessel upgrades or special surveys. The shipping industry uses available days to measure the number of days in a period during which vessels should be capable of generating revenues.
- *Operating days.* Operating days are the number of available days in a period less the aggregate number of days that the vessels are off-hire due to any reason, including unforeseen circumstances but excluding days during which vessels are seeking employment. The shipping industry uses operating days to measure the aggregate number of days in a period during which vessels generate revenues.

[Table of Contents](#)

- *Fleet utilization.* We calculate fleet utilization by dividing the number of our operating days during a period by the number of our available days during the period. The shipping industry uses fleet utilization to measure a company's efficiency in finding suitable employment for its vessels and minimizing the amount of days that its vessels are off-hire for reasons other than scheduled repairs or repairs under guarantee, vessel upgrades and special surveys.
- *Average number of vessels.* We measure average number of vessels by the sum of the number of days each vessel was part of our fleet during a relevant period divided by the number of calendar days in such period.
- *TCE rates.* We define TCE rates as our revenue less net revenue from our bareboat charters less voyage expenses during a period divided by the number of our available days during the period excluding bareboat charter days, which is consistent with industry standards. TCE is a non-GAAP measure. TCE rate is a standard shipping industry performance measure used primarily to compare daily earnings generated by vessels on time charters with daily earnings generated by vessels on voyage charters, because charter hire rates for vessels on voyage charters are generally not expressed in per day amounts while charter hire rates for vessels on time charters generally are expressed in such amounts.

The following table reflects our ownership days, available days, operating days, average number of vessels and fleet utilization for the periods indicated.

	Year Ended December 31,				
	2022	2021	2020	2019	2018
Ownership days	3,285	2,594	1,894	1,825	1,825
Available days	3,073	2,531	1,778	1,788	1,755
Operating days	3,029	2,477	1,733	1,756	1,723
Fleet utilization	98.5%	97.9%	97.5%	98.2%	98.2%
Average number of vessels	9	7.1	5.2	5.0	5.0
Daily time charter equivalent (TCE) rate*	\$ 18,227	\$ 16,627	\$ 5,210	\$ 7,564	\$ 9,213

*Amounts subject to rounding.

We utilize TCE because we believe it is a meaningful measure to compare period-to-period changes in our performance despite changes in the mix of charter types (i.e., voyage charters, spot charters and time charters) under which our vessels may be employed between the periods. Our management also utilizes TCE to assist them in making decisions regarding employment of our vessels. We believe that our method of calculating TCE is consistent with industry standards and is determined by dividing revenue after deducting voyage expenses, and net revenue from our bareboat charters, by available days for the relevant period excluding bareboat charter days. Voyage expenses primarily consist of brokerage commissions and port, canal and fuel costs that are unique to a particular voyage, which would otherwise be paid by the charter under a time charter contract.

The following table reflects the Voyage Revenues to Daily Time Charter Equivalent ("TCE") Reconciliation for the periods presented.

	Year Ended December 31,				
	(Expressed in Thousands of U.S. Dollars, except number of days and daily TCE rates)				
	2022	2021	2020	2019	2018
Voyage revenues	61,390	43,211	11,753	15,623	17,354
Less: Voyage expenses	5,373	1,128	2,490	2,098	1,188
Net revenue	56,017	42,083	9,263	13,525	16,166
Available days net of bareboat charter days	3,073	2,531	1,778	1,788	1,755
Daily TCE rate*	18,227	16,627	5,210	7,564	9,213

*Amounts subject to rounding.

Results of Operations

The following is a discussion of our operating results for the year ended December 31, 2022 compared to the year ended December 31, 2021. Variances are calculated on the numbers presented in the discussion over operating results.

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

As of December 31, 2022 and 2021, our fleet consisted of nine (four Supramaxes, four Kamsarmaxes and one Panamax) with an aggregate carrying capacity of 626,257 dwt. During the years ended December 31, 2022 and 2021 we had an average of 9 and 7.1 dry bulk vessels in our fleet, respectively.

For the year ended December 31, 2022, we had an operating income of \$23.6 million, while for the year ended December 31, 2021, we had an operating income of \$17.9 million.

Voyage revenues. Voyage revenues increased by \$18.2 million, or 42%, to \$61.4 million in 2022, compared to \$43.2 million in 2021. The increase is attributable to the increase of the average number of vessels from 7.1 in 2021 to 9 in 2022 and the increase of TCE from \$16,627 in 2021 to \$18,227 in 2022. In 2022, we had total operating days of 3,029 and fleet utilization of 98.5%, compared to 2,477 operating days and a fleet utilization of 97.9% in 2021. The foregoing fleet utilization percentage are based upon the available days of each vessel, being the number of our ownership days less the aggregate number of days that our vessels are off-hire due to scheduled repairs or repairs under guarantee, vessel upgrades or special surveys. We also had 3,285 and 2,594 ownership days in 2022 and 2021, respectively, which increase is primarily due to our acquisition of additional vessels.

Voyage expenses. Voyage expenses increased by \$4.3 million, or 391%, to \$5.4 million in 2022, compared to \$1.1 million in 2021. This increase is attributed to the longer periods travelling seeking employment of the vessels in 2022 compared to 2021 and the substantially more days of dry-docking repairs in 2022 compared to 2021. These two factors led to a higher bunker expense in 2022 compared to 2021.

Vessel operating expenses. Vessel operating expenses increased by \$4.2 million, or 30%, to \$18 million in 2022, compared to \$13.8 million in 2021. The breakdown of our operating expenses for the year 2022 was as follows:

Crew expenses	50%
Repairs and spares	22%
Insurance	7%
Stores	13%
Lubricants	5%
Other	3%

The increase is mainly attributed to the increase of the fleet from 7.1 vessels on average for 2021 to 9.0 vessels on average for 2022. The increase is also partly attributed to the increase of the daily operating expenses of the vessels. Daily vessel operating expenses were \$5,483 in 2022 compared to \$5,325 in 2021, representing an increase of 3%, mainly due to industry-wide inflationary pressures.

Depreciation. Depreciation charge during the year ended December 31, 2022 reached \$5.6 million compared to \$3.9 million during 2021. This is mainly attributed to the increase of the fleet from 7.1 vessels on average for 2021 to 9 vessels on average for 2022. During the fourth quarter of 2022, we adjusted the scrap rate from \$380/ton to \$440/ton due to the increased scrap rates worldwide. This resulted to a decrease of \$118,000 to the depreciation charge included in the consolidated statement of comprehensive income/(loss) for 2022.

Depreciation of dry-docking costs. Depreciation of dry-docking costs increased by \$1.8 million, or 64%, to \$4.6 million in 2022, compared to \$2.8 million in 2021. This is due to the increase of the fleet and because five of our vessels underwent in 2022 dry dockings.

Administrative expenses. Administrative expenses increased by \$0.3 million or 11% to \$2.9 million in 2022 from \$2.6 million in 2021, this is mainly attributed to the increased Greek taxes paid in 2022 amounting to \$292 thousand compared to \$45 thousand in 2021.

Administrative expenses payable to related parties. Administrative expenses payable to related parties amounted to \$1.4 million in 2022 and 2021.

Share-based payments. Share-based payments for 2021 amounted to \$40,000. On February 14, 2022 we changed the compensation of the non-executive directors and in the aggregate, the annual service fee for each of the directors (based on their current roles and committee seats) would be \$80,000 based on the annual service fees, committee fees, and other similar fees. Following this change there were no share-based payments for 2022.

Interest expense and finance costs. Interest expense and finance costs decreased by \$1 million, or 30%, to \$2.3 million in 2022, compared to \$3.3 million in 2021. This decrease is because during the second quarter of 2021 other finance expenses include approximately \$0.6 million that were the loan prepayment fee and expenses relating to the prepayment of EnTrust Loan Facility. Our weighted average interest rate for 2022 was 5.58% compared to 5.69% during 2021. Total borrowings outstanding as of December 31, 2022 amounted to \$44.38 million compared to \$31.75 million as of December 31, 2021. Our sole current credit facility is denominated in U.S. dollars.

Gain / (Loss) on derivative financial instruments.

Following the new loan facility with First Citizens Bank & Trust Company (formerly known as CIT Bank N.A.), we entered into an Interest Rate Swap agreement on May 10, 2021.

Following the deed of accession, amendment and restatement of the CIT loan facility by the accession of an additional borrower in order to increase the loan facility from a total of \$34.25 million to \$52.25 million in August 2022, we also entered into a new swap agreement in order for the additional borrower to enter into hedging transactions (separately from those entered by the other borrowers) with First Citizens Bank & Trust Company (formerly known as CIT Bank N.A.).

For the year ended December 31, 2022, the Company recognized a total gain of \$2.5 million. The \$2 million gain was in relation with the initial swap agreement entered in 2021, approximately \$1.6 million gain is according to the Interest Rate Swap valuation minus approximately \$0.4 million was the interest for the Interest Rate Swap during the year ended December 31, 2022, and is included in the consolidated statement of comprehensive income/(loss).

For the year ended December 31, 2022, the Company recognized a gain of approximately \$514,000 in relation with the new swap agreement entered in 2022, approximately \$493,000 of the gain is according to the Interest Rate Swap valuation and approximately \$21,000 was the interest for the Interest Rate Swap during the year ended December 31, 2022, and is included in the consolidated statement of comprehensive income/(loss).

For the year ended December 31, 2021, the Company recognized a gain of approximately \$181,000, approximately \$325,000 gain is according to the Interest Rate Swap valuation minus approximately \$144,000 was the interest for the Interest Rate Swap during the year ended December 31, 2021, and is included in the consolidated statement of comprehensive income/(loss).

Inflation

Although inflation has had a moderate impact on our vessel operating expenses and corporate overheads, management does not consider inflation to be a significant risk to direct costs in the current and foreseeable economic environment. It is anticipated that insurance costs, which have risen over the last three years, may well continue to rise over the next few years. Maritime transportation is a specialized area and the number of vessels is increasing. There will therefore be an increased demand for qualified crew and this has and will continue to put inflationary pressure on crew costs. However, in a shipping downturn, costs subject to inflation can usually be controlled because shipping companies typically monitor costs to preserve liquidity and encourage suppliers and service providers to lower rates and prices in the event of a downturn.

B. Liquidity and Capital Resources

Our primary sources of liquidity are cash flow from operations, cash on hand, equity offerings and credit facility borrowings. We currently use our funds primarily for the acquisition of vessels generally, fleet renewal and repairs, drydocking for our vessels, payment of dividends (if any), debt repayments and satisfying working capital requirements as may be needed to support our business. Our ability to continue to meet our liquidity needs is subject to and will be affected by cash generated from operations, the economic or business environment in which we operate, shipping industry conditions, the financial condition of our customers, vendors and service providers, our ability to comply with the financial and other covenants of our indebtedness, and other factors.

We believe, given our current cash holdings, if dry bulk shipping rates do not decline significantly from current levels, our capital resources, including cash anticipated to be generated within the year, are sufficient to fund our operations for at least the next twelve months. Such resources include unrestricted cash and cash equivalents of \$52.8 million as of December 31, 2022, which compares to a minimum liquidity requirement under our CIT Loan Facility of \$6 million as of December 31, 2022. Given the anticipated capital expenditures related to commitments under shipbuilding contracts and drydockings during 2023 and 2024, respectively, we anticipate continuing to have significant cash expenditures. Refer to “—Capital Expenditures” below for further details. However, if market conditions were to worsen significantly due to the current COVID-19 pandemic or other causes, then our cash resources may decline to a level that may put at risk our ability to pay our lender and other creditors. In May 2021, we entered into an agreement with First Citizens Bank & Trust Company (formerly known as CIT Bank N.A.) for a loan facility of up to \$34.25 million bearing interest at LIBOR plus a margin of 3.75% per annum. The proceeds of this financing were used to repay the outstanding balance of the EnTrust Loan Facility.

[Table of Contents](#)

In August 2022, we reached an agreement with First Citizens Bank & Trust Company (formerly known as CIT Bank N.A.) for a deed of accession, amendment and restatement of the CIT loan facility by the accession of an additional borrower in order to increase the loan facility from a total of \$34.25 million to \$52.25 million, by a top up loan amount of \$18 million for the purpose of financing vessel Orion Globe and for general corporate and working capital purposes of all the borrowers and Globus. The CIT loan facility (including the new top up loan amount) is now further secured by a first preferred mortgage over the vessel Orion Globe. Furthermore, the loan facility bears interest at Term SOFR plus a margin 3.35% for the whole CIT loan facility.

The mandatory debt repayments in 2023 under the CIT Loan Facility are \$6.5 million, and we have already paid \$1.6 million of such amount.

As of December 31, 2022, our CIT Loan Facility contained covenants that require (1) a minimum loan to value ratio of 75% for the first 18 months of the CIT Loan Facility and thereafter 70% and (2) a maximum leverage ratio of 0.75:1.00. If the values of our vessels were to decline as a result of COVID-19 or otherwise, we may not satisfy these requirements. If we do not satisfy these requirement, we will need to post additional collateral or prepay outstanding loans to bring us back into compliance, or we will need to seek waivers, which may not be available or may be subject to conditions.

In the future, we may require capital to fund acquisitions or to improve or support our ongoing operations and debt structure, particularly in light of economic conditions resulting from the ongoing COVID-19 pandemic, the Russian/Ukraine conflict, and general conditions in the dry bulk market. We may from time to time seek to raise additional capital through equity or debt offerings, selling vessels or other assets, pursuing strategic opportunities, or otherwise. We may also from time to time seek to incur additional debt financing from private or public sector sources, refinance our indebtedness or obtain waivers or modifications to our credit agreements to obtain more favorable terms, enhance flexibility in conducting our business, or otherwise. We may also seek to manage our interest rate exposure through hedging transactions. We may seek to accomplish any of these independently or in conjunction with one or more of these actions. However, if market conditions are unfavorable, we may be unable to accomplish any of the foregoing on acceptable terms or at all.

As of December 31, 2022, we were in compliance with all financial covenants under the CIT Loan Facility.

As of December 31, 2022, we had approximately \$6 million in “restricted cash.” As of December 31, 2022, we had an aggregate debt outstanding of \$44.4 million, from the CIT Loan Facility. Please see “Cash Flows” below to see our cash position at December 31, 2022.

Please see “Item 5.B. Liquidity and Capital Resources—Indebtedness” for further information about our loan agreements and credit facilities.

Our primary uses of funds have been vessel operating expenses, general and administrative expenses, expenditures incurred in connection with ensuring that our vessels comply with international and regulatory standards, financing expenses, installments under construction contracts and repayments of bank loans.

Working capital, which is current assets, minus current liabilities, amounted to approximately \$45 million as of December 31, 2022 and to \$37.8 million as of December 31, 2021. If we are unable to satisfy our liquidity requirements, we may not be able to continue as a going concern. Seven of our vessels are pledged as collateral to the banks, and therefore if we were to sell one or more of those vessels, the net proceeds of such sale would be used first to repay the outstanding debt to which the vessel collateralized, and the remainder, if any, would be for our use, subject to the terms of our remaining loan and credit arrangements.

Cash Flows

Cash and cash equivalents were \$52.8 million in unrestricted bank deposits as of December 31, 2022, and \$45.2 million in unrestricted bank deposits as of December 31, 2021.

Restricted cash that consist of cash pledged as collateral was \$6 million at the end of 2022, and \$5.2 million at the end of 2021. We consider highly liquid investments such as bank time deposits with an original maturity of three months or less to be cash equivalents.

Net Cash Generated From / (Used In) Operating Activities

Net cash generated from operating activities in 2022 amounted to \$26.9 million compared to \$20.8 million in 2021. The increase is primarily attributable to an increase in the average number of vessels of our fleet and the average TCE rates achieved by the vessels in our fleet in 2022.

Net Cash Used In Investing Activities

Net cash used in investing activities was \$29 million during the year ended December 31, 2022, which was mainly attributable to the advances paid for the three newbuildings during 2022.

Net cash used in investing activities was \$72 million during the year ended December 31, 2021, which was mainly attributable to the purchase of Power Globe, Diamond Globe and Orion Globe in 2021.

Net Cash Generated From Financing Activities

Net cash generated from financing activities during the year ended December 31, 2022 amounted to \$9.7 million and consisted of \$18 million proceeds from our new deed of accession, amendment and restatement of the CIT loan facility reduced by \$0.3 million payment of financing costs, \$1.6 million of interest paid, \$5.4 million of indebtedness that we repaid, a \$0.7 million increase of pledged bank deposits and a \$0.3 million repayment of lease liability.

Net cash generated from financing activities during the year ended December 31, 2021 amounted to \$77.4 million and consisted of \$89.6 million proceeds drawn from the issuance of share capital plus \$34.3 million proceeds from our new loan agreement reduced by \$0.6 million payment of financing costs for CIT Loan Facility, \$0.4 million of transaction costs that we paid for the issuance of new common shares,, \$2.6 million of interest paid, \$39.5 million of indebtedness that we prepaid under our former loan facility, a \$3.1 million increase of pledged bank deposits and a \$0.2 million repayment of lease liability.

Please see Item 5.A. of our Form 20-F filed with the SEC on April 11, 2022 for a discussion of the year-to-year comparison between 2021 and 2020. Please see Item 5.B. of our Form 20-F filed with the SEC on April 11, 2022 for a discussion of the liquidity and capital resources that we had in 2021.

Indebtedness

We operate in a capital-intensive industry which requires significant amounts of investment, and we fund a portion of this investment through long-term bank debt.

As of December 31, 2022 and 2021, we and our vessel-owning subsidiaries had outstanding borrowings under the CIT Loan Facility of an aggregate of \$44.4 million and \$31.75 million, respectively.

Firment Shipping Credit Facility

In November 2018, we entered into a credit facility for up to \$15 million with Firment Shipping Inc., a related party to us, for the purpose of financing our general working capital needs, which facility was amended and restated on May 8, 2020. The Firment Shipping Credit Facility was unsecured and remained available until its final maturity date at October 31, 2021, as amended. We had the right to drawdown any amount up to \$15 million or prepay any amount in multiples of \$100,000. Any prepaid amount could have been re-borrowed. Interest on drawn and outstanding amounts was charged at 3.5% per annum until December 31, 2020, and thereafter at 7% per annum. No commitment fee was charged on the amounts remaining available and undrawn. Interest was payable the last day of a period of three months after the drawdown date, after this period in case of failure to pay any sum due a default interest of 2% per annum above the regular interest was charged. We had also the right, in our sole option, to convert in whole or in part the outstanding unpaid principal amount and accrued but unpaid interest under this Agreement into common shares. The conversion price would have equaled the higher of (i) the average of the daily dollar volume-weighted average sale price for the common stock on the Principal Market on any trading day during the period beginning at 9.30 a.m. New York City time and ending at 4.00 p.m. over the Pricing Period multiplied by 80%, where the "Pricing Period" equals the ten consecutive trading days immediately preceding the date on which the conversion notice was executed or (ii) \$280.00.

[Table of Contents](#)

The Firmment Shipping Credit Facility required that Athanasios Feidakis remain our Chief Executive Officer and that Firmment Shipping Inc. maintain at least a 40% shareholding in us, other than due to actions taken by Firmment Shipping Inc., such as sales of shares. The Company obtained waivers from Firmment Shipping Inc. waiving this obligation in connection with the public offering on June 22, 2020, the registered direct offerings on June 30, 2020, July 21, 2020, December 7, 2020, January 29, 2021, February 17, 2021 and June 29, 2021, and the issuances of the Series B preferred shares.

On July 27, 2020, the Company repaid the total outstanding principal and interest of the Firmment Shipping Credit Facility amounting to approximately \$863,000. On October 31, 2021, the Firmment Shipping Credit Facility expired in accordance with its terms.

EnTrust Loan Facility

On June 24, 2019, the Company drew down \$37 million and fully prepaid the existing loan facilities with Hamburg Commercial Bank AG (formerly known as HSH Nordbank AG) and Macquarie Bank International Limited. The loan facility was in the names of Devocean Maritime Ltd., Domina Maritime Ltd, Dulac Maritime S.A., Artful Shipholding S.A. and Longevity Maritime Limited as the borrowers and is guaranteed by Globus. The loan facility bore interest at LIBOR plus a margin of 8.50% (or 10.5% default interest) for interest periods of three months. This loan facility was referred to as EnTrust Loan Facility.

In March 2021, the Company prepaid \$6.0 million of the EnTrust loan facility, which represented all amounts that would otherwise come due during calendar year 2021 and on May 10, 2021, the Company fully prepaid the balance of the EnTrust Loan facility.

CIT Loan Facility

In May 2021, we entered into a term loan facility with First Citizens Bank & Trust Company (formerly known as CIT Bank N.A.), relating to the refinancing of our ships, the *River Globe*, *Sky Globe*, *Star Globe*, *Moon Globe*, *Sun Globe*, and *Galaxy Globe*. The borrowers under the CIT Loan Facility are Devocean Maritime Ltd., Domina Maritime Ltd, Dulac Maritime S.A., Artful Shipholding S.A., Longevity Maritime Limited and Serena Maritime Limited and the CIT Loan Facility is guaranteed by Globus Maritime Limited.

The loan agreement was for the lesser of \$34.25 million and 52.5% of the aggregate market value of our ships. We drew an aggregate of \$34.25 million at closing and used a significant portion of the proceeds to fully repay the amounts outstanding under our loan agreement with EnTrust. We also entered into a swap agreement with respect to LIBOR. We paid First Citizens Bank & Trust Company (formerly known as CIT Bank N.A.) an upfront fee in the amount of 1.25% of the total commitment of the loan.

In August 2022, we reached an agreement with First Citizens Bank & Trust Company (formerly known as CIT Bank N.A.) for a deed of accession, amendment and restatement of the CIT loan facility by the accession of an additional borrower, Salaminia Maritime Limited, in order to increase the loan facility from a total of \$34.25 million to \$52.25 million, by a top up loan amount of \$18 million for the purpose of financing vessel Orion Globe and for general corporate and working capital purposes. The CIT Loan Facility (including the new top up loan amount) became further secured by a first preferred mortgage over the vessel Orion Globe. Furthermore, the CIT Loan Facility now bears interest at Term SOFR plus a margin of 3.35% (or 5.35% default interest).

The CIT Loan Facility, as amended, consists of seven tranches, which shall be repaid in consecutive quarterly installments with the final installment due in May 2026, with each installment in an aggregate amount of \$1,625,000 as well as a balloon payment in an aggregate amount of \$21,625,000 due together.

The CIT Loan Facility may be prepaid. If the prepayment of any tranche other than the tranche financing Orion Globe occurs on or before May 10, 2023, the prepayment fee is 1% of the amount prepaid, subject to certain exceptions. If the prepayment of the tranche financing Orion Globe occurs on or before August 10, 2023, the prepayment fee is 2% of the amount prepaid and thereafter until August 10, 2024, the prepayment fee is 1% of the amount prepaid, subject to certain exceptions. We cannot reborrow any amount of the CIT Loan that is prepaid or repaid.

The CIT Loan Facility is secured by:

- First preferred mortgage over *m/v River Globe*, *m/v Sky Globe*, *m/v Star Globe*, *m/v Moon Globe*, *m/v Sun Globe*, *m/v Galaxy Globe* and *m/v Orion Globe*.
- Guarantee from Globus Maritime Limited and joint liability of the seven vessel owning companies (each of which is a borrower under the CIT Loan Facility).

[Table of Contents](#)

- Shares pledges respecting each borrower.
- Pledges of bank accounts, a pledge of each borrower's rights under any interest rate hedging agreement in respect of the CIT Loan Facility, a general assignment over each ship's earnings, insurances and any requisition compensation in relation to that ship, and an assignment of the rights of Globus Maritime with respect to any indebtedness owed to it by the borrowers.

We are not permitted, without the written consent of CIT, to enter into a charter the duration of which exceeds or is capable of exceeding, by virtue of any optional extensions, 12 months.

The CIT Loan Facility contains various covenants requiring the vessels owning companies and/or Globus Maritime Limited to, among other things, ensure that:

- The borrowers, must maintain a minimum liquidity at all times of not less than \$500,000 for each mortgaged ship.
- A minimum loan (including any exposure under a related hedging agreement) to value ratio of 70%, except for the tranche financing Orion Globe, for which for the first 18 months of the utilization of that tranche including any exposure under a related hedging agreement), a minimum loan to value ratio of 75% and thereafter 70%.
- Each borrower must maintain in its earnings account \$150,000 in respect of each ship then subject to a mortgage.
- Globus Maritime Limited must maintain cash in an amount of not less than \$150,000 for each ship that it owns that is not subject to a mortgage as part of the CIT Loan.
- Globus Maritime Limited must have a maximum leverage ratio of 0.75:1.00.
- If Globus Maritime Limited pays a dividend, subject to certain exceptions, then the debt service coverage ratio (i.e., aggregate EBITDA of Globus Maritime Limited for any period to the debt service for such period) after such dividend and for the remain of the CIT Loan Facility shall be at least 1.15:1.00.

Each borrower must create a reserve fund in the reserve account to meet the anticipated dry docking and special survey fees and expenses for the relevant ship owned by it and (for certain ships) the installation of ballast water treatment system on the ship owned by it by maintaining in the reserve account a minimum credit balance that may not be withdrawn (other than for the purpose of covering the documented and incurred costs and expenses for the next special survey of that ship). Amounts must be paid into this reserve account quarterly, such that \$1,200,000 is set aside by each borrower for its ship's special survey, except for Serena Maritime Limited and Salamina Maritime Limited, each of which is required to set aside quarterly payments that aggregate to \$900,000.

No borrower shall incur or permit to be outstanding any financial indebtedness except "Permitted Financial Indebtedness."

"Permitted Financial Indebtedness" means:

- (a) any financial indebtedness incurred under the finance documents;
- (b) the indebtedness under the EnTrust loan, which has been repaid; and
- (c) any financial indebtedness (including permitted inter-company loans) that is subordinated to all financial indebtedness incurred under the finance documents pursuant to a subordination agreement or, in the case of any permitted inter-company loans pursuant to the CIT Loan Facility or otherwise and which is, in the case of any such financial indebtedness of a borrower (other than financial indebtedness arising out of any permitted inter-company loan), the subject of subordinated debt security;

Globus Maritime Limited is prohibited from making dividends (other than up to \$500,000 annually on or in respect of its preferred share) in cash or redeem or repurchase its shares unless there is no event of default under the CIT Loan Facility, the net loan (including any exposure under a related hedging agreement) to value ratio is less than 60% before the making of the dividend and Globus Maritime Limited is in compliance with the debt service coverage ratio, and Globus Maritime Limited must prepay the CIT Loan Facility in an equal amount of the dividend.

[Table of Contents](#)

The CIT Loan Facility also prohibits certain changes of control, including, among other things, the delisting of Globus from the Nasdaq or another internationally recognized stock exchange, or the acquisition by any person or group of persons (acting in concert) of a majority of the shareholder voting rights or the ability to appoint a majority of board members or to give directions with respect to the operating and financial policies of Globus Maritime Limited with which the directors are obliged to comply, other than those persons disclosed to First Citizens Bank & Trust Company (formerly known as CIT Bank N.A.) on or around the date of the CIT Loan Facility and their affiliates and immediate family members.

As at December 31, 2022, the Company was in compliance with the covenants of the CIT Loan Facility. We believe that the CIT Loan Facility is adequate to meet our needs for the foreseeable future based on our current vessel ownership.

Financial Instruments

The major trading currency of our business is the U.S. dollar. Movements in the U.S. dollar relative to other currencies can potentially impact our operating and administrative expenses and therefore our operating results.

We believe that we have a low-risk approach to treasury management. Cash balances are invested in term deposit accounts, with their maturity dates projected to coincide with our liquidity requirements. Credit risk is diluted by placing cash on deposit with a variety of institutions in Europe, including a small number of banks in Greece, which are selected based on their credit ratings. We have policies to limit the amount of credit exposure to any particular financial institution.

As of December 31, 2022 and 2021, we did not use any financial instruments designated in our consolidated financial statements as those with hedging purposes.

Capital Expenditures

We make capital expenditures from time to time in connection with our vessel acquisitions or vessel improvements.

On June 9, 2021, we took delivery of the m/v “Diamond Globe”, a 2018-built Kamsarmax dry bulk carrier, through its subsidiary, Argo Maritime Limited, for a purchase price of \$27 million financed with available cash. The m/v “Diamond Globe” was built at Jiangsu New Yangzi Shipbuilding Co., Ltd and has a carrying capacity of 82,027 dwt.

On July 20, 2021, we took delivery of the m/v “Power Globe”, a 2011-built Kamsarmax dry bulk carrier, through its subsidiary, Talisman Maritime Limited, for a purchase price of \$16.2 million financed with available cash. The m/v “Power Globe” was built at Universal Shipbuilding Corporation in Japan and has a carrying capacity of 80,655 dwt.

On November 29, 2021, we took delivery of the m/v “Orion Globe”, a 2015-built Kamsarmax dry bulk carrier, through its subsidiary, Salamina Maritime Limited, for a purchase price of \$28.4 million financed with available cash. The m/v “Orion Globe” was built at Tsuneishi Zosen in Japan and has a carrying capacity of 81,837 dwt.

On April 29, 2022, we entered into a contract, through our subsidiary Calypso Shipholding S.A., for the construction and purchase of one fuel efficient bulk carrier with a carrying capacity of about 64,000 dwt. The vessel will be built at Nihon Shipyard Co. in Japan and is scheduled to be delivered during the first half of 2024. The total consideration for the construction of the vessel is approximately \$37.5 million, which we intend to finance with a combination of debt and equity. In May 2022 we paid the first installment of \$7.4 million.

On May 13, 2022, we signed two contracts, through our subsidiaries Daxos Maritime Limited and Paralus Shipholding S.A., for the construction and purchase of two fuel efficient bulk carriers with a carrying capacity of about 64,000 dwt each. The sister vessels will be built at Nantong COSCO KHI Ship Engineering Co. in China with the first one scheduled to be delivered during the third quarter of 2024 and the second one scheduled during the fourth quarter of 2024. The total consideration for the construction of both vessels is approximately \$70.3 million, which we intend to finance with a combination of debt and equity. In May 2022 we paid the first installment of \$13.8 million and in November 2022 we paid the second installment of \$6.9 million for both vessels under construction.

We have no other binding agreements to purchase any additional vessels but may do so in the future. We expect that any purchases of vessels will be paid for with cash from operations, with funds from new credit facilities from banks with whom we currently transact business, with loans from banks with whom we do not have a banking relationship but will provide us funds at terms acceptable to us, with funds from equity or debt issuances or any combination thereof.

We incur additional capital expenditures when our vessels undergo surveys. This process of recertification may require us to reposition these vessels from a discharge port to shipyard facilities, which will reduce our operating days during the period. The loss of earnings associated with the decrease in operating days, together with the capital needs for repairs and upgrades, is expected to result in increased cash flow needs. We expect to fund these expenditures with cash on hand.

C. Research and Development, Patents and Licenses, etc.

We incur, from time to time, expenditures relating to inspections for acquiring new vessels that meet our standards. Such expenditures are insignificant and they are expensed as they incur.

D. Trend Information

Our results of operations depend primarily on the charter rates earned by our vessels. Over the course of 2022, the BDI registered a high of 3,369 on May 23, 2022 and a low of 965 on August 31, 2022.

Since the start of the financial crisis in 2008 the performance of the BDI has been characterized by high volatility, as the growth in the size of the dry bulk fleet outpaced growth in vessel demand for an extended period of time.

Specifically, in the period from 2010 to 2020, the size of the fleet in terms of deadweight tons grew by an annual average of about 6.0% while the corresponding growth in demand for dry bulk carriers grew by 3.1%, resulting in a drop of about 61% in the value of the BDI over the period. In 2021, the total size of the dry bulk fleet rose by about 3.6%, compared to demand growth of 4.1%, which resulted in a 176% increase in the BDI. The global dry cargo fleet deadweight carrying capacity for 2022 increased by approximately 2.8% which remains significantly lower from the substantial increases during the early 2000s and mid-2010s. The global dry cargo fleet deadweight carrying capacity is forecasted to grow 2.7% in 2023, according to BIMCO, and BIMCO expects demand to grow by 1.5-2.5% in 2023 and by 1-2% in 2024.

Charter (or hire) rates paid for dry bulk vessels are generally a function of the underlying balance between vessel supply and demand. Over the past 25 years, dry bulk cargo charter rates have passed through cyclical phases and changes in vessel supply and demand have created a pattern of rate “peaks” and “troughs.” Generally, short-term or spot/voyage charter rates will be more volatile than time charter rates, as they reflect short-term movements in demand and market sentiment. The BDI remained significantly depressed from 2008-2019. In 2021, the BDI rose to a high of 5,650 on October 7, 2021 and had a low of 1,303 on February 10, 2021. In 2022, the BDI ranged from a low of 965 on August 31, 2022 to a high of 3,369 on May 23, 2022. During calendar year 2023 to date, the BDI has ranged from a high of 1,587 (on March 14, 2023) to a low of 601 (on February 7, 2023).

In the beginning of 2023, the forecast for World GDP was expected to increase by 2.9% for the year 2023 and 3.1% for the year 2024, yet many analysts now predict a negative effect on 0.2%-1% due to the hostilities between Russia and Ukraine.

The Black Sea region is an important area for dry bulk shipping, as major grain cargoes are loaded and transported in the Black Sea for worldwide discharging. As hostilities continue, we are aware that these grain volumes may be sourced elsewhere. This means increased ton miles for the dry bulk fleets as these commodities will need to be sourced possibly from the USG or ECSA areas, and travel to the Far East. As a result, the coal trade flows may be significantly affected especially in the event that countries and regions decide to move away from Russian sourced energy commodities; these then will have to be sourced from elsewhere - potentially through faraway overseas routes. As hostilities enter their second year, there continues to be significant volatility and increased uncertainty with a significant impact on the dry bulk market. If these conditions are sustained, the longer-term net impact on the dry bulk shipping market and our business would be difficult to predict. However, such events may have unpredictable consequences, and contribute to instability in global economy, a decrease in supply or cause a decrease in worldwide demand for certain goods and, thus, shipping.

The dry bulk orderbook stands at 69 million dwt, or 7.1% as percentage of the world's total dry bulk fleet. Specifically, it is 5.8% for the Capesize segment, 8.2 for the Panamax (Kamsarmax) segment and 7.7% for the Handymax segment. The fleet orderbook comprises deliveries of 31.2 million dwt for 2023 and 26 million dwt for 2024.

Please read “Item 4. B. Business Overview,” Item 5. A. Operating Results” and “Item 5. B. Liquidity and Capital Resources.”

E. Critical Accounting Estimates

Because we apply in our primary financial statements IFRS as issued by the IASB, we are not required to discuss information about our critical accounting estimates here.

Item 6. Directors, Senior Management and Employees

A. Directors and Senior Management

The following table sets forth information regarding our executive officers, our directors and our secretary. Our articles of incorporation provide for a board of directors serving staggered, three-year terms, other than any members of our board of directors that may serve at the option of the holders of preferred shares, if any are issued with relevant appointment powers. The term of our Class I directors expires at our annual general meeting of shareholders in 2023, the term of our Class II director expires at our annual general meeting of shareholders in 2024, and the term of our Class III director expires at our annual general meeting of shareholders in 2025. Officers are appointed from time to time by our board of directors and hold office until a successor is appointed or their employment is terminated. The business address of each of the directors and officers is c/o Globus Shipmanagement Corp., 128 Vouliagmenis Avenue, 3rd Floor, 166 74 Glyfada, Attica, Greece.

Name	Position	Age
Georgios Feidakis	Director, Chairman of the Board of Directors	72
Ioannis Kazantzidis	Director	72
Jeffrey O. Parry	Director	63
Athanasios Feidakis	Director, President, Chief Executive Officer, Chief Financial Officer	36
Olga Lambrianidou	Secretary	67

Biographical information with respect to each of our directors and our officers is set forth below.

Georgios (“George”) Feidakis, a Class III director, is our founder and has served as our non-executive chairman of our board of directors since inception. Mr. George Feidakis is also the major shareholder and Chairman of F.G. Europe S.A., or FG Europe, a company he has been involved with since 1994 and acts as a director and executive for several of its subsidiaries. FG Europe has been our landlord since August 2022. FG Europe is active in four lines of business and distributes well-known brands of appliances and electronics in Greece, the Balkans, Turkey, Italy and the U.K. FG Europe is also active in the air-conditioning, household appliances and electronics market in Greece and ten other countries in Europe as well as in the production of renewal energy. Mr. George Feidakis is also the director and chief executive officer of R.F. Energy S.A., a company that plans, develops and controls the operation of energy projects, and acts as a director and executive for several of its subsidiaries. Since January 31, 2017, Mr. Feidakis has been the majority shareholder of Eolos Shipmanagement SA. Mr. Feidakis is also a principal shareholder of Cyberonica S.A., a family-owned company, which was our landlord until August 2022.

Athanasios (“Thanos”) Feidakis,* a Class I director was appointed to our board of directors in July 2013. In December 2015, Mr. Athanasios Feidakis was also appointed our President, CEO and CFO, and is our sole executive officer. From October 2011 through June 2013, Mr. Athanasios Feidakis worked for our operations and chartering department as an operator.

Prior to that and from September 2010 to May 2011, Mr. Athanasios Feidakis worked for ACM, a shipbroking firm, as an S&P broker, and from October 2007 to April 2008, he worked for Clarksons, a shipbroking firm, as a chartering trainee on the dry cargo commodities chartering and on the sale and purchase of vessels. From April 2011 to April 2016, Mr. Athanasios Feidakis was a director of F.G. Europe S.A., a company controlled by his family, specializing in the distribution of well-known brands in Greece, the Balkans, Turkey, Italy and UK. From December 2008 to December 2015, Mr. Athanasios Feidakis was the President of Cyberonica S.A., a family-owned company specializing in real estate development. Mr. Athanasios Feidakis holds a B.Sc. in Business Studies and a M.Sc. in Shipping Trade and Finance from Bayes Business School (formerly known as Cass Business School) of City University in London and an MBA from London School of Economics. In addition, Mr. Athanasios Feidakis has professional qualifications in dry cargo chartering and operations from the Institute of Chartered Shipbrokers.

Jeffrey O. Parry, a Class II director, has served on our board of directors since July 2010. Mr. Parry is managing partner of Mystic Marine Advisors LLC, a Connecticut-based firm providing strategic advice and execution to turnaround and emerging companies and their stakeholders, which he founded in 1998. Mr. Parry is an independent board member of Elevai Labs, Inc. a California-based skin care company since September 2022 and an independent board director of Digitrax Entertainment, Inc., a Tennessee-based music technology company, since October 2022. Mr. Parry was chairman of the board of directors of TBS Shipping Limited from April 2012 until March 2018. From July 2008 to October 2009, he was president and chief executive officer of Nasdaq-listed Aries Maritime Transport Limited. Mr. Parry holds a B.A. from Brown University and an MBA from Columbia University.

Ioannis Kazantzidis, a Class I director, was appointed to our board in November 2016 to fill a vacancy in our board of directors. Mr. Kazantzidis has been the principal of Porto Trans Shipping LLC, a shipping and logistics company based in the United Arab Emirates, since 2007. Between 1987 to 2007, Mr. Kazantzidis was with HSBC Group, where he served in managerial positions participating in the development and implementation of financial systems in multiple locations. Mr. Kazantzidis has since 2009 been a Director of Saeed Mohammed Heavy Equipment Trading LLC, a general trading company, based in Jebel Ali, UAE. Mr. Kazantzidis has served as the Chairman of Nazaki Corporation, a private investment company based in the British Virgin Islands, since 1988. Mr. Kazantzidis has served, from 2015 to 2018, as the Chairman of W.M.Mendis Hotel Pvt Ltd in the Republic of Sri Lanka. From 1989 to 2015, he was the Chairman of Fishermans Wharf Pvt Ltd, and a director of Dow Corning Lanka Pvt Ltd from 2000 to 2013 and Propasax Pvt Ltd from 2010 to 2015. As of December 31, 2020, Mr. Kazantzidis is a Director of Longdom Place Developer LLC.

Olga Lambrianidou, our secretary, has been a corporate consultant to the Company since November 2010, and was appointed as secretary to the Company in December 2012. Prior to joining Globus, Ms. Lambrianidou was the Corporate Secretary and Investor Relations Officer of NewLead Holdings Ltd., formerly known as Aries Maritime Limited from 2008 to 2010, and of DryShips Inc., a publicly traded dry bulk shipping company from 2006 to 2008. Ms. Lambrianidou was Corporate Secretary, Investor Relations Officer and Human Resources Manager with OSG Ship Management (GR) Ltd., formerly known as Stelmar Shipping Ltd., from 2000 to 2006. Prior to 2000, Ms. Lambrianidou worked in the banking and insurance fields in the United States. She holds a BBA Degree in Marketing/English Literature from Pace University and an MBA Degree in Banking/Finance from the Lubin School of Business of Pace University in New York.

*Athanasios Feidakis is the son of our Chairman, George Feidakis. Other than the aforementioned, there are no other family relationships between any of our directors and our officers. There are no arrangements or understandings with major shareholders, customers, suppliers or others, pursuant to which any person referred to above was selected as a director or member of senior management. See, however, the covenants of our CIT Loan Facility.

The Company is not aware of any agreements or arrangements between any director and any person or entity other than the Company relating to the Compensation or other payments in connection with such director's candidacy or service as a director of the Company.

B. Compensation

In August 2016, the Company entered into a consultancy agreement with Goldenmare Limited, an affiliated company of our CEO, Mr. Athanasios Feidakis, for the purpose of providing consulting services to the Company in connection with the Company's international shipping and capital raising activities, including but not limited to assisting and advising the Company's CEO. The annual fees for the services provided previously amounted to €200,000. Goldenmare Limited is eligible to receive bonus compensation (whether in the form of cash and/or equity and/or quasi-equity awards) for the services provided and such bonus shall be determined by the Remuneration Committee or the Board of the Company. If the Company terminates the agreement without cause, or either party terminates after a change of control of the Company, then we will pay the consultant double the annual consulting fees plus the average annual bonus (including the value of equity awards) granted to the consultant throughout the term of the consultancy agreement.

In December 2020, we agreed to increase the consultancy fees of Goldenmare Limited from €200,000 to €400,000 per annum and additionally pay a one-time cash bonus of \$1.5 million pursuant to the consultancy agreement, all of which was paid in 2021. In addition, in December 2021, we agreed to pay a one-time cash bonus of \$1.5 million to Goldenmare Limited pursuant to the consultancy agreement, half of which was to be paid immediately and the other half during 2022, if at the time of the payment Mr. Athanasios Feidakis remains our CEO and the Goldenmare Limited has not terminated its consultancy agreement. At the time of the filing of the annual report on Form 20-F, no amounts of the bonus granted in December 2021 has been paid. Each of our other directors has an appointment letter relating to his appointment as a director.

In 2022, the aggregate remuneration that should have been paid for our chief executive officer or a company affiliated with our chief executive officer amounted to approximately \$2.0 million, none of which was paid as of December 31, 2022. In 2023, we paid approximately \$406,000 of the such amount. In 2021, the aggregate remuneration that should have been paid for our executive officer or a consultant affiliated with our chief executive officer amounted to approximately \$1.2 million, but we paid approximately \$231,000 and owed approximately \$985,000 as of December 31, 2021. The aggregate remuneration that should have been paid for our executive officer or a consultant affiliated with our executive officer in 2020 was approximately \$1.8 million (and we paid \$200,000 in 2020 and \$1.6 million in 2021).

The aggregate compensation, including bonuses, actually paid to members of our senior management (namely, only our Chief Executive Officer) or a consulting company which is an affiliate of our executive officer (including amounts that were owed from previous years) was approximately \$57 thousand in 2022, \$1.9 million in 2021 and \$650,000 in 2020. Our senior management received no common shares in 2022, 2021 and 2020. In addition, we owed our senior management or a consultant affiliated with our senior management, \$2.1 million, \$985,000 and \$1.7 million on December 31, 2022, 2021 and 2020, respectively. We currently owe our senior management or a consulting company affiliated with our senior management an aggregate of \$1.7 million.

In 2022 we changed how we compensate our non-executive directors. Our non-executive directors each receive \$40,000 annually as members of our board. In addition, each non-executive and independent directors who previously received shares receive an additional \$20,000 per year. Non-executive and independent directors on our remuneration committee and compensation committee each receive an additional \$5,000 annually per committee. The chairperson of our audit committee receives an additional \$10,000 annually, our lead independent director (i.e., Jeffrey O. Parry) receives an additional \$10,000 annually, and the chairperson of our board receives an additional \$40,000 annually. The aggregate compensation other than share based compensation actually paid to our non-executive directors in 2022 was \$285,000, in 2021 was \$120,000 and in 2020 was approximately \$311,250. In addition, in 2021 and 2020, non-executive directors (excluding our non-executive Chairman, Mr. George Feidakis) received an aggregate of 12,178 common shares and 2,812 common shares, respectively. In 2022 they received no common shares. As of December 31, 2022, we had not yet paid our non-executive directors the cash amounts that we agreed to pay them for their prior service; such amount in the aggregate was \$60,000 for 2022, which amount was paid in 2023.

We are bound by Greek labor law with respect to our Greek employees, which provides certain payments to these employees upon their dismissal or retirement. We accrued as of December 31, 2022 a non-current liability of approximately \$148,000 for such payments.

We do not have a retirement plan for our officers or directors.

C. Board Practices

Our board of directors and executive officer oversee and supervise our operations.

Each director holds office until his successor is elected or appointed, unless his office is earlier vacated in accordance with the articles of incorporation or with the provisions of the BCA. In addition to cash compensation, we historically paid each of Mr. Kazantzidis and Mr. Parry \$20,000 in common shares annually, however, in 2022 we changed our policies and each of those directors receives cash payments as further detailed in “Item 6.B. Directors, Senior Management and Employees—Compensation.” The members of our senior management are appointed to serve at the discretion of our board of directors. Our board of directors and committees of our board of directors schedule regular meetings over the course of the year. Under the Nasdaq rules, we believe that Mr. Ioannis Kazantzidis and Mr. Parry are independent directors.

We have an Audit Committee, a Remuneration Committee and a Nomination Committee.

The Audit Committee is comprised of Ioannis Kazantzidis and Jeffrey O. Parry. It is responsible for ensuring that our financial performance is properly reported on and monitored, for reviewing internal control systems and the auditors’ reports relating to our accounts and for reviewing and approving all related party transactions. Our board of directors has determined that Ioannis Kazantzidis is our audit committee financial expert, and he is the chair of the committee. Each Audit Committee member has experience in reading and understanding financial statements, including statements of financial position, statements of comprehensive income and statements of cash flows.

[Table of Contents](#)

The Remuneration Committee is comprised of Athanasios Feidakis, Jeffrey O. Parry and Ioannis Kazantzidis. It is responsible for determining, subject to approval from our board of directors, the remuneration guidelines to apply to our executive officer, secretary and other members of the executive management as our board of directors designates the Remuneration Committee to consider. It is also responsible for suggesting the total individual remuneration packages of each director including, where appropriate, bonuses, incentive payments and share options. The Remuneration Committee is responsible for declaring dividends on our Series A Preferred Shares, if any. The Remuneration Committee will also liaise with the Nomination Committee to ensure that the remuneration of newly appointed executives falls within our overall remuneration policies.

The Nomination Committee is comprised of George Feidakis, Ioannis Kazantzidis and Jeffrey O. Parry. It is responsible for reviewing the structure, size and composition of our board of directors and identifying and nominating candidates to fill board positions as necessary.

For information about the term of each director, see “Item 6.A. Directors and Senior Management.”

D. Employees

As of December 31, 2022, we had 22 full-time employees and two consultants that we hired directly. All of our employees are located in Greece and are engaged in the service and management of our fleet. None of our employees are covered by collective bargaining agreements, although certain crew members (which are not our employees but hired through crewing agents) are parties to collective bargaining agreements. We do not employ a significant number of temporary employees.

E. Share Ownership

With respect to the total number of common shares owned by our executive officer and our directors, individually and as a group, please read “Item 7. Major Shareholders and Related Party Transactions.”

Equity Incentive Plan

Our 2012 equity incentive plan expired in 2022. We have no such plan in effect at this time. No awards were granted pursuant to the equity incentive plan during the years ended December 31, 2022, 2021 and 2020, but we issued shares directly to our directors, which was not part of the equity incentive program.

Item 7. Major Shareholders and Related Party Transactions

A. Major Shareholders

The following table sets forth information concerning ownership of our common shares as of March 17, 2023 by persons who beneficially own more than 5.0% of our outstanding common shares, each person who is a director of our company, the executive officer named in this annual report on Form 20-F and our directors and executive officer as a group.

Beneficial ownership of shares is determined under rules of the SEC and generally includes any shares over which a person exercises sole or shared voting or investment power. Except as indicated in the footnotes to this table and subject to community property laws where applicable, the persons named in the table have sole voting and investment power with respect to all shares shown as beneficially owned by them.

The numbers of shares and percentages of beneficial ownership are based on 20,582,301 common shares outstanding on March 17, 2023. All common shares owned by the shareholders listed in the table below have the same voting rights as the other of our outstanding common shares.

[Table of Contents](#)

The address for our directors and executive officer is: c/o Globus Shipmanagement Corp., 128 Vouliagmenis Avenue, 3rd Floor, 166 74 Glyfada, Attica, Greece.

With respect to the persons who beneficially own more than 5.0% of our outstanding common shares, we have prepared the following table based on information filed with the SEC, and we have not sought to verify such information, and have assumed that such information remains current. Ownership and percentage ownership are determined in accordance with the rules and regulations of the SEC regarding beneficial ownership and include voting or investment power with respect to common shares. This information does not necessarily indicate beneficial ownership for any other purpose. In computing the number of common shares beneficially owned by a beneficial holder and the percentage ownership of that beneficial holder, common shares underlying warrants held by that beneficial holder that are exercisable as of March 17, 2023, or exercisable within 60 days after March 17, 2023, are deemed outstanding. Such common shares, however, are not deemed outstanding for the purposes of computing the percentage ownership of any other person. The number of common shares owned and percentages in the table below do give effect to any beneficial ownership blockers contained in any warrants that we have issued.

The beneficial ownership information set forth in the table below is based on beneficial ownership reports furnished to the SEC or information regarding the beneficial ownership of our common shares delivered to us:

Name and address of beneficial owner	Number of common shares beneficially owned as of March 17, 2023	Percentage of common shares beneficially owned as of March 17, 2023
5% Beneficial Owners		
Armistice Capital, LLC (1)	1,200,000	5.5%
Intracoastal Capital LLC (2)	1,959,250	8.7%
Lind Global Macro Fund, LP (3)	2,093,808	9.2%
Hudson Bay Master Fund Ltd. (4)	2,284,381	9.99%
Executive Officer and Directors		
George Feidakis (5)	761,530	3.7%
Ioannis Kazantzidis	7,639	0.0%
Jeffrey O. Parry	7,619	0.0%
Athanasios Feidakis (6)	79,718	0.0%
Our executive officer and all directors as a group	856,506	4.2*(6)

*Less than 1.0% of the outstanding shares.

(1) Armistice Capital, LLC is the investment manager of Armistice Capital Master Fund Ltd. (the "Armistice Master Fund"), the direct holder of the securities, and pursuant to an Investment Management Agreement, Armistice Capital, LLC exercises voting and investment power over the securities of Globus held by the Armistice Master Fund and thus may be deemed to beneficially own the securities of Globus held by the Armistice Master Fund. Mr. Steven Boyd, as the managing member of Armistice Capital, LLC, may be deemed to beneficially own the securities of Globus held by the Master Fund. The Master Fund specifically disclaims beneficial ownership of the securities of Globus directly held by it by virtue of its inability to vote or dispose of such securities as a result of its Investment Management Agreement with Armistice Capital, LLC. The address of the principal business office for Armistice Capital, LLC and Mr. Boyd is 510 Madison Avenue, 7th Floor, New York, New York 10022. Based on information held by Globus, we believe that the common shares beneficially owned by Armistice Capital, LLC are in the form of warrants that we have issued.

(2) Mitchell P. Kopin and Daniel B. Asher have filed a Schedule 13G with the SEC as beneficial owners of the shares beneficially held Intracoastal Capital LLC. All of the 1,959,250 beneficially owned shares held by Intracoastal Capital LLC referenced in the relevant Schedule 13G are in the form of warrants that we have issued. The principal business office of Mr. Kopin and Intracoastal Capital LLC is 245 Palm Trail, Delray Beach, Florida 33483. The principal business office of Mr. Asher is 111 W. Jackson Boulevard, Suite 2000, Chicago, Illinois 60604.

(3) The reporting persons' ownership consists of warrants to purchase 2,093,808 common shares. Lind Global Partners LLC, the general partner of Lind Global Macro Fund, LP, may be deemed to have sole voting and dispositive power with respect to the shares held by Lind Global Macro Fund, LP. Jeff Easton, the managing member of Lind Global Partners LLC, may be deemed to have sole voting and dispositive power with respect to the shares held by Lind Global Macro Fund, LP. The address of the principal business office for Lind Global Partners LLC, Lind Global Macro Fund, LP and Mr. Easton is 444 Madison Ave, Floor 41, New York, NY 10022.

(4) Hudson Bay Capital Management LP, the investment manager of Hudson Bay Master Fund Ltd., and has voting and investment power over these securities. Sander Gerber is the managing member of Hudson Bay Capital GP LLC, which is the general partner of Hudson Bay Capital Management LP. Sander Gerber disclaims beneficial ownership over these securities. All of the 2,284,381 beneficially owned shares held by Hudson Bay Master Fund Ltd referenced in the relevant Schedule 13G are issuable upon exercise of warrants. The warrants are subject to a 9.99% beneficial ownership blocker and the percentage indicates the effect of such blocker. The address of the business office of each of the such persons is 777 Third Avenue, 30th Floor, New York, NY 10017.

(5) Mr. George Feidakis beneficially owns 761,530 common shares through Firment Shipping Inc., a Marshall Islands corporation for which he exercises sole voting and investment power. Mr. George Feidakis and Firment Shipping Inc. disclaim beneficial ownership over such common shares except to the extent of their pecuniary interests in such shares.

When we filed our annual report for the year ended 2021, 2020, and 2019, Mr. George Feidakis beneficially owned 3.7%, less than 1%, and 22.1% of our common shares, respectively.

(6) Athanasios Feidakis controls Goldenmare Limited, which owns 10,300 Series B preferred shares. Each Series B preferred share entitles the holder thereof to 25,000 votes per share on all matters submitted to a vote of the shareholders of the Company, provided however, that no holder of Series B preferred shares may exercise voting rights pursuant to Series B preferred shares that would result in the aggregate voting power of any beneficial owner of such shares and its affiliates (whether pursuant to ownership of Series B preferred shares, common shares or otherwise) to exceed 49.99%. For a further description of the Series B preferred shares, see “Item 10.B. Memorandum and Articles of Association – Preferred Shares.”

To the best of our knowledge, except as disclosed in the table above (including the Series B preferred shares referenced above), we are not owned or controlled, directly or indirectly, by another corporation or by any foreign government. To the best of our knowledge, there are no agreements in place that could result in a change of control of us.

In the normal course of business, there have been institutional investors that buy and sell our shares. It is possible that significant changes in the percentage ownership of these investors will occur.

B. Related Party Transactions

Lease

On August 5, 2021, the Company entered into a rental agreement for 902 square meters of office space for its operations within a building leased by Cyberonica S.A. (an affiliate of our chairman) at a monthly rate of Euro 26,000 with a lease period ending August 4, 2024. The previous rental agreement with Cyberonica was terminated, which agreement had been in place since 2016 and provided for a monthly rate of €10,360. In June 2022, we entered into a new rental agreement with F.G. Europe (an affiliate of Globus’s chairman) for the same office space, at the same rate of Euro 26,000 and with the same lease period ending of August 4, 2024. The previous rental agreement with Cyberonica was terminated. During the years ended December 31, 2022, 2021 and 2020 fiscal years, the rent charged amounted to \$341,000, \$242,000 and \$141,000, respectively, to F.G. Europe and Cyberonica S.A for the rental of office space for our operations. As of December 31, 2022, we did not owe any amount in back rent to F.G. Europe.

Employment of Relative of Mr. George Feidakis

As of July 1, 2013, Mr. Athanasios Feidakis became a non-executive director of the Company. Mr. Athanasios Feidakis was previously an employee of the Company and his employment agreement was terminated when he became a non-executive director. Mr. Athanasios Feidakis was appointed as President, Chief Executive Officer and Chief Financial Officer as of December 28, 2015 and remains in these positions. He is the son of our chairman of the board of directors, Mr. George Feidakis.

Registration Rights Agreement

In November 2016, we entered into a registration rights agreement with Firment Trading Limited, pursuant to which we granted to them and their affiliates (including Mr. George Feidakis and certain of their transferees), the right, under certain circumstances and subject to certain restrictions to require us to register under the Securities Act our common shares held by them. Under the registration rights agreement, these persons have the right to request us to register the sale of shares held by them on their behalf and may require us to make available shelf registration statements permitting sales of shares into the market from time to time over an extended period. In addition, these persons have the ability to exercise certain piggyback registration rights in connection with registered offerings requested by shareholders or initiated by us.

Consultancy Agreements

On August 18, 2016, the Company entered into a consultancy agreement with Goldenmare Limited, an affiliated company of our CEO, for the purpose of providing consulting services to the Company in connection with the Company's international shipping and capital raising activities, including but not limited to assisting and advising the Company's CEO. The annual fees for the services provided amounted to €200,000. The consulting company is eligible to receive bonus compensation (whether in the form of cash and/or equity and/or quasi-equity awards) for the services provided and such bonus shall be determined by the Remuneration Committee or the Board of the Company. If the Company terminates the agreement without cause, or either party terminates after a change of control of the Company, then we will pay the consulting company double the annual consultancy fee plus the average annual bonus (including the value of equity awards) granted to the consulting company throughout the term of the consultancy agreement. In December 2020, we agreed to increase the consultancy fees of Goldenmare Limited from €200,000 to €400,000 per annum and additionally pay a one-time cash bonus of \$1.5 million pursuant to the consultancy agreement, which was paid in full in 2021. In addition, in December 2021, we agreed to pay a one-time cash bonus of \$1.5 million to Goldenmare Limited pursuant to the consultancy agreement, half of which was to be paid immediately and the other half during 2022, if at the time of the latter payment Mr. Athanasios Feidakis remains our CEO and Goldenmare Limited has not terminated its consultancy agreement. At the time of the filing of the annual report on Form 20-F, no amounts of the bonus has been paid. Each of our other directors has a contract relating to his appointment as a director.

On July 15, 2021 we entered into a consultancy agreement with Eolos Shipmanagement S.A. for the purpose of providing consultancy services to Eolos Shipmanagement S.A. For these services our Manager receives a daily fee of \$1,000. Our chairman of the board is the majority shareholder of Eolos Shipmanagement.

Series B Preferred Shares

In June 2020, we entered into a stock purchase agreement and issued 50 of our newly designated Series B preferred shares, par value \$0.001 per share, to Goldenmare Limited, a company controlled by our Chief Executive Officer, Athanasios Feidakis, in return for \$150,000, which amount was settled by reducing, on a dollar-for-dollar basis, the amount payable by the Company to Goldenmare Limited pursuant to a consultancy agreement. In July 2020, we entered into another stock purchase agreement and issued an additional 250 of our Series B preferred shares to Goldenmare Limited in return for \$150,000. The \$150,000 was paid by reducing, on a dollar-for-dollar basis, the amount payable by the Company to Goldenmare Limited pursuant to a consultancy agreement. In addition, we increased the maximum voting rights under the Series B preferred shares from 49.0% to 49.99%. In March 2021, we entered into another stock purchase agreement and issued an additional 10,000 of our Series B preferred shares to Goldenmare Limited in return for \$130,000, which was settled by reducing, on a dollar-for-dollar basis, the amount payable by the Company to Goldenmare Limited pursuant to a consultancy agreement. For a description of the Series B preferred shares, see "Item 10.B. Memorandum and Articles of Association – Preferred Shares."

We historically had entered into certain related party transactions. See "Item 4.A. History and Development of the Company."

C. Interests of Experts and Counsel

Not Applicable.

Item 8. Financial Information

A. Consolidated Statements and Other Financial Information

See Item 18.

Legal Proceedings

We have not been involved in any legal proceedings which may have, or have had, a significant effect on our business, financial position, results of operations or liquidity, nor are we aware of any other proceedings that are pending or threatened which may have a significant 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. We expect that these claims would be covered by insurance, subject to customary deductibles. Those claims, even if lacking merit, could result in the expenditure of significant financial and managerial resources.

Our Dividend Policy and Restrictions on Dividends

The declaration, timing and amount of any dividend is subject to the discretion of our board of directors and will be dependent upon our earnings, financial condition, market prospects, capital expenditure requirements, investment opportunities, restrictions in our loan agreements, the provisions of the Marshall Islands law affecting the payment of dividends to shareholders, overall market conditions, reserves established by our board of directors, increased or unanticipated expenses, additional borrowings and future issuances of securities, and other factors deemed relevant by our board of directors from time-to-time.

We have not paid any dividends on our common shares since 2012. Our dividend policy was historically, but is no longer, to pay to holders of our shares a variable quarterly dividend in excess of 50% of the net income of the previous quarter subject to any reserves our board of directors may from time to time determine are required.

Our board of directors may review and amend our dividend policy from time to time in light of our plans for future growth and other factors.

Our Remuneration Committee will also determine by unanimous resolution, in its sole discretion, when and to the extent dividends are paid to the holders of our Series A Preferred Shares, to the extent any are outstanding.

We are a holding company, with no material assets other than the shares of our subsidiaries. Therefore, our ability to pay dividends depends on the earnings and cash flow of those subsidiaries and their ability to pay dividends to us.

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 while a corporation is insolvent or would be rendered insolvent by the payment of such dividend.

Historical dividend payments should not provide any promise or indication of future dividend payments.

If we pay a dividend, the terms of our outstanding warrants provide that the exercise price shall be decreased by the amount of cash and/or the fair market value of any securities or other assets paid on each common share in respect of such dividend in order that subsequent thereto upon exercise of the warrants the holder of the warrants may obtain the equivalent benefit of such dividend.

No dividends were declared or paid on our common shares during the years ended December 31, 2022, 2021, and 2020.

No Series A Preferred Shares were outstanding as of December 31, 2022, 2021, and 2020.

Our CIT Loan Facility imposes certain restrictions to us with respect to dividend payments. Please see “Item 5.B. Liquidity and Capital Resources—Indebtedness.”

B. Significant Changes

Not Applicable.

Item 9. The Offer and Listing

Our common shares trade on the Nasdaq Capital Market under the ticker “GLBS.”

All of our shares are in registered form. Our articles of incorporation do not permit the issuance of bearer shares.

Item 10. Additional Information

A. Share Capital

Not Applicable.

B. Memorandum and Articles of Association

Purpose

Our objects and purposes, as provided in Section 1.3 of our articles of incorporation, are to engage in any lawful act or activity for which corporations may now or hereafter be organized under the BCA.

Authorized Capitalization

The authorized number of shares of Globus consists of (1) 500,000,000 common shares, par value \$0.004 per share, (2) 100,000,000 Class B common shares, par value \$0.001 per share, which we refer to as the Class B shares, and (3) 100,000,000 preferred shares, par value \$0.001 per share, which we refer to as the preferred shares. No Class B shares have yet been issued. Our articles of incorporation require us at all times to reserve and keep available, out of our authorized but unissued common shares, such number of common shares as would become issuable upon the conversion of all Class B shares then outstanding.

Two series of preferred shares have been designated. No Series A preferred shares and 10,300 Series B preferred shares are presently outstanding. There is no limitation on the right to own securities or the rights of non-resident shareholders to hold or exercise voting rights on our securities under Marshall Islands law or our articles of incorporation or bylaws. All of our shares are in registered form. Our articles of incorporation do not permit the issuance of bearer shares. We do not hold any of our shares in treasury.

We have financed our operations through funds raised in public and private placements of common shares and through debt. We also issued shares to our directors, officers and employees.

Common Shares, Class B Shares, and Series B Preferred Shares

Generally, Marshall Islands law provides that the holders of a class of stock of a Marshall Islands corporation are entitled to a separate class vote on any proposed amendment to the relevant articles of incorporation that would change the aggregate number of authorized shares or the par value of that class of shares or alter or change the powers, preferences or special rights of that class so as to affect the class adversely. Except as described below, holders of our common shares and Class B shares have equivalent economic rights. Holders of our common shares are entitled to one vote per share, holders of our Class B shares are entitled to 20 votes per share, and the holder of our Series B preferred shares is entitled to 25,000 votes per share (subject to the limitation described in “Preferred Shares” below). Each holder of Class B shares (not including the Company and the Company’s subsidiaries) may convert, at its option, any or all of the Class B shares held by such holder into an equal number of common shares.

Except as otherwise provided by the BCA, holders of our common shares, Class B shares, and Series B preferred shares will vote together as a single class on all matters submitted to a vote of shareholders, including the election of directors.

The rights, preferences and privileges of holders of our shares are subject to the rights of the holders of our Series B preferred shares and any preferred shares which we may issue in the future.

Holders of our common shares do not have conversion, redemption or pre-emptive rights to subscribe to any of our securities.

Preferred Shares

Our articles of incorporation authorize our board of directors to establish and issue up to 100 million preferred shares and to determine, with respect to any series of preferred shares, the rights and preferences of that series, including:

- ☐ the designation of the series;
- ☐ the number of preferred shares in the series;
- ☐ the preferences and relative participating option or other special rights, if any, and any qualifications, limitations or restrictions of such series; and
- ☐ the voting rights, if any, of the holders of the series.

As of the date hereof, no Series A Preferred Shares are outstanding. The holders of our Series A Preferred Shares are entitled to receive, if funds are legally available, dividends payable in cash in an amount per share to be determined by unanimous resolution of our Remuneration Committee, in its sole discretion. Our board of directors or Remuneration Committee determines whether funds are legally available under the BCA for such dividend. Any accrued but unpaid dividends do not bear interest. Except as may be provided in the BCA, holders of our Series A Preferred Shares do not have any voting rights. Upon our liquidation, dissolution or winding up, the holders of our Series A Preferred Shares are entitled to a preference in the amount of the declared and unpaid dividends, if any, as of the date of liquidation, dissolution or winding up. Our Series A Preferred Shares are not convertible into any of our other capital stock. The Series A Preferred Shares are redeemable at the written request of the Remuneration Committee, at par value plus all declared and unpaid dividends as of the date of redemption plus any additional consideration determined by a unanimous resolution of the Remuneration Committee.

In June 2020, we issued 50 newly designated Series B preferred shares, par value \$0.001 per share, to Goldenmare Limited, a company controlled by our Chief Executive Officer, Athanasios Feidakis, in return for \$150,000. In July 2020, we issued an additional 250 Series B preferred shares to Goldenmare Limited in return for another \$150,000. In March 2021, we issued an additional 10,000 Series B preferred shares to Goldenmare Limited in return for \$130,000. The purchase price was paid, in each instance, by reducing, on a dollar-for-dollar basis, the amount payable by the Company to Goldenmare Limited pursuant to a consultancy agreement. In addition, in July 2020 we increased the maximum voting rights under the Series B preferred shares from 49.0% to 49.99%.

The issuances of the Series B preferred shares to Goldenmare Limited were each approved by an independent committee of the Board of Directors of the Company, which in each case received a fairness opinion from an independent financial advisor that the transaction was for a fair value.

The Series B preferred shares have the following characteristics:

Voting. To the fullest extent permitted by law, each Series B preferred share entitles the holder hereof to 25,000 votes per share on all matters submitted to a vote of the shareholders of the Company, *provided however*, that no holder of Series B preferred shares may exercise voting rights pursuant to Series B preferred shares that would result in the aggregate voting power of any beneficial owner of such shares and its affiliates (whether pursuant to ownership of Series B preferred shares, common shares or otherwise) to exceed 49.99% of the total number of votes eligible to be cast on any matter submitted to a vote of shareholders of the Company. To the fullest extent permitted by law, the holders of Series B preferred shares shall have no special voting or consent rights and shall vote together as one class with the holders of the common shares on all matters put before the shareholders.

Conversion. The Series B preferred shares are not convertible into common shares or any other security.

Redemption. The Series B preferred shares are not redeemable.

Dividends. The Series B preferred shares have no dividend rights.

Liquidation Preference. Upon any liquidation, dissolution or winding up of the Company, the Series B preferred shares are entitled to receive a payment with priority over the common shareholders equal to the par value of \$0.001 per share. The Series B preferred shareholder has no other rights to distributions upon any liquidation, dissolution or winding up of the Company.

Transferability. All issued and outstanding Series B preferred shares must be held of record by one holder, and the Series B preferred shares shall not be transferred without the prior approval of our Board of Directors.

Proportional Adjustment. In the event the Company (i) declares any dividend on its common shares, payable in common shares, (ii) subdivides the outstanding common shares or (iii) combines the outstanding common shares into a smaller number of shares, there shall be a proportional adjustment to the number of outstanding Series B preferred shares.

Liquidation

In the event of our dissolution, liquidation or winding up, whether voluntary or involuntary, after payment in full of the amounts, if any, required to be paid to our creditors, the payment of the par value of \$0.001 per share to the holder of our Series B preferred shares, and the holders of preferred shares, our remaining assets and funds shall be distributed pro rata to the holders of our common shares and Class B shares, and the holders of common shares and the holders of Class B shares shall be entitled to receive the same amount per share in respect thereof. Other than their receipt of the par value of \$0.001 per Series B preferred share, the holder of our Series B preferred shares do not participate in distributions upon liquidation.

Dividends

Declaration and payment of any dividend is subject to the discretion of our board of directors. The timing and amount of dividend payments to holders of our shares will depend on a series of factors and risks described under “Risk Factors” in our annual report on Form 20-F and in prospectuses we may file from time to time, and includes risks relating to earnings, financial condition, cash requirements and availability, restrictions in our current and future loan arrangements, the provisions of the Marshall Islands law affecting the payment of dividends and other factors. The BCA generally prohibits the payment of dividends other than from surplus or while we are insolvent or if we would be rendered insolvent upon paying the dividend.

Subject to preferences that may apply to any shares of preferred stock outstanding at the time, the holders of our common shares and Class B shares will be entitled to share equally (pro rata based on the number of shares held) in any dividends that our board of directors may declare from time to time out of funds legally available for dividends. Series B preferred shares do not participate in dividends.

Conversion

Our common shares are not convertible into any other shares of our capital stock. Each of our Class B shares is convertible at any time at the election of the holder thereof into one of our common shares. We may reissue or resell any Class B shares that shall have been converted into common shares. Neither the Common Shares nor the Class B Shares may be reclassified, subdivided or combined unless such reclassification, subdivision or combination occurs simultaneously and in the same proportion for each such class of Common Stock.

Directors

Our directors are elected by the vote of the plurality of the votes cast by shareholders entitled to vote in the election. Our articles of incorporation provide that our board of directors must consist of at least three members. Shareholders may change the number of directors only by the affirmative vote of holders of a majority of the total voting power of our outstanding capital stock (subject to the rights of any holders of preferred shares). The board of directors may change the number of directors by a majority vote of the entire board of directors.

No contract or transaction between us and one or more of our directors or officers will be void or voidable solely for the following reason, or solely because the director or officer is present at or participates in the meeting of our board of directors or committee thereof which authorizes the contract or transaction, or solely because his or her or their votes are counted for such purpose, if (1) the material facts as to such director’s interest in such contract or transaction and as to any such common directorship, officership or financial interest are disclosed in good faith or known to the board of directors or committee, and the board of directors or committee approves such contract or transaction by a vote sufficient for such purpose without counting the vote of such interested director, or, if the votes of the disinterested directors are insufficient to constitute an act of the board, by unanimous vote of the disinterested directors; or (2) the material facts as to such director’s interest in such contract or transaction and as to any such common directorship, officership or financial interest are disclosed in good faith or known to the shareholders entitled to vote thereon, and such contract or transaction is approved by vote of such shareholders.

Our board of directors has the authority to fix the compensation of directors for their services.

Classified Board of Directors

Our articles of incorporation provide for a board of directors serving staggered, three-year terms. Approximately one-third of our board of directors will be elected each year.

Removal of Directors; Vacancies

Our articles of incorporation provide that directors may be removed with or without cause upon the affirmative vote of holders of a majority of the total voting power of our outstanding capital stock cast at a meeting of the shareholders. Our articles of incorporation also permit the removal of directors for cause upon the affirmative vote of 66-2/3% of the members of the board of directors then in office. Our bylaws require parties to provide advance written notice of nominations for the election of directors other than the board of directors and shareholders holding 30% or more of the voting power of the aggregate number of our shares issued and outstanding and entitled to vote.

No Cumulative Voting

Our articles of incorporation prohibit cumulative voting.

Shareholder Meetings

Under our bylaws, annual shareholder meetings will be held at a time and place selected by our board of directors. The meetings may be held in or outside of the Marshall Islands. Special meetings may be called by the chairman of our board of directors, by resolution of our board of directors or by holders of 30% or more of the voting power of the aggregate number of our shares issued and outstanding and entitled to vote at such meeting. Our board of directors may set a record date between 15 and 60 days before the date of any meeting to determine the shareholders that will be eligible to receive notice and vote at the meeting.

Dissenters' Right of Appraisal and Payment

Under the BCA, our shareholders may have the right to dissent from various corporate actions, including certain amendments to our articles of incorporation and certain mergers or consolidations or the sale or exchange of all or substantially all of our assets not made in the usual course of our business, and receive payment of the fair value of their shares, subject to exceptions. The right of a dissenting shareholder to receive payment of the fair value of his shares is not available for the shares of any class or series of stock, which shares at the record date fixed to determine the shareholders entitled to receive notice of and vote at the meeting of shareholders to act upon the agreement of merger or consolidation or any sale or exchange of all or substantially all of the property and assets of the corporation not made in the usual course of its business, were either (1) listed on a securities exchange or admitted for trading on an interdealer quotation system or (2) held of record by more than 2,000 holders. In the event of any further amendment of our articles of incorporation, a shareholder also has the right to dissent and receive payment for his or her shares if the amendment alters certain rights in respect of those shares. The dissenting shareholder must follow the procedures set forth in the BCA to receive payment. In the event that we and any dissenting shareholder fail to agree on a price for the shares, the BCA procedures involve, among other things, the institution of proceedings in the high court of the Republic of the Marshall Islands or in any appropriate court in any jurisdiction in which our shares are primarily traded on a local or national securities exchange to fix the value of the shares.

Shareholders' Derivative Actions

Under the BCA, any of our shareholders may bring an action in our name to procure a judgment in our favor, also known as a derivative action, provided that the shareholder bringing the action is a holder of common shares or a beneficial interest therein both at the time the derivative action is commenced and at the time of the transaction to which the action relates or that the shares devolved upon the shareholder by operation of law, among other requirements set forth in the BCA.

Amendment to our Articles of Incorporation

Except as otherwise provided by law, any provision in our articles of incorporation requiring a vote of shareholders may only be amended by such a vote. Further, certain sections may only be amended by affirmative vote of the holders of at least a majority of the voting power of the voting shares.

Anti-Takeover Effects of Certain Provisions of our Articles of Incorporation and Bylaws

Several provisions of our articles of incorporation and bylaws, which are summarized below, may have anti-takeover effects. These provisions are intended to avoid costly takeover battles, lessen our vulnerability to a hostile change of control and enhance the ability of our board of directors to maximize shareholder value in connection with any unsolicited offer to acquire our company. However, these anti-takeover provisions could also discourage, delay or prevent the merger or acquisition of our company by means of a tender offer, a proxy contest or otherwise that a shareholder may consider in its best interest and the removal of incumbent officers and directors, which could affect the desirability of our shares and, consequently, our share price.

Multi Class Stock. Our multi-class stock structure, which consists of common shares, Class B common shares, and preferred shares, can provide holders of our Class B common shares or preferred shares a significant degree of control over all matters requiring shareholder approval, including the election of directors and significant corporate transactions, such as a merger or other sale of our company or its assets, because our different classes of shares can have different numbers of votes.

For instance, while our common shares have one vote on matters before the shareholders, each of our 10,300 outstanding Series B preferred shares has 25,000 votes on matters before the shareholders; *provided however*, that no holder of Series B preferred shares may exercise voting rights pursuant to any Series B preferred shares that would result in the total number of votes a holder is entitled to vote on any matter submitted to a vote of shareholders of the Company to exceed 49.99% of the total number of votes eligible to be cast on such matter. No Class B common shares are presently outstanding, but if and when we issue any, each Class B common share will have 20 votes on matters before the shareholders.

At present, and until a substantial number of additional securities are issued, our holder of Series B preferred shares exerts substantial control of the Company's votes and is able to exert substantial control over our management and all matters requiring shareholder approval, including electing directors and significant corporate transactions, such as a merger. Such holder's interest could differ from yours.

Blank Check Preferred Shares. Under the terms of our articles of incorporation, our board of directors has authority, without any further vote or action by our shareholders, to issue up to 100 million "blank check" preferred shares, almost all of which currently remain available for issuance. Our board could authorize the issuance of preferred shares with voting or conversion rights that could dilute the voting power or rights of the holders of common shares, in addition to preferred shares that are already outstanding. The issuance of preferred shares, while providing flexibility in connection with possible acquisitions and other corporate purposes, could, among other things, have the effect of delaying, deferring or preventing a change in control of us or the removal of our management and may harm the market price of our common shares.

Classified Board of Directors. Our articles of incorporation provide for the division of our board of directors into three classes of directors, with each class as nearly equal in number as possible, serving staggered, three-year terms beginning upon the expiration of the initial term for each class. Approximately one-third of our board of directors is elected each year. This classified board 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 our board of directors from removing a majority of our board of directors for up to two years.

Election of Directors. Our articles of incorporation do not provide for cumulative voting in the election of directors. Our bylaws require parties, other than the chairman of the board of directors, board of directors and shareholders holding 30% or more of the voting power of the aggregate number of our shares issued and outstanding and entitled to vote, to provide advance written notice of nominations for the election of directors. These provisions may discourage, delay or prevent the removal of incumbent officers and directors.

Advance Notice Requirements for Shareholder Proposals and Director Nominations. Our bylaws provide that shareholders, other than shareholders holding 30% or more of the voting power of the aggregate number of our shares issued and outstanding and entitled to vote, 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 150 days or more than 180 days prior to the first anniversary date of the immediately preceding annual meeting of shareholders.

[Table of Contents](#)

Our bylaws also specify requirements as to the form and content of a shareholder's notice. These provisions may impede a shareholder's ability to bring matters before an annual meeting of shareholders or make nominations for directors at an annual meeting of shareholders.

Calling of Special Meetings of Shareholders. Our bylaws provide that special meetings of our shareholders may be called only by the chairman of our board of directors, by resolution of our board of directors or by holders of 30% or more of the voting power of the aggregate number of our shares issued and outstanding and entitled to vote at such meeting.

Action by Written Consent in Lieu of a Meeting. Our articles permit any action which may or is required by the BCA to be taken at a meeting of the shareholders to be authorized by consents in writing signed 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. Presently and until and unless we issue a significant number of securities, Goldenmare Limited, a company affiliated with our Chief Executive Officer, holds Series B preferred shares controlling 49.99% of the voting power of our outstanding capital stock. Goldenmare could, together with shareholders possessing a relatively small number of shares, act by written consent in lieu of a meeting and authorize major transactions on behalf of the Company, all without calling a meeting of shareholders.

Business Combinations

Although the BCA does not contain specific provisions regarding "business combinations" between corporations incorporated under or redomiciled pursuant to the laws of the Marshall Islands and "interested shareholders," our articles of incorporation prohibit us from engaging in a business combination with an interested shareholder for a period of three years following the date of the transaction in which the person became an interested shareholder, unless, in addition to any other approval that may be required by applicable law:

- ☐ prior to the date of the transaction that resulted in the shareholder becoming an interested shareholder, our 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 85.0% of our voting shares outstanding at the time the transaction commenced, excluding for purposes of determining the number of shares outstanding those shares owned by (1) persons who are directors and officers and (2) employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or
- ☐ at or after the date of the transaction that resulted in the shareholder becoming an interested shareholder, the business combination is approved by our board of directors and authorized at an annual or special meeting of shareholders, and not by written consent, by the affirmative vote of at least 66-2/3% of the voting power of the voting shares that are not owned by the interested shareholder.

Among other transactions, a "business combination" includes any merger or consolidation of us or any directly or indirectly majority-owned subsidiary of ours with (1) the interested shareholder or any of its affiliates or (2) with any corporation, partnership, unincorporated association or other entity if the merger or consolidation is caused by the interested shareholder. Generally, an "interested shareholder" is any person or entity (other than us and any direct or indirect majority-owned subsidiary of ours) that:

- ☐ owns 15.0% or more of our outstanding voting shares;
- ☐ is an affiliate or associate of ours and was the owner of 15.0% or more of our outstanding voting shares at any time within the three-year period immediately prior to the date on which it is sought to be determined whether such person is an interested shareholder; or
- ☐ is an affiliate or associate of any person listed in the first two bullets, except that any person who owns 15.0% or more of our outstanding voting shares, as a result of action taken solely by us will not be an interested shareholder unless such person acquires additional voting shares, except as a result of further action by us and not caused, directly or indirectly, by such person.

Additionally, the restrictions regarding business combinations do not apply to persons that became interested shareholders prior to the effectiveness of our articles of incorporation.

Limitations on Liability and Indemnification of Directors and Officers

The BCA authorizes corporations to limit or eliminate the personal liability of directors to corporations and their shareholders for monetary damages for breaches of certain directors' fiduciary duties. Our articles of incorporation include a provision that eliminates the personal liability of directors for monetary damages for breach of fiduciary duty as a director to the fullest extent permitted by law (i.e., other than breach of duty of loyalty, acts not taken in good faith or which involve intentional misconduct or a knowing violation of law or transactions for which the director derived an improper personal benefit) and provides that we must indemnify our directors and officers to the fullest extent authorized by law. We are also expressly authorized to advance certain expenses to our directors and officers and expect to carry directors' and officers' insurance providing indemnification for our directors and officers for some liabilities. We believe that these indemnification provisions and the directors' and officers' insurance are useful to attract and retain qualified directors and executive officers.

The limitation of liability and indemnification provisions in our articles of incorporation may discourage shareholders from bringing a lawsuit against our directors for breach of their fiduciary duty. These provisions may also have the effect of reducing the likelihood of derivative litigation against directors and officers, even though such an action, if successful, may otherwise benefit us and our shareholders. In addition, an investor in our common shares may be adversely affected to the extent we pay the costs of settlement and damage awards against directors and officers pursuant to these indemnification provisions.

There is no pending material litigation or proceeding involving any of our directors, officers or employees for which indemnification is sought.

The following summary of certain terms and provisions of the Class A Warrants is not complete and is subject to, and qualified in its entirety by the provisions of the form of Class A Warrant, which is incorporated by reference as an exhibit to this annual report.

- *Exercisability.* The Class A Warrants are exercisable at any time after their original issuance up to the date that is five years after their original issuance on June 22, 2020. Each of the Class A Warrants is exercisable, in whole or in part by delivering to us a duly executed exercise notice and, at any time a registration statement registering the issuance of the common shares underlying the Class A Warrants under the Securities Act is effective and available for the issuance of such shares, by payment in full in immediately available funds for the number of common shares purchased upon such exercise. If a registration statement registering the issuance of the common shares underlying the Class A Warrants under the Securities Act is not effective or available, the holder may, in its sole discretion, elect to exercise the Class A Warrant through a cashless exercise, in which case the holder would receive upon such exercise the net number of common shares determined according to the formula set forth in the Class A Warrant. We may be required to pay certain amounts as liquidated damages as specified in the Class A Warrants in the event we do not deliver common shares upon exercise of the Class A Warrants within the time periods specified in the Class A Warrants. No fractional common shares will be issued in connection with the exercise of a Class A Warrant.
- *Exercise Limitation.* A holder does not have the right to exercise any portion of a Class A Warrant if the holder (together with its affiliates) would beneficially own in excess of 4.99% (or, upon election by a holder prior to the issuance of any Class A Warrants, 9.99%) of the number of shares of our common shares outstanding immediately after giving effect to the exercise, as such percentage ownership is determined in accordance with the terms of such Class A Warrants. However, any holder may increase or decrease such percentage to any other percentage not in excess of 9.99%, upon at least 61 days' prior notice from the holder to us with respect to any increase in such percentage.
- *Exercise Price.* The exercise price per whole common share purchasable upon exercise of the Class A Warrants is \$35.00 per share. The exercise price of the Class A Warrants and number of common shares issuable on exercise of the Class A Warrants are subject to adjustment in the event of certain stock dividends and distributions, stock splits, stock combinations, reclassifications or similar events affecting our common shares. The holders of Class A Warrants have the right to participate on an as-exercised basis in certain rights offerings to our common shareholders. The exercise price of the Class A Warrants may also be reduced to any amount and for any period of time at the sole discretion of our board of directors. The exercise price of the Class A Warrants is subject to adjustment in the event of dividends and certain distributions as specified in the Class A Warrant.

[Table of Contents](#)

- *Transferability.* Subject to applicable laws, the Class A Warrants may be offered for sale, sold, transferred or assigned without our consent.
- *Exchange Listing.* We do not intend to apply for the listing of the Class A Warrants on any stock exchange. Without an active trading market, the liquidity of the Class A Warrants will be limited.
- *Warrant Agent.* The Class A Warrants are issued in registered form under a warrant agreement among Computershare Inc., Computershare Trust Company, N.A., as warrant agent, and us. The Class A Warrants were initially be represented only by one or more global warrants deposited with the warrant agent, as custodian on behalf of The Depository Trust Company (DTC) and registered in the name of Cede & Co., a nominee of DTC, or as otherwise directed by DTC.
- *Rights as a Shareholder.* Except as otherwise provided in the Class A Warrants or by virtue of such holder's ownership of our common shares, the holder of a Class A Warrant does not have the rights or privileges of a holder of our common shares, including any voting rights, until the holder exercises the Class A Warrant.
- *Fundamental Transactions.* In the event of a fundamental transaction, as described in the Class A Warrants and generally including, with certain exceptions, any reorganization, recapitalization or reclassification of our common shares, the sale, transfer or other disposition of all or substantially all of our properties or assets, our consolidation or merger with or into another person, the acquisition of more than 50% of our outstanding common shares, or any person or group becoming the beneficial owner of 50% of the voting power represented by our outstanding common shares, the holders of the Class A Warrants will be entitled to receive upon exercise of the Class A Warrants the kind and amount of securities, cash or other property that the holders would have received had they exercised the Class A Warrants immediately prior to such fundamental transaction. In addition, we or the successor entity, at the request of Class A Warrant holders, will be obligated to purchase any unexercised portion of the Class A Warrants in accordance with the terms of such Class A Warrants.
- *Governing Law.* The Class A Warrants and the warrant agreement are governed by New York law.

The following summary of certain terms and provisions of the PP Warrants issued on June 30, 2020 and July 21, 2020 is not complete and is subject to, and qualified in its entirety by the provisions of the form PP Warrants, which are incorporated by reference as an exhibit to this annual report.

- *Exercisability.* Each PP Warrant has a term of 5.5 years from its date of issuance. The PP Warrants are exercisable, at the option of each holder, in whole or in part by delivering to us a duly executed exercise notice with payment in full in immediately available funds for the number of common shares purchased upon such exercise. If a registration statement registering the resale of the Common Shares underlying the PP Warrants under the Securities Act of 1933 is not effective or available at any time after the six month anniversary of the date of issuance of the PP Warrants, the holder may, in its sole discretion, elect to exercise the PP Warrant through a cashless exercise, in which case the holder would receive upon such exercise the net number of common shares determined according to the formula set forth in the PP Warrant. If we do not issue the shares in a timely fashion, the PP Warrant contains certain damages provisions. No fractional common shares will be issued in connection with the exercise of a PP Warrant.
- *Exercise Limitation.* A holder does not have the right to exercise any portion of the PP Warrant if the holder (together with its affiliates) would beneficially own in excess of 4.99% (or, upon election of the holder, 9.99%) of the number of our Common Shares outstanding immediately after giving effect to the exercise, as such percentage of beneficial ownership is determined in accordance with the terms of the PP Warrants. However, any holder may increase or decrease such percentage, but not in excess of 9.99%, provided that any increase will not be effective until the 61st day after such election.

[Table of Contents](#)

- *Exercise Price.* The exercise price per whole common share purchasable upon exercise of the PP Warrants is \$18.00 per share. The exercise price of the PP Warrants is subject to appropriate adjustment in the event of certain stock dividends and distributions, stock splits, stock combinations, reclassifications or similar events affecting our common shares and also upon any distributions of assets, including cash, stock or other property to our shareholders. The holders of PP Warrants have the right to participate on an as-exercised basis in certain rights offerings to our common shareholders. The exercise price may also be reduced to any amount and for any period of time deemed appropriate at the sole discretion of our board of directors.
- *Exchange Listing.* There is no established trading market for the PP Warrants and we do not expect a market to develop. In addition, we do not intend to apply for the listing of the PP Warrants on any national securities exchange or other trading market.
- *Fundamental Transactions.* If a fundamental transaction occurs, then the successor entity will succeed to, and be substituted for us, and may exercise every right and power that we may exercise and will assume all of our obligations under the PP Warrants with the same effect as if such successor entity had been named in the PP Warrant itself. If holders of our common shares are given a choice as to the securities, cash or property to be received in a fundamental transaction, then the holder shall be given the same choice as to the consideration it receives upon any exercise of the PP Warrant following such fundamental transaction. In addition, we or the successor entity, at the request of PP Warrant holders, will be obligated to purchase any unexercised portion of the PP Warrants in accordance with the terms of such PP Warrants.
- *Rights as a Shareholder.* Except as otherwise provided in the PP Warrants or by virtue of such holder's ownership of our common shares, the holder of Warrants will not have the rights or privileges of a holder of our common shares, including any voting rights, until the holder exercises the PP Warrants.
- *Transferability.* Subject to applicable laws, the PP Warrants may be offered for sale, sold, transferred or assigned without our consent.
- *Governing Law.* The PP Warrants are governed by New York law.

The following summary of certain terms and provisions of the December 2020 Warrants, and is not complete and is subject to, and qualified in its entirety by the provisions of the form of December 2020 Warrant, which is incorporated by reference as an exhibit to this annual report.

- *Exercisability.* The December 2020 Warrant have a term of 5.5 years from December 9, 2020. The December 2020 Warrants are exercisable, at the option of each holder, in whole or in part by delivering to us a duly executed exercise notice with payment in full in immediately available funds for the number of common shares purchased upon such exercise. If a registration statement registering the issuance of the common shares underlying the December 2020 Warrants under the Securities Act of 1933 is not effective or available, the holder may, in its sole discretion, elect to exercise the December 2020 Warrant through a cashless exercise, in which case the holder would receive upon such exercise the net number of common shares determined according to the formula set forth in the December 2020 Warrant. If we do not issue the shares in a timely fashion, the December 2020 Warrant contains certain damages provisions. No fractional common shares will be issued in connection with the exercise of a December 2020 Warrant.
- *Exercise Limitation.* A holder does not have the right to exercise any portion of the December 2020 Warrant if the holder (together with its affiliates) would beneficially own in excess of 4.99% (or, upon election of the holder, 9.99%) of the number of our Common Shares outstanding immediately after giving effect to the exercise, as such percentage of beneficial ownership is determined in accordance with the terms of the December 2020 Warrants. However, any holder may increase or decrease such percentage, but not in excess of 9.99%, provided that any increase will not be effective until the 61st day after such election.

[Table of Contents](#)

- *Exercise Price.* The exercise price per whole common share purchasable upon exercise of the December 2020 Warrants is \$6.25 per share (having been reduced from the original exercise price of \$8.50 per share). The exercise price of the December 2020 Warrants and number of common shares issuable upon exercise of the December 2020 Warrants is subject to appropriate adjustment in the event of certain stock dividends and distributions, stock splits, stock combinations, reclassifications or similar events affecting our common shares. The exercise price of the December 2020 Warrants is also subject to adjustment upon any distributions of assets, including cash, stock or other property to our shareholders. The holders of December 2020 Warrants have the right to participate on an as-exercised basis in certain rights offerings to our common shareholders. The exercise price may also be reduced to any amount and for any period of time deemed appropriate at the sole discretion of our board of directors.
- *Exchange Listing.* There is no established trading market for the December 2020 Warrants and we do not expect a market to develop. In addition, we do not intend to apply for the listing of the December 2020 Warrants on any national securities exchange or other trading market.
- *Fundamental Transactions.* If a fundamental transaction occurs, then the successor entity will succeed to, and be substituted for us, and may exercise every right and power that we may exercise and will assume all of our obligations under the December 2020 Warrants with the same effect as if such successor entity had been named in the December 2020 Warrant itself. If holders of our common shares are given a choice as to the securities, cash or property to be received in a fundamental transaction, then the holder shall be given the same choice as to the consideration it receives upon any exercise of the December 2020 Warrant following such fundamental transaction. In addition, we or the successor entity, at the request of December 2020 Warrant holders, will be obligated to purchase any unexercised portion of the December 2020 Warrants in accordance with the terms of such December 2020 Warrants.
- *Rights as a Shareholder.* Except as otherwise provided in the December 2020 Warrants or by virtue of such holder's ownership of our common shares, the holder of December 2020 Warrants will not have the rights or privileges of a holder of our common shares, including any voting rights, until the holder exercises the December 2020 Warrants.
- *Transferability.* Subject to applicable laws, the December 2020 Warrants may be offered for sale, sold, transferred or assigned without our consent.
- *Governing Law.* The December 2020 Warrants are governed by New York law.

The following summary of certain terms and provisions of the January 2021 Warrants, and is not complete and is subject to, and qualified in its entirety by the provisions of the form of January 2021 Warrant, which is incorporated by reference as an exhibit to this annual report.

- *Exercisability.* The January 2021 Warrants have a term of 5.5 years from January 29, 2021. The January 2021 Warrants are exercisable, at the option of each holder, in whole or in part by delivering to us a duly executed exercise notice with payment in full in immediately available funds for the number of common shares purchased upon such exercise. If a registration statement registering the issuance of the common shares underlying the January 2021 Warrants under the Securities Act of 1933 is not effective or available, the holder may, in its sole discretion, elect to exercise the January 2021 Warrants through a cashless exercise, in which case the holder would receive upon such exercise the net number of common shares determined according to the formula set forth in the January 2021 Warrants. If we do not issue the shares in a timely fashion, the January 2021 Warrants contain certain damages provisions. No fractional common shares will be issued in connection with the exercise of a January 2021 Warrant.
- *Exercise Limitation.* A holder does not have the right to exercise any portion of the January 2021 Warrants if the holder (together with its affiliates) would beneficially own in excess of 4.99% (or, upon election of the holder, 9.99%) of the number of our Common Shares outstanding immediately after giving effect to the exercise, as such percentage of beneficial ownership is determined in accordance with the terms of the January 2021 Warrants. However, any holder may increase or decrease such percentage, but not in excess of 9.99%, provided that any increase will not be effective until the 61st day after such election.
- *Exercise Price.* The exercise price per whole common share purchasable upon exercise of the January 2021 Warrants is \$6.25 per share. The exercise price of the January 2021 Warrants and number of common shares issuable upon exercise of the January 2021 Warrants is subject to appropriate adjustment in the event of certain stock dividends and distributions, stock splits, stock combinations, reclassifications or similar events affecting our common shares. The exercise price of the January 2021 Warrants is also subject to adjustment upon any distributions of assets, including cash, stock or other property to our shareholders. The holders of January 2021 Warrants have the right to participate on an as-exercised basis in certain rights offerings to our common shareholders. The exercise price may also be reduced to any amount and for any period of time deemed appropriate at the sole discretion of our board of directors.

[Table of Contents](#)

- *Exchange Listing.* There is no established trading market for the January 2021 Warrants and we do not expect a market to develop. In addition, we do not intend to apply for the listing of the January 2021 Warrants on any national securities exchange or other trading market.
- *Fundamental Transactions.* If a fundamental transaction occurs, then the successor entity will succeed to, and be substituted for us, and may exercise every right and power that we may exercise and will assume all of our obligations under the January 2021 Warrants with the same effect as if such successor entity had been named in the January 2021 Warrant itself. If holders of our common shares are given a choice as to the securities, cash or property to be received in a fundamental transaction, then the holder shall be given the same choice as to the consideration it receives upon any exercise of the January 2021 Warrants following such fundamental transaction. In addition, we or the successor entity, at the request of January 2021 Warrant holders, will be obligated to purchase any unexercised portion of the January 2021 Warrants in accordance with the terms of such January 2021 Warrants.
- *Rights as a Shareholder.* Except as otherwise provided in the January 2021 Warrants or by virtue of such holder's ownership of our common shares, the holder of January 2021 Warrants will not have the rights or privileges of a holder of our common shares, including any voting rights, until the holder exercises the January 2021 Warrants.
- *Transferability.* Subject to applicable laws, the January 2021 Warrants may be offered for sale, sold, transferred or assigned without our consent.
- *Governing Law.* The January 2021 Warrants are governed by New York law.

The following summary of certain terms and provisions of the February 2021 Warrants, and is not complete and is subject to, and qualified in its entirety by the provisions of the form of warrant, which is incorporated by reference as an exhibit to this annual report:

- *Exercisability.* The February 2021 Warrants have a term of 5.5 years from February 17, 2021. The February 2021 Warrants are exercisable, at the option of each holder, in whole or in part by delivering to us a duly executed exercise notice with payment in full in immediately available funds for the number of common shares purchased upon such exercise. If a registration statement registering the issuance of the common shares underlying the February 2021 Warrants under the Securities Act of 1933 is not effective or available, the holder may, in its sole discretion, elect to exercise the February 2021 Warrants through a cashless exercise, in which case the holder would receive upon such exercise the net number of common shares determined according to the formula set forth in the February 2021 Warrants. If we do not issue the shares in a timely fashion, the February 2021 Warrants contain certain damages provisions. No fractional common shares will be issued in connection with the exercise of a February 2021 Warrant.
- *Exercise Limitation.* A holder does not have the right to exercise any portion of the February 2021 Warrants if the holder (together with its affiliates) would beneficially own in excess of 4.99% (or, upon election of the holder, 9.99%) of the number of our Common Shares outstanding immediately after giving effect to the exercise, as such percentage of beneficial ownership is determined in accordance with the terms of the February 2021 Warrants. However, any holder may increase or decrease such percentage, but not in excess of 9.99%, provided that any increase will not be effective until the 61st day after such election.
- *Exercise Price.* The exercise price per whole common share purchasable upon exercise of the February 2021 Warrants is \$6.25 per share. The exercise price of the February 2021 Warrants and number of common shares issuable upon exercise of the February 2021 Warrants is subject to appropriate adjustment in the event of certain stock dividends and distributions, stock splits, stock combinations, reclassifications or similar events affecting our common shares. The exercise price of the February 2021 Warrants is also subject to adjustment upon any distributions of assets, including cash, stock or other property to our shareholders. The holders of February 2021 Warrants have the right to participate on an as-exercised basis in certain rights offerings to our common shareholders. The exercise price may also be reduced to any amount and for any period of time deemed appropriate at the sole discretion of our board of directors.

[Table of Contents](#)

- *Exchange Listing.* There is no established trading market for the February 2021 Warrants and we do not expect a market to develop. In addition, we do not intend to apply for the listing of the February 2021 Warrants on any national securities exchange or other trading market.
- *Fundamental Transactions.* If a fundamental transaction occurs, then the successor entity will succeed to, and be substituted for us, and may exercise every right and power that we may exercise and will assume all of our obligations under the February 2021 Warrants with the same effect as if such successor entity had been named in the February 2021 Warrant itself. If holders of our common shares are given a choice as to the securities, cash or property to be received in a fundamental transaction, then the holder shall be given the same choice as to the consideration it receives upon any exercise of the February 2021 Warrants following such fundamental transaction. In addition, we or the successor entity, at the request of February 2021 Warrant holders, will be obligated to purchase any unexercised portion of the February 2021 Warrants in accordance with the terms of such February 2021 Warrants.
- *Rights as a Shareholder.* Except as otherwise provided in the February 2021 Warrants or by virtue of such holder's ownership of our common shares, the holder of February 2021 Warrants will not have the rights or privileges of a holder of our common shares, including any voting rights, until the holder exercises the February 2021 Warrants.
- *Transferability.* Subject to applicable laws, the February 2021 Warrants may be offered for sale, sold, transferred or assigned without our consent.
- *Governing Law.* The February 2021 Warrants are governed by New York law.

The following summary of certain terms and provisions of the June 2021 Warrants, and is not complete and is subject to, and qualified in its entirety by the provisions of the form of warrant, which is incorporated by reference as an exhibit to this annual report:

- *Exercisability.* The June 2021 Warrants have a term of 5.5 years from June 29, 2021. The June 2021 Warrants are exercisable, at the option of each holder, in whole or in part by delivering to us a duly executed exercise notice with payment in full in immediately available funds for the number of common shares purchased upon such exercise. If a registration statement registering the issuance of the common shares underlying the June 2021 Warrants under the Securities Act of 1933 is not effective or available, the holder may, in its sole discretion, elect to exercise the June 2021 Warrants through a cashless exercise, in which case the holder would receive upon such exercise the net number of common shares determined according to the formula set forth in the June 2021 Warrants. If we do not issue the shares in a timely fashion, the June 2021 Warrants contain certain damages provisions. No fractional common shares will be issued in connection with the exercise of a June 2021 Warrant.
- *Exercise Limitation.* A holder does not have the right to exercise any portion of the June 2021 Warrants if the holder (together with its affiliates) would beneficially own in excess of 4.99% (or, upon election of the holder, 9.99%) of the number of our Common Shares outstanding immediately after giving effect to the exercise, as such percentage of beneficial ownership is determined in accordance with the terms of the June 2021 Warrants. However, any holder may increase or decrease such percentage, but not in excess of 9.99%, provided that any increase will not be effective until the 61st day after such election.
- *Exercise Price.* The exercise price per whole common share purchasable upon exercise of the June 2021 Warrants is \$6.25 per share. The exercise price of the June 2021 Warrants and number of common shares issuable upon exercise of the June 2021 Warrants is subject to appropriate adjustment in the event of certain stock dividends and distributions, stock splits, stock combinations, reclassifications or similar events affecting our common shares. The exercise price of the June 2021 Warrants is also subject to adjustment upon any distributions of assets, including cash, stock or other property to our shareholders. The holders of June 2021 Warrants have the right to participate on an as-exercised basis in certain rights offerings to our common shareholders. The exercise price may also be reduced to any amount and for any period of time deemed appropriate at the sole discretion of our board of directors.

[Table of Contents](#)

- *Exchange Listing.* There is no established trading market for the June 2021 Warrants and we do not expect a market to develop. In addition, we do not intend to apply for the listing of the June 2021 Warrants on any national securities exchange or other trading market.
- *Fundamental Transactions.* If a fundamental transaction occurs, then the successor entity will succeed to, and be substituted for us, and may exercise every right and power that we may exercise and will assume all of our obligations under the June 2021 Warrants with the same effect as if such successor entity had been named in the June 2021 Warrant itself. If holders of our common shares are given a choice as to the securities, cash or property to be received in a fundamental transaction, then the holder shall be given the same choice as to the consideration it receives upon any exercise of the June 2021 Warrants following such fundamental transaction. In addition, we or the successor entity, at the request of June 2021 Warrant holders, will be obligated to purchase any unexercised portion of the June 2021 Warrants in accordance with the terms of such June 2021 Warrants.
- *Rights as a Shareholder.* Except as otherwise provided in the June 2021 Warrants or by virtue of such holder's ownership of our common shares, the holder of June 2021 Warrants will not have the rights or privileges of a holder of our common shares, including any voting rights, until the holder exercises the June 2021 Warrants.
- *Transferability.* Subject to applicable laws, the June 2021 Warrants may be offered for sale, sold, transferred or assigned without our consent.
- *Governing Law.* The June 2021 Warrants are governed by New York law.

C. Material Contracts

Attached as exhibits to this annual report are the contracts we consider to be both material and outside the ordinary course of business and are to be performed in whole or in part after the filing of this annual report. We refer you to "Item 7.B. Related Party Transactions" for a discussion of our agreements with companies related to us. We also refer you to "Item 4. Information on the Company," "Item 5.B. Liquidity and Capital Resources—Indebtedness," and "Item 10.B—Memorandum and Articles of Association" for a description of other material contracts.

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 the Company or any member of the group is a party.

D. Exchange Controls

We are not aware, under Marshall Islands law, of any restrictions on the export or import of capital, including foreign exchange controls or restrictions that affect the remittance of dividends, interest or other payments to holders of our common shares that are neither residents nor citizens of the Marshall Islands.

E. Taxation

Marshall Islands Tax Considerations

The following is applicable only to persons who are not citizens of and do not reside in, maintain offices in or carry on business or conduct transactions or operations in the Marshall Islands.

Because we (including our subsidiaries) do not, and assuming that we continue not to, and assuming our future subsidiaries will not, carry on business or conduct transactions or operations in the Marshall Islands, and because we anticipate that all documentation related to any offerings of our securities will be executed outside of the Marshall Islands, under current Marshall Islands law our shareholders will not be subject to Marshall Islands taxation or withholding tax on our distributions. In addition, our shareholders will not be subject to Marshall Islands stamp, capital gains or other taxes on the purchase, ownership or disposition of our common shares, and our shareholders will not be required by the Marshall Islands to file a tax return related to our common shares.

Malta Tax Considerations

One of our subsidiaries is incorporated in Malta, which imposes taxes on us that are immaterial to our operations.

Greek Tax Considerations

In January 2013, a tax law 4110/2013 amended the long-standing provisions of art. 26 of law 27/1975 by imposing a fixed annual tonnage tax on vessels flying a foreign (i.e., non-Greek) flag which are managed by a Law 89 company, establishing an identical tonnage tax regime as the one already in force for vessels flying the Greek flag. This tax varies depending on the size of the vessel, calculated in gross registered tonnage, as well as on the age of each vessel. Payment of this tonnage tax completely satisfies all income tax obligations of both the shipowning company and of all its shareholders up to the ultimate beneficial owners. Any tax payable to the state of the flag of each vessel as a result of its registration with a foreign flag registry (including the Marshall Islands) is subtracted from the amount of tonnage tax due to the Greek tax authorities.

The tax residents of Greece who receive dividends from such shipowning or their holding companies, (pursuant to a very recent agreement between the Union of Greek Shipowners and the Greek State, which is expected to come in force shortly) are taxed at 5% on the dividends which they receive and which they import into Greece, not being liable to any other taxation for these, which include those dividends which either remain with the holding company or are paid to the individual Greek tax resident abroad.

United States Tax Considerations

This discussion of United States federal income taxes is based upon provisions of the Code, existing final, temporary and proposed regulations thereunder and current administrative rulings and court decisions, all as in effect on the effective date of this annual report on Form 20-F and all of which are subject to change, possibly with retroactive effect. Changes in these authorities may cause the tax consequences to vary substantially from the consequences described below. No rulings have been or are expected to be sought from the IRS with respect to any of the United States federal income tax consequences discussed below, and no assurance can be given that the IRS will not take contrary positions.

Further, the following summary does not deal with all United States federal income tax consequences applicable to any given holder of our common shares, nor does it address the United States federal income tax considerations applicable to categories of investors subject to special taxing rules, such as expatriates, banks, real estate investment trusts, regulated investment companies, insurance companies, tax-exempt organizations, dealers or traders in securities or currencies, partnerships, S corporations, estates and trusts, investors that hold their common shares as part of a hedge, straddle or an integrated or conversion transaction, investors whose “functional currency” is not the United States dollar or investors that own, directly or indirectly, 10% or more of our stock by vote or value. Furthermore, the discussion does not address alternative minimum tax consequences or estate or gift tax consequences, or any state tax consequences, and is limited to shareholders that will hold their common shares as “capital assets” within the meaning of Section 1221 of the Code. Each shareholder is encouraged to consult and discuss with his or her own tax advisor the United States federal, state, local and non-United States tax consequences particular to him or her of the acquisition, ownership or disposition of common shares. Further, it is the responsibility of each shareholder to file all state, local and non-U.S., as well as U.S. federal, tax returns that may be required of it.

United States Federal Income Taxation of the Company

Taxation of Operating Income

[Table of Contents](#)

Unless exempt from United States 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 United States 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 Company is a Marshall Islands corporation and its subsidiaries are incorporated in the Marshall Islands or Malta. There is no comprehensive income tax treaty between the Marshall Islands and the United States, so the Company and its Marshall Islands subsidiaries cannot claim an exemption from this tax under a treaty.

The 4% Gross Basis Tax

The United States imposes a 4% United States federal income tax (without allowance of any deductions) on a foreign corporation’s United States source gross transportation income to the extent such income is not treated as effectively connected with the conduct of a United States trade or business. For this purpose, transportation income includes income from the use, hiring or leasing of a vessel, or the performance of services directly related to the use of a vessel (and thus includes time charter, spot charter and bareboat charter income). The United States source portion of transportation income is 50% of the income attributable to voyages that begin or end, but not both begin and end, in the United States. As a result of this sourcing rule the effective tax rate is 2% of the gross income attributable to U.S. voyages. Generally, no amount of the income from voyages that begin and end outside the United States is treated as United States 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 United States source, neither the Company nor any of its subsidiaries expects to have any transportation income from voyages that both begin and end in the United States.)

The Net Basis Tax and Branch Profits Tax

The Company and each of its subsidiaries do not expect to engage in any activities in the United States (other than port calls of its vessels) or otherwise have a fixed place of business in the United States. Consequently, the Company and its subsidiaries are not expected to be subject to the net basis or branch profits taxes. Nonetheless, if this situation were to change or if the Company or a subsidiary of the Company were to be treated as engaged in a United States trade or business, all or a portion of the Company’s or such subsidiary’s taxable income, including gain from the sale of vessels, could be treated as effectively connected with the conduct of this United States trade or business, or effectively connected income. Any effectively connected income, net of allowable deductions, would be subject to United States federal corporate income tax. In addition, an additional 30% branch profits tax would be imposed on the Company or such subsidiary at such time as the Company’s or such subsidiary’s after-tax effectively connected income is deemed to have been repatriated to the Company’s or subsidiary’s offshore office.

The 4% gross basis tax described above is inapplicable to income that is treated as effectively connected income. A non-United States corporation’s United States source transportation income would be considered to be effectively connected income only if the non-United States corporation has or is treated as having a fixed place of business in the United States involved in the earning of the transportation income and substantially all of its United States source transportation income is attributable to regularly scheduled transportation (such as a published schedule with repeated sailings at regular intervals between the same points for voyages that begin or end in the United States), or in the case of leasing income (such as bareboat charter income) is attributable to such fixed place of business. The Company and its vessel-owning subsidiaries believe that their vessels will not operate to and from the United States on a regularly scheduled basis. Based on the intended mode of shipping operations and other activities, the Company and its vessel-owning subsidiaries do not expect to have any 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 transportation income that qualifies for the Section 883 Exemption. 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 (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 (which include the filing of United States income tax returns).

The Company is a Marshall Islands corporation, and each of the vessels in its fleet is owned by a separate wholly owned subsidiary organized in the Marshall Islands or Malta. The U.S. Department of the Treasury recognizes the Marshall Islands and Malta as jurisdictions which grant an Equivalent Exemption; therefore, the Company and each of its vessel-owning subsidiaries meet the first requirement for the Section 883 Exemption.

The 50% Ownership Test

In order to satisfy the 50% Ownership Test, a non-United States corporation must be able to substantiate that more than 50% of the value of its shares is owned, for at least half of the number of days in the non-United States corporation's taxable year, directly or indirectly, by "qualified shareholders." For this purpose, qualified shareholders are: (1) individuals who are residents (as defined in the Treasury 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-United States 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. In order for a shareholder to be a qualified shareholder, there generally cannot be any bearer shares in the chain of ownership between the shareholder and the taxpayer claiming the exemption (unless such bearer shares are maintained in a dematerialized or immobilized book-entry system as permitted under the Section 883 Regulations). 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). The Company does not believe that it satisfied the 50% Ownership Test for the taxable year ended December 31, 2022 and has no basis to expect that it will satisfy the 50% Ownership Test in the near future.

The CFC Test

The CFC Test requires that a non-United States corporation be treated as a controlled foreign corporation, or a CFC, for United States federal income tax purposes for more than half of the days in the taxable year. A CFC is a foreign corporation, more than 50% of the vote or value of which is owned by significant U.S. shareholders (meaning U.S. persons who own at least 10% of the vote or value of the foreign corporation). In addition, more than 50% of the value of the shares of the CFC must be owned by qualifying U.S. persons for more than half of the days during the taxable year concurrent with the period of time that the company qualifies as a CFC. For this purpose, a qualifying U.S. person is defined as a U.S. citizen or resident alien, a domestic corporation or domestic tax-exempt trust, in each case, if such U.S. person provides the company claiming the exemption with an ownership statement. The Company does not believe that the requirements of the CFC Test will be met in the near future with respect to the Company or any of its subsidiaries.

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-United States 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 relevant part, that the shares of a non-United States corporation will be considered to be "primarily traded" on an established securities market in a country if the number of shares of each class of shares 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. The Section 883 Regulations also generally provide that shares will be considered to be "regularly traded" on an established securities market if one or more classes of shares in the corporation representing in the aggregate more than 50% of the total combined voting power and value of all classes of shares of the corporation are listed on an established securities market. Also, with respect to each class relied upon to meet this requirement (1) such class of shares must be traded on the market, other than in minimal quantities, on at least 60 days during the taxable year or one-sixth of the days in a short taxable year, and (2) the aggregate number of shares of such class of shares traded on such market during the taxable year is at least 10% of the average number of shares of such class of shares outstanding during such year or as adjusted for a short taxable year. These two tests are deemed to be satisfied if such class of shares is traded on an established market in the United States and such shares are regularly quoted by dealers making a market in such shares.

Notwithstanding the foregoing, the Section 883 Regulations provide, in relevant part, that a class of shares will not be considered to be "regularly traded" on an established securities market for any taxable year in which 50% or more of the vote and value of the outstanding shares of such class are owned, actually or constructively under specified share attribution rules, on more than half the days during the taxable year by persons who each own 5% or more of the vote and value of such class of outstanding shares, to which we refer as the 5 Percent Override Rule.

[Table of Contents](#)

For purposes of being able to determine the persons who actually or constructively own 5% or more of the vote and value of the Company's common shares, or 5% Shareholders, the Section 883 Regulations permit a company whose stock is traded on an established securities market in the United States to rely on those persons that are identified on Schedule 13G and Schedule 13D filings with the SEC, as owning 5% or more of the company's common shares.

In the event the 5 Percent Override Rule is triggered, the Section 883 Regulations provide that such rule will not apply if the Company can establish that within the group of 5% Shareholders, there are sufficient qualified shareholders within the meaning of Section 883 and the Section 883 Regulations to preclude non-qualified shareholders in such group from owning 50% or more of the total value of the Company's common shares for more than half the number of days during the taxable year.

The Company believes that it satisfied the Publicly Traded Test for the taxable year ended December 31, 2022, based on information reported in Schedule 13G and Schedule 13D filings with the SEC. The Company cannot currently predict whether it will satisfy the Publicly Traded Test for the current taxable year. The stock in the Company's vessel-owning subsidiaries is not publicly traded, but if the Company were to meet the Publicly Traded Test described above, the Company also generally would be a qualified shareholder for purposes of applying the 50% Ownership Test as to any subsidiary claiming the Section 883 Exemption.

A corporation's qualification for the Section 883 Exemption is determined for each taxable year. If the Company and/or its subsidiaries were not to qualify for the Section 883 Exemption in any year in which the Company's vessels traded to or from the United States, the United States income taxes that become payable would have a negative effect on the business of the Company and its subsidiaries, and would result in decreased earnings available for distribution to the Company's shareholders.

United States Taxation of Gain on Sale of Vessels

If the Company's subsidiaries qualify for the Section 883 Exemption, then gain from the sale of any vessel would be exempt from tax under Section 883. If, however, the gain is not exempt from tax under Section 883, the Company will not be subject to United States federal income taxation with respect to such gain provided that the income from the vessel has never constituted effectively connected income and that the sale is considered to occur outside of the United States under United States federal income tax principles. In general, a sale of a vessel will be considered to occur outside of the United States for this purpose if title to the vessel, and risk of loss with respect to the vessel, pass to the buyer outside of the United States. To the extent possible, the Company will attempt to structure any sale of a vessel so that it is considered to occur outside of the United States.

United States Federal Income Taxation of United States Holders

As used herein, "United States Holder" means a beneficial owner of the Company's common shares that is an individual citizen or resident of the United States for United States federal income tax purposes, a corporation or other entity taxable as a corporation created or organized in or under the laws of the United States or any state thereof (including the District of Columbia), an estate the income of which is subject to United States federal income taxation regardless of its source or a trust where a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States persons (as defined in the Code) have the authority to control all substantial decisions of the trust (or a trust that has made a valid election under U.S. Department of the Treasury regulations to be treated as a domestic trust). A "Non-United States Holder" generally means any owner (or beneficial owner) of common shares that is not a United States Holder, other than a partnership. If a partnership holds common shares, the tax treatment of a partner will generally depend upon the status of the partner and upon the activities of the partnership. Partners of partnerships holding common shares should consult their own tax advisors regarding the tax consequences of an investment in the common shares (including their status as United States Holders or Non-United States Holders).

Distributions

Subject to the discussion of PFICs below, any distributions made by the Company with respect to the common shares to a United States Holder will generally constitute dividends, which may be taxable as ordinary income or qualified dividend income as described in more detail below, to the extent of the Company's current or accumulated earnings and profits as determined under United States federal income tax principles. Distributions in excess of the Company's earnings and profits will be treated as a nontaxable return of capital to the extent of the United States Holder's tax basis in its common shares and, thereafter, as capital gain.

Dividends paid in respect of the Company's common shares may qualify for the preferential rate attributable to qualified dividend income if: (1) the common shares are readily tradable on an established securities market in the United States; (2) the Company is not a PFIC for the taxable year during which the dividend is paid or in the immediately preceding taxable year; (3) the United States Holder has owned the common shares for more than 60 days in the 121-day period beginning 60 days before the date on which the common shares become ex-dividend and (4) the United States Holder is not under an obligation to make related payments with respect to positions in substantially similar or related property. The first requirement currently is and has been met, as our common shares are listed on the Nasdaq Capital Market. The Nasdaq Capital Market is a tier of the Nasdaq Stock Market, which is an established securities market. Further, there is no minimal trading requirement for shares to be "readily tradable," so as long as our common shares remain listed on the Nasdaq Capital Market or any other established securities market in the United States, the first requirement will be satisfied. However, if our common shares are delisted and are not tradable on an established securities market in the United States (as described in "Item 3.D. Risk Factors—Company Specific Risk Factors—Our common shares may be delisted from Nasdaq, which could affect their market price and liquidity"), the first requirement would not be satisfied, and dividends paid in respect of our common shares would not qualify for the preferential rate attributable to qualified dividend income. The second requirement is expected to be met as more fully described below under "—Consequences of Possible PFIC Classification." Satisfaction of the final two requirements will depend on the particular circumstances of each United States Holder. Consequently, if any of these requirements are not met, the dividends paid to individual United States Holders in respect of the Company's common shares would not be treated as qualified dividend income and would be taxed as ordinary income at ordinary rates.

Amounts taxable as dividends generally will be treated as income from sources outside the United States and will, depending on your circumstances, be "passive" or "general" income which, in either case, is treated separately from other types of income for purposes of computing the foreign tax credit allowable to you. However, if (1) the Company is 50% or more owned, by vote or value, by United States persons and (2) at least 10% of the Company's earnings and profits are attributable to sources within the United States, then for foreign tax credit purposes, a portion of our dividends would be treated as derived from sources within the United States. Under such circumstances, with respect to any dividend paid for any taxable year, the United States source ratio of the Company's dividends for foreign tax credit purposes would be equal to the portion of the Company's earnings and profits from sources within the United States for such taxable year, divided by the total amount of the Company's earnings and profits for such taxable year.

Consequences of Possible PFIC Classification

A non-United States entity treated as a corporation for United States 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. If a corporation is a PFIC in any taxable year that a person holds shares in the corporation (and was not a qualified electing fund with respect to such year, as discussed below), the shares held by such person will be treated as shares 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). A United States Holder of shares in a PFIC would be required to file an annual information return on IRS Form 8621 containing information regarding the PFIC as required by U.S. Department of the Treasury regulations.

While there are legal uncertainties involved in this determination, including as a result of adverse case law described herein, based upon the Company's and its subsidiaries' expected operations as described herein and based upon the current and expected future activities and operations of the Company and its subsidiaries, the income of the Company and such subsidiaries from time charters should not constitute "passive income" for purposes of applying the PFIC rules, and the assets that the Company owns for the production of this time charter income should not constitute passive assets for purposes of applying the PFIC rules.

Although there is no legal authority directly on point, this view is based principally on the position that the gross income that the Company and its subsidiaries derive from time charters constitutes services income rather than passive rental income. The Fifth Circuit Court of Appeals decided in *Tidewater Inc. v. United States*, 565 F.3d 299 (5th Cir., 2009) that a typical time charter is a lease, and not a contract for the provision of transportation services. In that case, the court was considering a tax issue that turned on whether the taxpayer was a lessor where a vessel was under a time charter, and the court did not address the definition of passive income or the PFIC rules; however, the reasoning of the case could have implications as to how the income from a time charter would be classified under such rules.

If the reasoning of the *Tidewater* case is applied to the Company's situation and the Company's or its subsidiaries' time charters are treated as leases, the Company's or its subsidiaries' time charter income could be classified as rental income and the Company would be a PFIC unless more than 25% of the income of the Company (taking into account the subsidiary look through rule) is from spot charters plus other active income or an active leasing exception applies. The IRS has announced that it will not follow the reasoning of the *Tidewater* case and would have treated the income from the time charters at issue in that case as services income, including for other purposes of the Code. The Company intends to take the position that all of its time, voyage and spot chartering activities will generate active services income and not passive leasing income, but in the absence of direct legal authority specifically relating to the Code provisions governing PFICs, the IRS or a court could disagree with this position. Although the matter is not free from doubt as described herein, based on the current operations and activities of the Company and its subsidiaries and on the relative values of the vessels in the Company's fleet and the charter income in respect of the vessels, Globus Maritime Limited should not be treated as a PFIC during the taxable year ended December 31, 2022.

Based on the Company's intention and expectation that the Company's subsidiaries' income from spot, time and voyage chartering activities plus other active operating income will be greater than 25% of the Company's total gross income at all relevant times and that the gross value of the vessels subject to such time, voyage or spot charters will exceed the gross value of all the passive assets the Company owns at all relevant times, Globus Maritime Limited does not expect that it will constitute a PFIC with respect to a taxable year in the near future.

The Company will try to manage its vessels and its business so as to avoid being classified as a PFIC for a future taxable year; however there can be no assurance that the nature of the Company's assets, income and operations will remain the same in the future (notwithstanding the Company's current expectations). Additionally, no assurance can be given that the IRS or a court of law will accept the Company's position that the time charters that the Company's subsidiaries have entered into or any other time charter that the Company or a subsidiary may enter into will give rise to active income rather than passive income for purposes of the PFIC rules, or that future changes of law will not adversely affect this position. The Company has not obtained a ruling from the IRS on its time charters or its PFIC status and does not intend to seek one. Any contest with the IRS may materially and adversely impact the market for the common shares and the prices at which they trade. In addition, the costs of any contest on the issue with the IRS will result in a reduction in cash available for distribution and thus will be borne indirectly by the Company's shareholders.

If Globus Maritime Limited were to be classified as a PFIC in any year, each United States Holder of the Company's shares 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 shareholder in a taxable year that is greater than 125% of the average annual distributions received by the shareholder in the three preceding taxable years or, if shorter, the shareholder's holding period for the shares), and (2) any gain realized upon the sale or other disposition of the common shares. Under these rules:

- the excess distribution or gain will be allocated ratably over the United States Holder's holding period;
- the amount allocated to the current taxable year and any year prior to the first year in which the Company was 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 United States Holder's holding period will be subject to United States 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 order to avoid the application of the PFIC rules, United States Holders may make a qualified electing fund, or a QEF, election provided in Section 1295 of the Code in respect of their common shares. Even if a United States Holder makes a QEF election for a taxable year of the Company, if the Company was a PFIC for a prior taxable year during which such holder held the common shares and for which such holder did not make a timely QEF election, the United States Holder would also be subject to the more adverse rules described above. Additionally, to the extent any of the Company's subsidiaries is a PFIC, an election by a United States Holder to treat Globus Maritime Limited as a QEF would not be effective with respect to such holder's deemed ownership of the stock of such subsidiary and a separate QEF election with respect to such subsidiary is required. In lieu of the PFIC rules discussed above, a United States Holder that makes a timely, valid QEF election will, in very general terms, be required to include its pro rata share of the Company's 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 no actual distributions are received for that year in respect of the common shares and even if the amount of that income is not the same as the amount of actual distributions paid on the common shares during the year. If the Company later distributes the income or gain on which the United States 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 United States Holder.

A United States Holder's tax basis in any common shares as to which a QEF election has been validly made will be increased by the amount included in such United States Holder's income as a result of the QEF election and decreased by the amount of nontaxable distributions received by the United States Holder. On the disposition of a common share, a United States 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 by filing a Form 8621 with the United States Holder's federal income tax return on or before the due date for filing such United States Holder's federal income tax return for the first taxable year for which the Company is a PFIC or, if later, the first taxable year for which the United States Holder held common shares. In this regard, a QEF election is effective only if certain required information is made available by the PFIC. Subsequent to the date that the Company first determines that it is a PFIC, the Company will use commercially reasonable efforts to provide any United States Holder of common shares, upon request, with the information necessary for such United States Holder to make the QEF election.

In addition to the QEF election, Section 1296 of the Code permits United States Holders to make a "mark-to-market" election with respect to marketable shares in a PFIC, generally meaning shares regularly traded on a qualified exchange or market and certain other shares considered marketable under U.S. Department of the Treasury regulations. For this purpose, a class of shares is regularly traded on a qualified exchange or market for any calendar year during which such class of shares is traded, other than in de minimis quantities, on at least 15 days during each calendar quarter of the year. Our common shares are regularly traded on the Nasdaq Capital Market, which is an established securities market. However, if our common shares were to be delisted, (as described in "Item 3.D. Risk Factors—Company Specific Risk Factors—Our common shares may be delisted from Nasdaq, which could affect their market price and liquidity"), then the mark-to-market election generally would be unavailable to United States Holders. If a United States Holder makes a mark-to-market election in respect of its common shares, such United States Holder generally would, in each taxable year: (1) include as ordinary income the excess, if any, of the fair market value of the common shares at the end of the taxable year over such United States Holder's adjusted tax basis in the common shares, and (2) be permitted an ordinary loss in respect of the excess, if any, of such United States Holder's adjusted tax basis in the 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 United States Holder's basis in the common shares being increased and decreased, respectively, by the amount of such ordinary income or ordinary loss). The consequences of this election may be less favorable than those of a QEF election for United States Holders that are sensitive to the distinction between ordinary income and capital gain.

United States Holders are urged to consult their tax advisors as to the consequences of making a mark-to-market or QEF election, as well as other United States federal income tax consequences of holding shares in a PFIC.

As previously indicated, if the Company were to be classified as a PFIC for a taxable year in which the Company pays a dividend or the immediately preceding taxable year, dividends paid by the Company would not constitute "qualified dividend income" and, hence, would not be eligible for the reduced rate of United States federal income tax.

Sale, Exchange or Other Disposition of Common Shares

A United States Holder generally will recognize taxable gain or loss upon a sale, exchange or other disposition of common shares in an amount equal to the difference between the amount realized by the United States Holder from such sale, exchange or other disposition and the United States Holder's tax basis in such common shares. Assuming the Company does not constitute a PFIC for any taxable year, this gain or loss will generally be treated as long-term capital gain or loss if the United States Holder's holding period is greater than one year at the time of the sale, exchange or other disposition. Long-term capital gains recognized by a United States Holder other than a corporation are generally taxed at preferential rates. A United States Holder's ability to deduct capital losses is subject to limitations.

Net Investment Income Tax

A United States Holder that is an individual or estate, or a trust that does not fall into a special class of trusts that is exempt from such tax, is subject to a 3.8% tax on the lesser of (1) such United States Holder's "net investment income" (or undistributed "net investment income" in the case of estates and trusts) for the relevant taxable year and (2) the excess of such United States Holder's modified adjusted gross income for the taxable year over a certain threshold (which in the case of individuals will be between \$125,000 and \$250,000, depending on the individual's circumstances). A United States Holder's net investment income will generally include its gross dividend income and its net gains from the disposition of the common shares, unless such dividends or net gains are derived in the ordinary course of the conduct of a trade or business (other than a trade or business that consists of certain passive or trading activities). Net investment income generally will not include a United States Holder's pro rata share of the Company's income and gain if we are a PFIC and that United States Holder makes a QEF election, as described above in "—United States Federal Income Taxation of United States Holders—Consequences of Possible PFIC Classification."

However, a United States 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 United States Holder's ordinary income and net investment income. If you are a United States Holder that is an individual, estate or trust, you are urged to consult your tax advisor regarding the applicability of the net investment income tax to your income and gains in respect of your investment in the common shares.

United States Federal Income Taxation of Non-United States Holders

A Non-United States Holder will generally not be subject to United States federal income tax on dividends paid in respect of the common shares or on gains recognized in connection with the sale or other disposition of the common shares provided that the Non-United States Holder makes certain tax representations regarding the identity of the beneficial owner of the common shares, that such dividends or gains are not effectively connected with the Non-United States Holder's conduct of a United States trade or business and that, with respect to gain recognized in connection with the sale or other disposition of the common shares by a non-resident alien individual, such individual is not present in the United States for 183 days or more in the taxable year of the sale or other disposition and other conditions are met. If the Non-United States Holder is engaged in a United States trade or business for United States federal income tax purposes, the income from the common shares, including dividends and gain from the sale, exchange or other disposition of the common stock, that is effectively connected with the conduct of that trade or business will generally be subject to regular United States federal income tax in the same manner as discussed above relating to the taxation of United States Holders.

Backup Withholding and Information Reporting

Information reporting to the IRS may be required with respect to payments on the common shares and with respect to proceeds from the sale of the common shares. With respect to Non-United States Holders, copies of such information returns may be made available to the tax authorities in the country in which the Non-United States Holder resides under the provisions of any applicable income tax treaty or exchange of information agreement. A "backup" withholding tax may also apply to those payments if:

- a holder of the common shares fails to provide certain identifying information (such as the holder's taxpayer identification number or an attestation to the status of the holder as a Non-United States Holder);
- such holder is notified by the IRS that he or she has failed to report all interest or dividends required to be shown on his or her federal income tax returns; or
- in certain circumstances, such holder has failed to comply with applicable certification requirements.

Backup withholding is not an additional tax and may be refunded (or credited against the holder's United States federal income tax liability, if any), provided that certain required information is furnished to the IRS in a timely manner.

Non-United States Holders may be required to establish their exemption from information reporting and backup withholding by certifying their status on IRS Form W-8BEN, W-8BEN-E, W-8ECI or W-8IMY, as applicable.

Individual United States Holders who hold certain specified foreign assets with values in excess of certain dollar thresholds are required to report such assets on IRS Form 8938 with their U.S. federal income tax return, subject to certain exceptions (including an exception for foreign assets held in accounts maintained by financial institutions). Stock in a foreign corporation, including our common shares, is a specified foreign asset for this purpose. Penalties apply for failure to properly complete and file Form 8938. You should consult your tax advisor regarding the filing of this form. United States Holders of common shares may be required to file additional forms with the IRS under the applicable reporting provisions of the Code. You should consult your tax advisor regarding the filing of any such forms.

We encourage each United States Holder and Non-United States Holder to consult with his, her or its own tax advisor as to the particular tax consequences to him, her or it of holding and disposing of the Company's common shares, including the applicability of any federal, state, local or foreign tax laws and any proposed changes in applicable law.

F. Dividends and Paying Agents

Not Applicable.

G. Statement by Experts

Not Applicable.

H. Documents on Display

We file reports and other information with the SEC. These materials, including this annual report on Form 20-F and the accompanying exhibits, may be inspected and copied at the public reference facilities maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549, or from the SEC's website, <http://www.sec.gov>. You may obtain information on the operation of the public reference room by calling 1 (800) SEC-0330 and you may obtain copies at prescribed rates.

I. Subsidiary Information

Not Applicable.

J. Annual Report to Security Holders.

We are currently not required to provide an annual report to security holders in response to the requirements of Form 6-K.

Item 11. Quantitative and Qualitative Disclosures About Market Risk**Interest Rates**

We are exposed to market risks associated with changes in interest rates relating to our loan arrangements. As of December 31, 2022 we had a \$44.4 million principal balance outstanding under the CIT Loan Facility with First Citizens Bank & Trust Company (formerly known as CIT Bank N.A.) and as of December 31, 2021 we had a \$31.75 million principal balance outstanding under the CIT Loan Facility with First Citizens Bank & Trust Company (formerly known as CIT Bank N.A.).

Interest costs incurred under our loan arrangements are included in our consolidated statement of comprehensive income /(loss).

In 2022, the weighted average interest rate for our then-outstanding facilities in total was 5.58% and the respective interest rates on our loan agreements ranged from 3.89% to 7.67%, including margins.

We will continue to have debt outstanding, which could impact our results of operations and financial condition. Although we may in the future prefer to generate funds through equity offerings on terms acceptable to us rather than through the use of debt arrangements, we may not be able to do so. We expect to manage any exposure in interest rates through our regular operating and financing activities and, when deemed appropriate, through the use of derivative financial instruments.

The following table sets forth the sensitivity of our existing loan as of December 31, 2022 as to a 1.0% (100 basis points) increase in SOFR, during the next four years, and reflects the additional interest expense that will be incurred.

Year	Amount
2023	\$ 0.4 million
2024	\$ 0.4 million
2025	\$ 0.3 million
2026	\$ 0.1 million

Currency and Exchange Rates

We generate revenues from the trading of our vessels in U.S. dollars but historically incur certain amounts of our operating expenses in currencies other than the U.S. dollar. For cash management, or treasury, purposes, we convert U.S. dollars into foreign currencies which we then hold on deposit until the date of each transaction. Fluctuations in foreign exchange rates create foreign exchange gains or losses when we mark-to-market these non-U.S. dollar deposits.

For accounting purposes, expenses incurred in Euro and other foreign currencies are converted into U.S. dollars at the exchange rate prevailing on the date of each transaction. Because a portion of our expenses are incurred in currencies other than the U.S. dollar, our expenses may from time to time increase relative to our revenues as a result of fluctuations in exchange rates, which could affect the amount of net income that we report in future periods. We do not consider the risk from exchange rate fluctuations to be material for our results of operations. However, the portion of our business conducted in other currencies could increase in the future, which could expand our exposure to losses arising from exchange rate fluctuations. While we historically have not mitigated the risk associated with exchange rate fluctuations through the use of financial derivatives, we may determine to employ such instruments from time to time in the future in order to minimize this risk. Our use of financial derivatives would involve certain risks, including the risk that losses on a hedged position could exceed the nominal amount invested in the instrument and the risk that the counterparty to the derivative transaction may be unable or unwilling to satisfy its contractual obligations, which could have an adverse effect on our results.

Commodity Risk Exposure

The price and supply of fuel is unpredictable and fluctuates as a result of events outside our control, including geo-political developments, supply and demand for oil and gas, actions by members of the Organization of Petroleum Exporting Countries and other oil and gas producers, war and unrest in oil producing countries and regions, regional production patterns and environmental concerns and regulations. Because we do not intend to hedge our fuel costs, an increase in the price of fuel beyond our expectations may adversely affect our profitability, cash flows and ability to pay dividends. When our customers pay fuel costs, which they generally do when our vessels are on bareboat or time charters, we expect that our customers factor the fuel efficiency of our vessels into the rates they are willing to pay to charter our ships.

Inflation

We do not expect inflation to be a significant risk to us in the current and foreseeable economic environment. In the event that inflation becomes a significant factor in the global economy, inflationary pressures would result in increased operating, voyage and finance costs.

Item 12. Description of Securities Other than Equity Securities

Not Applicable.

PART II

Item 13. Defaults, Dividend Arrearages and Delinquencies

Not Applicable.

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

The superior voting rights of our Series B preferred shares limits the ability of our common shareholders to control or influence corporate matters, and the interests of the holder of such shares could conflict with the interests of our other shareholders.

[Table of Contents](#)

While our common shares have one vote per share, each of our 10,300 Series B preferred shares presently outstanding has 25,000 votes per share; however, the voting power of the Series B preferred shares is limited such that no holder of Series B preferred shares may exercise voting rights pursuant to any Series B preferred shares that would result in the total number of votes a holder is entitled to vote on any matter submitted to a vote of shareholders of the Company to exceed 49.99% of the total number of votes eligible to be cast on such matter. The Series B preferred shares, however, have no dividend rights or distribution rights, other than the right upon dissolution to receive a priority payment equal to the par value per of \$0.001 per share.

As of the date of this annual report and until such time that we issue a significant number of securities, Goldenmare Limited, a company affiliated with our Chief Executive Officer, can therefore control 49.99% of the voting power of our outstanding capital stock. Until such time that we issue a significant number of securities, Goldenmare Limited will have substantial control and influence over our management and affairs and over matters requiring shareholder approval, including the election of directors and significant corporate transactions, even though Goldenmare Limited owns significantly less than 50% of the Company economically.

The superior voting rights of our Series B preferred shares limit our common shareholders' ability to influence corporate matters. The interests of the holder of the Series B preferred shares may conflict with the interests of our common shareholders, and as a result, we may take actions that our common shareholders do not view as beneficial. Any such conflicts of interest could adversely affect our business, financial condition and results of operations, and the trading price of our common shares.

More specifically, the following is a summary of the characteristics of the Series B preferred shares:

Voting. To the fullest extent permitted by law, each Series B preferred share entitles the holder hereof to 25,000 votes per share on all matters submitted to a vote of the shareholders of the Company, *provided however*, that no holder of Series B preferred shares may exercise voting rights pursuant to Series B preferred shares that would result in the aggregate voting power of any beneficial owner of such shares and its affiliates (whether pursuant to ownership of Series B preferred shares, common shares or otherwise) to exceed 49.99% of the total number of votes eligible to be cast on any matter submitted to a vote of shareholders of the Company. To the fullest extent permitted by law, the holders of Series B preferred shares shall have no special voting or consent rights and shall vote together as one class with the holders of the common shares on all matters put before the shareholders.

Conversion. The Series B preferred shares are not convertible into common shares or any other security.

Redemption. The Series B preferred shares are not redeemable.

Dividends. The Series B preferred shares have no dividend rights.

Liquidation Preference. Upon any liquidation, dissolution or winding up of the Company, the Series B preferred shares are entitled to receive a payment with priority over the common shareholders equal to the par value of \$0.001 per share. The Series B preferred shareholder has no other rights to distributions upon any liquidation, dissolution or winding up of the Company.

Transferability. All issued and outstanding Series B preferred shares must be held of record by one holder, and the Series B preferred shares shall not be transferred without the prior approval of our Board of Directors.

Proportional Adjustment. In the event the Company (i) declares any dividend on its common shares, payable in common shares, (ii) subdivides the outstanding common shares or (iii) combines the outstanding common shares into a smaller number of shares, there shall be a proportional adjustment to the number of outstanding Series B preferred shares.

Item 15. Controls and Procedures

(a) Disclosure Controls and Procedures

Management, including our chief executive officer and chief financial officer, has conducted an evaluation of the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended, which we refer to as the Exchange Act) as of the end of the period covered by this annual report on Form 20-F.

[Table of Contents](#)

Disclosure controls and procedures are defined under SEC rules as controls and other procedures that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within required time periods. Disclosure controls and procedures include controls and procedures designed to ensure that information is accumulated and communicated to the issuer's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosures.

There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives.

Based upon that evaluation, our chief executive officer and chief financial officer has concluded that our disclosure controls and procedures are effective as of the evaluation date.

(b) Management's Annual Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) of the Exchange Act. The Company's internal control over financial reporting is a process designed under the supervision of the Company's chief executive officer and chief financial officer to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's consolidated financial statements for external reporting purposes in accordance with IFRS as issued by the IASB. 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 the preparation of financial statements in accordance with IFRS, 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.

Management has conducted an assessment of the effectiveness of the Company's internal control over financial reporting based on the framework established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission of 2013. Based on this assessment, management has determined that the Company's internal control over financial reporting as of December 31, 2022 was effective.

(c) Attestation Report of the Registered Public Accounting Firm

This annual report does not include an attestation report of the Company's registered public accounting firm regarding internal control over financial reporting. Management's report was not subject to attestation by the Company's registered public accounting firm pursuant to the rules of the SEC that permit the Company to provide only management's report in this annual report on Form 20-F.

(d) Changes in Internal Control over Financial Reporting

None.

Inherent Limitations on Effectiveness of Controls

Our management, including our chief executive officer and our chief financial officer, do not expect that our disclosure controls or our internal control over financial reporting will prevent or detect all error and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Further, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Projections of any evaluation of controls effectiveness to future periods are subject to risks. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures.

Item 16A. Audit Committee Financial Expert

Our board of directors has determined that Ioannis Kazantzidis is our audit committee financial expert and he is considered to be “independent” according to the SEC and Nasdaq rules.

Item 16B. Code of Ethics

We have adopted a code of ethics that applies to our directors, officers, employees and agents. Our code of ethics is posted on our website, http://www.globusmaritime.gr/files/ethics_Mar2022.pdf, and certain of our policies can be found here: <http://www.globusmaritime.gr/bod.html?submenu=corpgov>, and is available upon written request by our shareholders at no cost to Globus Shipmanagement Corp., 128 Vouliagmenis Avenue, 3rd Floor, 166 74 Glyfada, Attica, Greece. We intend to satisfy any disclosure requirements regarding any amendment to, or waiver from, a provision of this code of ethics by posting such information on our website.

Item 16C. Principal Accountant Fees and Services

Ernst & Young (Hellas) Certified Auditors Accountants S.A., an independent registered public accounting firm, has audited our annual financial statements acting as our independent auditor for the fiscal years ended December 31, 2022 and 2021. This table below sets forth the total (actual) amounts billed and accrued for Ernst & Young (Hellas) Certified Auditors Accountants S.A. services and breaks down the amounts by category of services:

	2022	2021
Audit Fees	\$ 203,500	\$ 327,100
Audit-Related Fees	—	—
Tax Fees	\$ 6,850	\$ 6,850
All Other Fees	—	—
Total	\$ 210,350	\$ 333,950

Audit fees for the years ended December 31, 2022 and 2021 were paid in Euros, and we assume an exchange rate of 0.95€/€ and 0.85€/€ for 2022 and 2021, respectively.

Audit fees represent compensation for professional services rendered for the audit of the consolidated financial statements and for the review of the quarterly financial information as well as services in connection with the registration statements and related consents and comfort letters and any other audit services required for SEC or other regulatory filings.

Furthermore, we have engaged Ernst & Young LLP to provide us with professional services pertaining to U.S. tax compliance preparation for the respective years.

The Audit Committee is responsible for the appointment, replacement, compensation, evaluation and oversight of the work of the independent auditors. As part of this responsibility, the Audit Committee pre-approves the audit and non-audit services performed by the independent auditors in order to assure that they do not impair the auditor’s independence from the Company. The Audit Committee has adopted a policy which sets forth the procedures and the conditions pursuant to which services proposed to be performed by the independent auditors may be pre-approved.

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

Our audit committee is comprised of two independent members of our board of directors. Otherwise, our Audit Committee conforms to each other requirement applicable to audit committees as required by the applicable corporate governance standards of Nasdaq.

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

Not applicable.

Item 16F. Change in Registrant's Certifying Accountant

None.

Item 16G. Corporate Governance

In lieu of obtaining an independent review of related party transactions for conflicts of interests, consistent with Marshall Islands law requirements, a related party transaction will be permitted if: (i) the material facts as to such director's interest in such contract or transaction and as to any such common directorship, officership or financial interest are disclosed in good faith or known to the board or committee, and the board or committee approves such contract or transaction by a vote sufficient for such purpose without counting the vote of such interested director, or, if the votes of the disinterested directors are insufficient to constitute an act of the board, by unanimous vote of the disinterested directors; or (ii) if the material facts as to such director's interest in such contract or transaction and as to any such common directorship, officership or financial interest are disclosed in good faith or known to the shareholders entitled to vote thereon, and such contract or transaction is approved by vote of such shareholders. Article VI of our articles of incorporation further limit our ability to enter into business transactions with interested shareholders.

As a foreign private issuer, we are not required to solicit proxies or provide proxy statements to Nasdaq pursuant to Nasdaq corporate governance rules or Marshall Islands law. Consistent with Marshall Islands law, we will notify our shareholders of meetings between 15 and 60 days before the meeting. This notification will contain, among other things, information regarding business to be transacted at the meeting. In addition, our bylaws provide that certain shareholders must give us advance notice to properly introduce any business at a meeting of the shareholders. Our bylaws also provide that shareholders may designate in writing a proxy to act on their behalf.

While a number of the Nasdaq's corporate governance standards do not apply to us as a foreign private issuer, we intend to comply with a number of those rules. The practices that we will follow in lieu of Nasdaq's corporate governance rules are as follows:

- in lieu of a nomination committee and remuneration committee comprised entirely of independent directors, our nomination and remuneration committees may be comprised of a majority of independent directors. Each of these committees will be comprised of a minimum of two individuals;
- in lieu of holding regularly scheduled meetings of the board of directors at which only independent directors are present, we will not be holding such regularly scheduled meetings;
- in lieu of a board of directors that is comprised by a majority of independent directors, our board of directors is not comprised of a majority of independent directors;
- in lieu of an audit committee comprised of three independent directors, our audit committee has two members;
- in lieu of having a remuneration committee with the authorities and responsibilities set forth in the Nasdaq rules, our remuneration committee is not required to have such authorities and responsibilities; and

[Table of Contents](#)

- in lieu of obtaining shareholder approval prior to the issuance of securities (including adoption of or any amendment to any equity incentive plan), we will comply with provisions of the BCA, which allows the board of directors to approve all share issuances.

Item 16H. Mining Safety Disclosure

Not Applicable.

Item 16I. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not Applicable.

PART III

Item 17. Financial Statements

See Item 18.

Item 18. Financial Statements

The following consolidated financial statements beginning on page F-1 are filed as a part of this annual report on Form 20-F.

Item 19. Exhibits

- [1.1 Amended and Restated Articles of Incorporation of Globus Maritime Limited dated October 20, 2020 \(incorporated by reference to Exhibit 99.1 to Globus Maritime Limited's Annual Report on Form 6-K \(Reg. No. 001-34985\) furnished on October 22, 2020\).](#)
- [1.2 Amended and Restated Bylaws of Globus Maritime Limited \(incorporated by reference to Exhibit 99.1 to Globus Maritime Limited's Current Report on Form 6-K \(Reg. No. 001-34985\) filed on August 2, 2019\).](#)
- [1.3 Certificate of Designation for Series A Preferred Stock of Globus Maritime Limited dated April 24, 2012 \(incorporated by reference to Exhibit 1.3 to Globus Maritime Limited's Annual Report on Form 20-F \(Reg. No. 001-34985\) filed on April 27, 2012\).](#)
- [1.4 Amended and Restated Statement of Designation of Rights, Preferences, and Privileges of Series B Preferred Stock of Globus Maritime Limited dated July 27, 2020 \(incorporated by reference to Exhibit 99.2 to Globus Maritime Limited's Report on Form 6-K \(Reg. No. 001-34985\) furnished on July 27, 2020\).](#)
- [2.1* Description of Rights of Each Class of Securities Registered under Section 12 of the Exchange Act](#)
- [2.2 Specimen Common Share Certificate \(incorporated herein by reference to Exhibit 4.1 to Globus Maritime Limited's Report on Form 6-K \(Reg. No. 001-34985\) furnished on July 31, 2020\).](#)

Table of Contents

- [4.1 Registration Rights Agreement between Globus Maritime Limited and Firment Trading Limited dated November 23, 2016 \(incorporated by reference to Exhibit 99.1 to Globus Maritime Limited's Current Report on Form 6-K \(Reg. No. 001-34985\) filed on November 27, 2016\)](#)
- [4.2* Private Sublease Agreement dated June 22, 2022 between Globus Shipmanagement Corp.and F.G. Europe A.E](#)
- [4.3 Warrant Agency Agreement dated June 22, 2020 among the Company, Computershare Inc., and Computershare Trust Company, N.A. as warrant agent \(incorporated by reference to Exhibit 4.1 to Globus Maritime Limited's Current Report on Form 6-K \(Reg. No. 001-34985\) furnished on June 22, 2020\)](#)
- [4.4 Form of Class A Warrant dated June 22, 2020 \(incorporated by reference to Exhibit 4.2 to Globus Maritime Limited's Current Report on Form 6-K \(Reg. No. 001-34985\) furnished on June 22, 2020\)](#)
- [4.5 Form of Securities Purchase Agreement dated June 26, 2020 between the Company and the purchasers identified on the signature pages thereto \(incorporated by reference to Exhibit 4.2 to Globus Maritime Limited's Current Report on Form 6-K \(Reg. No. 001-34985\) furnished on June 29, 2020\)](#)
- [4.6 Form of Common Share Purchase Warrant to be issued to the purchasers under the Securities Purchase Agreement \(incorporated by reference to Exhibit 4.3 to Globus Maritime Limited's Current Report on Form 6-K \(Reg. No. 001-34985\) furnished on June 29, 2020\)](#)
- [4.7 Form of Securities Purchase Agreement dated July 17, 2020 between the Company and the purchasers identified on the signature pages thereto \(incorporated by reference to Exhibit 4.2 to Globus Maritime Limited's Current Report on Form 6-K \(Reg. No. 001-34985\) furnished on July 17, 2020\)](#)
- [4.8 Form of Common Share Purchase Warrant to be issued to the purchasers under the Securities Purchase Agreement \(incorporated by reference to Exhibit 4.3 to Globus Maritime Limited's Current Report on Form 6-K \(Reg. No. 001-34985\) furnished on July 17, 2020\)](#)
- [4.9 Form of Securities Purchase Agreement dated December 7, 2020 between the Company and the purchasers identified on the signature pages thereto \(incorporated by reference to Exhibit 4.2 to Globus Maritime Limited's Current Report on Form 6-K \(Reg. No. 001-34985\) furnished on December 9, 2020\)](#)
- [4.10 Form of Common Share Purchase Warrant to be issued to the purchasers under the Securities Purchase Agreement \(incorporated by reference to Exhibit 4.3 to Globus Maritime Limited's Current Report on Form 6-K \(Reg. No. 001-34985\) furnished on December 9, 2020\)](#)
- [4.11 Form of Securities Purchase Agreement dated January 27, 2021 between the Company and the purchasers identified on the signature pages thereto \(incorporated by reference to Exhibit 4.2 to Globus Maritime Limited's Current Report on Form 6-K \(Reg. No. 001-34985\) furnished on January 28, 2021\)](#)

Table of Contents

- 4.12 Form of Common Share Purchase Warrant to be issued to the purchasers under the Securities Purchase Agreement (incorporated by reference to Exhibit 4.3 to Globus Maritime Limited's Current Report on Form 6-K (Reg. No. 001-34985) furnished on January 28, 2021)
- 4.13 Form of Securities Purchase Agreement dated February 12, 2021 between the Company and the purchasers identified on the signature pages thereto (incorporated by reference to Exhibit 4.2 to Globus Maritime Limited's Current Report on Form 6-K (Reg. No. 001-34985) furnished on February 16, 2021)
- 4.14 Form of Common Share Purchase Warrant to be issued to the purchasers under the Securities Purchase Agreement (incorporated by reference to Exhibit 4.3 to Globus Maritime Limited's Current Report on Form 6-K (Reg. No. 001-34985) furnished on February 16, 2021)
- 4.15 Form of Securities Purchase Agreement dated June 25, 2021 between the Company and the purchasers identified on the signature pages thereto (incorporated by reference to Exhibit 4.2 to Globus Maritime Limited's Current Report on Form 6-K (Reg. No. 001-34985) furnished on June 28, 2021)
- 4.16 Form of Common Share Purchase Warrant to be issued to the purchasers under the Securities Purchase Agreement (incorporated by reference to Exhibit 4.3 to Globus Maritime Limited's Current Report on Form 6-K (Reg. No. 001-34985) furnished on June 28, 2021)
- 4.17 Deed of Accession, Amendment and Restatement of Facility Agreement among First Citizens Bank & Trust Company (formerly known as CIT Bank N.A.) and Globus Maritime Limited, among others, dated August 5, 2022
- 4.18* Shipsale Contract for Construction and Sale of One (1) 64,000 DWT Type Bulk Carrier (Hull No. S-1885) dated April 29, 2022 among Calypso Shipholding S.A., Giant Line Inc., S.A., and Nihon Shipyard Co., Ltd.
- 4.19* Shipbuilding Contract for One (1) 64,000-DWT Type Motor Bulk Carrier under Nacks Hull No. NE442 dated May 13, 2022 between Nantong Cosco Khi Ship Engineering Co., Ltd. and Daxos Maritime Limited
- 4.20* Shipbuilding Contract for One (1) 64,000-DWT Type Motor Bulk Carrier under Nacks Hull No. NE443 dated May 13, 2022 between Nantong Cosco Khi Ship Engineering Co., Ltd. and Paralus Shipholding S.A.
- 8.1* Subsidiaries of Globus Maritime Limited
- 12.1* Certification pursuant to section 302 of the Sarbanes-Oxley Act of 2002 of the President and Chief Executive Officer
- 12.2* Certification pursuant to section 302 of the Sarbanes-Oxley Act of 2002 of the Chief Financial Officer
- 13.1* Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, of the President and Chief Executive Officer
- 13.2* Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, of the Chief Financial Officer
- 15.1* Consent of Independent Registered Public Accounting Firm Ernst & Young (Hellas) Certified Auditors Accountants S.A.

[Table of Contents](#)

The following materials from the Company's Annual Report on Form 20-F for the fiscal year ended December 31, 2022, formatted in eXtensible Business Reporting Language (XBRL): (i) Consolidated Balance Sheets as of December 31, 2022 and 2021; (ii) Consolidated Statements of Operations for the years ended December 31, 2020, 2021 and 2022; (iii) Consolidated Statements of Comprehensive Income/(Loss) for the years ended December 31, 2020, 2021 and 2022; (iv) Consolidated Statements of Stockholders' Equity for the years ended December 31, 2020, 2021 and 2022; (v) Consolidated Statements of Cash Flows for the years ended December 31, 2020, 2021 and 2022; and (vi) the Notes to Consolidated Financial Statements.

** 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.

**GLOBUS MARITIME
LIMITED**

By: /s/ Athanasios Feidakis
Name: Athanasios Feidakis
Title: President, Chief
Executive Officer
and
Chief Financial Officer

Date: March 20, 2023

GLOBUS MARITIME LIMITED
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS

	<u>Page</u>
Report of Independent Registered Public Accounting Firm (PCAOB Firm ID #1457)	F-2
Consolidated Statement of Comprehensive Income/(Loss)	F-4
Consolidated Statement of Financial Position	F-5
Consolidated Statement of Changes in Equity	F-6
Consolidated Statement of Cash Flows	F-7
Notes to the Consolidated Financial Statements	F-8 to F-39

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Globus Maritime Limited.

Opinion on the Financial Statements

We have audited the accompanying consolidated statement of financial position of Globus Maritime Limited (the “Company”) as of December 31, 2022 and 2021, the related consolidated statements of comprehensive income / (loss), changes in equity and cash flows for each of the three years in the period ended December 31, 2022, and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at 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 International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the 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 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 financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

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: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective or complex judgments. The communication of the critical audit matter 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.

Indicators for impairment related to vessels

Description of the matter At December 31, 2022, the carrying value of the Company's vessels was \$129,461 thousand. As discussed in Notes 2.3, 2.12 and 5 to the consolidated financial statements, at each reporting date the Company assesses whether there are any indicators that a vessel may be impaired in its evaluation of impairment indicators the Company considers external and internal information, in accordance with IAS 36 Impairment of Assets ("IAS 36") and applies judgment when assessing market conditions.

Auditing management's assessment of vessel impairment indicators was complex given the judgement and estimation uncertainty in assessing certain potential indicators of impairment, mainly due to significant volatility in vessel market conditions.

How we addressed the matter in our audit We analyzed management's assessment of vessel impairment indicators against the accounting guidance in IAS 36. To test management assessment of the developments in market conditions, our procedures included, among others, performing an independent analysis over the vessel market charter rates and market prices, recent sale and purchase activity for second-hand dry-bulk vessels and changes in independent brokers' valuations using market information derived from external information sources for the industry and third-party information including industry analysts' reports and other industry data.

We considered whether the information used by management was consistent with evidence obtained in other areas of the audit. Further, we assessed the Company's disclosures in Notes 2.3, 2.12 and 5.

/s/ Ernst & Young (Hellas) Certified Auditors Accountants S.A.

We have served as the Company's auditor since 2007.

Athens, Greece
March 20, 2023

GLOBUS MARITIME LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME/(LOSS)
For the years ended December 31, 2022, 2021 and 2020
(Expressed in thousands of U.S. Dollars, except share and per share)

	<u>Notes</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
REVENUE:				
Voyage revenues	2.22	61,390	43,211	11,753
Management & consulting fee income	4	365	170	—
Total Revenues		61,755	43,381	11,753
EXPENSES & OTHER OPERATING INCOME:				
Voyage expenses	13	(5,373)	(1,128)	(2,490)
Vessel operating expenses	13	(18,012)	(13,808)	(8,581)
Depreciation	5	(5,600)	(3,910)	(2,398)
Depreciation of dry-docking costs	5	(4,646)	(2,751)	(1,335)
Administrative expenses	14	(2,876)	(2,610)	(1,891)
Administrative expenses payable to related parties	4	(1,412)	(1,361)	(1,915)
Share-based payments	4,12	—	(40)	(40)
Impairment loss	5	—	—	(4,615)
Other (expenses)/income, net		(204)	171	89
Operating income/(loss)		23,632	17,944	(11,423)
Interest income		375	8	16
Interest expense and finance costs	15	(2,320)	(3,262)	(4,155)
Gain/(loss) on derivative financial instruments	11	2,520	181	(1,647)
Foreign exchange gains/(losses), net		73	79	(163)
		648	(2,994)	(5,949)
TOTAL INCOME/(LOSS) FOR THE YEAR		24,280	14,950	(17,372)
Other Comprehensive Income		—	—	—
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		24,280	14,950	(17,372)
Earnings/(Loss) per share (U.S.\$):				
- Basic and Diluted income/(loss) per share for the year	10	1.18	1.01	(18.11)

The accompanying notes form an integral part of these consolidated financial statements.

GLOBUS MARITIME LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2022 and 2021
(Expressed in thousands of U.S. Dollars)

<u>ASSETS</u>	<u>Notes</u>	<u>2022</u>	<u>2021</u>
NON-CURRENT ASSETS			
Vessels, net	5	129,461	130,724
Advances for vessel purchase	18	28,172	—
Office furniture and equipment		90	97
Right of use asset	2, 4	493	888
Restricted cash	3	3,590	3,576
Fair value of derivative financial instruments	11	1,315	417
Other non-current assets		10	10
Total non-current assets		163,131	135,712
CURRENT ASSETS			
Current portion of fair value of derivative financial instruments	11	1,092	—
Trade accounts receivable		109	1,003
Inventories	6	3,028	852
Prepayments and other assets		2,887	1,224
Restricted cash	3	2,378	1,648
Cash and cash equivalents	3	52,833	45,213
Total current assets		62,327	49,940
TOTAL ASSETS		225,458	185,652
<u>EQUITY AND LIABILITIES</u>			
EQUITY			
Issued share capital	9	82	82
Share premium	9	284,406	284,406
Accumulated deficit		(113,790)	(138,070)
Total equity		170,698	146,418
NON-CURRENT LIABILITIES			
Long-term borrowings, net of current portion	11	37,522	26,438
Provision for staff retirement indemnities		148	114
Lease liabilities	2, 18	188	556
Total non-current liabilities		37,858	27,108
CURRENT LIABILITIES			
Current portion of long-term borrowings	11	6,803	5,044
Trade accounts payable and other	4, 7	3,548	1,100
Accrued liabilities and other payables	8	5,814	3,497
Current portion of lease liabilities	2, 18	321	349
Fair value of derivative financial instruments	11	—	92
Deferred revenue	2.4	416	2,044
Total current liabilities		16,902	12,126
TOTAL LIABILITIES		54,760	39,234
TOTAL EQUITY AND LIABILITIES		225,458	185,652

The accompanying notes form an integral part of these consolidated financial statements.

GLOBUS MARITIME LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the years ended December 31, 2022, 2021 and 2020
(Expressed in thousands of U.S. Dollars)

	Issued Share Capital	Share Premium	(Accumulated Deficit)	Total Equity
As at January 1, 2020	—	145,527	(135,648)	9,879
Loss for the year	—	—	(17,372)	(17,372)
Other comprehensive income	—	—	—	—
Total comprehensive loss	—	—	(17,372)	(17,372)
Share-based payments (note 12)	—	40	—	40
Issuance of common stock due to conversion (note 11)	—	815	—	815
Issuance of new common shares (Note 9)	12	49,305	—	49,317
Issuance of new common shares due to exercise of Warrants (Note 9)	—	194	—	194
Issuance of Class B preferred shares (Note 4)	—	300	—	300
Transaction costs on issue of new common shares (Note 9)	—	(1,079)	—	(1,079)
As at December 31, 2020	12	195,102	(153,020)	42,094
Income for the year	—	—	14,950	14,950
Other comprehensive income	—	—	—	—
Total comprehensive income	—	—	14,950	14,950
Share-based payments (note 12)	—	40	—	40
Issuance of new common shares (Note 9)	60	89,520	—	89,580
Issuance of new common shares due to exercise of Warrants (Note 9)	10	15	—	25
Issuance of Class B preferred shares (Note 4)	—	130	—	130
Transaction costs on issue of new common shares (Note 9)	—	(401)	—	(401)
As at December 31, 2021	82	284,406	(138,070)	146,418
Income for the year	—	—	24,280	24,280
Other comprehensive income	—	—	—	—
Total comprehensive income	—	—	24,280	24,280
As at December 31, 2022	82	284,406	(113,790)	170,698

The accompanying notes form an integral part of these consolidated financial statements.

GLOBUS MARITIME LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
For the years ended December 31, 2022, 2021 and 2020
(Expressed in thousands of U.S. Dollars)

	Notes	2022	2021	2020
Operating activities				
Income / (Loss) for the year		24,280	14,950	(17,372)
Adjustments for:				
Depreciation	5	5,600	3,910	2,398
Depreciation of deferred dry-docking costs	5	4,646	2,751	1,335
Payment of deferred dry-docking costs		(2,995)	(3,664)	(2,663)
Provision for staff retirement indemnities		35	83	5
Impairment loss	5	—	—	4,615
(Gain)/Loss on derivative financial instruments	11	(2,520)	(181)	1,647
Interest expense and finance costs	15	2,320	3,262	4,155
Interest income		(375)	(8)	(16)
Foreign exchange (gains)/losses, net		(26)	(87)	121
Share based payment	12	—	40	40
(Increase)/decrease in:				
Trade accounts receivable		894	(850)	87
Inventories		(2,176)	396	297
Prepayments and other assets		(1,663)	(197)	(874)
Increase/(decrease) in:				
Trade accounts payable		2,721	(1,917)	89
Accrued liabilities and other payables		(2,207)	503	(392)
Deferred revenue		(1,628)	1,759	285
Net cash generated from / (used in) operating activities		26,906	20,750	(6,243)
Cash flows from investing activities:				
Vessel acquisition	5	—	(71,600)	(18,474)
Advance for vessel acquisition		(28,172)	—	—
Vessels' improvements		(1,178)	(332)	(54)
Purchases of office furniture and equipment		(33)	(36)	(30)
Interest received		375	8	16
Net cash used in investing activities		(29,008)	(71,960)	(18,542)
Cash flows from financing activities:				
Proceeds from loans	4, 11	18,000	34,250	—
Repayment of long-term debt	11	(5,375)	(3,993)	—
Prepayment of long-term debt	11	—	(35,507)	(3,040)
Proceeds from issuance of share capital	9	—	89,580	49,317
Proceeds from exercise of Warrants		—	25	194
Transaction costs on issuance of new common shares	9	—	(401)	(1,079)
(Increase)/decrease in restricted cash	3	(744)	(3,158)	369
Payment of financing costs		(259)	(545)	—
Payment of lease liability - principal		(286)	(241)	(159)
Interest paid		(1,614)	(2,624)	(4,146)
Net cash generated from financing activities		9,722	77,386	41,456
Net increase in cash and cash equivalents		7,620	26,176	16,671
Cash and cash equivalents at the beginning of the year	3	45,213	19,037	2,366
Cash and cash equivalents at the end of the year	3	52,833	45,213	19,037

The accompanying notes form an integral part of these consolidated financial statements.

GLOBUS MARITIME LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Amounts presented in thousands of U.S. Dollars - except for share, per share and warrants data, unless otherwise stated)

1. Basis of presentation and general information

The accompanying consolidated financial statements include the financial statements of *Globus Maritime Limited* (“Globus”) and its wholly owned subsidiaries (collectively the “Company”). Globus was formed on July 26, 2006, under the laws of Jersey. On June 1, 2007, Globus concluded its initial public offering in the United Kingdom and its shares were admitted for trading on the Alternative Investment Market (“AIM”). On November 24, 2010, Globus was redomiciled to the Marshall Islands and its shares were admitted for trading in the United States (NASDAQ Global Market) under the Securities Act of 1933, as amended. On November 26, 2010, Globus’ shares were delisted from AIM.

The address of the registered office of Globus is: Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960.

The principal business of the Company is the ownership and operation of a fleet of dry bulk motor vessels (“m/v”), providing maritime services for the transportation of dry cargo products on a worldwide basis. The Company conducts its operations through its vessel owning subsidiaries.

The operations of the vessels are managed by Globus Shipmanagement Corp. (the “Manager”), a wholly owned Marshall Islands corporation. The Manager has an office in Greece, located at 128 Vouliagmenis Avenue, 166 74 Glyfada, Greece and provides the commercial, technical, cash management and accounting services necessary for the operation of the fleet in exchange for a management fee. The management fee is eliminated on consolidation. The consolidated financial statements include the financial statements of Globus and its subsidiaries listed below, all wholly owned by Globus as at December 31, 2022:

Company	Country of Incorporation	Vessel Delivery Date	Vessel Owned
Globus Shipmanagement Corp.	Marshall Islands	—	Management Co.
Devocean Maritime Ltd.	Marshall Islands	December 18, 2007	m/v River Globe
Domina Maritime Ltd.	Marshall Islands	May 19, 2010	m/v Sky Globe
Dulac Maritime S.A.	Marshall Islands	May 25, 2010	m/v Star Globe
Artful Shipholding S.A.	Marshall Islands	June 22, 2011	m/v Moon Globe
Longevity Maritime Limited	Malta	September 15, 2011	m/v Sun Globe
Serena Maritime Limited	Marshall Islands	October 29, 2020	m/v Galaxy Globe
Talisman Maritime Limited	Marshall Islands	July 20, 2021	m/v Power Globe
Argo Maritime Limited	Marshall Islands	June 9, 2021	m/v Diamond Globe
Calypso Shipholding S.A.	Marshall Islands	—	Hull No: S-1885*
Daxos Maritime Limited	Marshall Islands	—	Hull No: NE-442*
Olympia Shipholding S.A.	Marshall Islands	—	—
Paralus Shipholding S.A.	Marshall Islands	—	Hull No: NE-443*
Salaminia Maritime Limited	Marshall Islands	November 29, 2021	m/v Orion Globe

* New building vessels

The consolidated financial statements as at December 31, 2022 and 2021 and for the three years in the period ended December 31, 2022, were approved for issuance by the Board of Directors on March 17, 2023.

GLOBUS MARITIME LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Amounts presented in thousands of U.S. Dollars - except for share, per share and warrants data, unless otherwise stated)

2. Basis of Preparation and Significant Accounting Policies

- 2.1 Basis of Preparation:** The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments which are measured at fair value. The consolidated financial statements are presented in U.S. dollars and all values are rounded to the nearest thousand (\$ 000s) except when otherwise indicated.

Going concern basis of accounting:

The Company performs on a regular basis an assessment to evaluate its ability to continue as a going concern.

In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. The degree of consideration depends on the facts in each case and depends on the Company's profitability and ready access to financial resources. In certain cases, management may need to consider a wide range of factors relating to current and expected profitability, debt repayment schedules, compliance with the financial and security collateral cover ratio covenants under its existing debt agreements and potential sources of replacement financing before it can satisfy itself that the going concern basis is appropriate. The Company may need to develop detailed cash flow projections as part of its assessment in such cases. In developing estimates of future cash flows, the Company makes assumptions about the vessels' future performance, with the significant assumptions relating to time charter equivalent rates, vessels' operating expenses, vessels' capital expenditures, fleet utilization, Company's general and administrative expenses and cash flow requirements for debt servicing. The assumptions used to develop estimates of future cash flows are based on historical trends as well as future expectations.

As at December 31, 2022, the Company reported a total comprehensive income for the year of \$24,280, net cash generated from operating activities of \$26,906, Cash and cash equivalents of \$52,833, a working capital surplus of \$45,000 and was in compliance with its debt covenants.

The above conditions indicate that the Company is expected to be able to operate as a going concern and these consolidated financial statements were prepared under this assumption.

Impact of COVID-19 on the Company's Business

The spread of the COVID-19 virus, which has been declared a pandemic by the World Health Organization in 2020 has 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.

The impact of the COVID-19 pandemic continues to unfold and may continue to have a negative effect on the Company's business, financial performance and the results of its operations. As a result, many of the Company's estimates and assumptions required increased judgment and carry a higher degree of variability and volatility. As events continue to evolve and additional information becomes available, the Company's estimates may change in future periods. Besides reducing demand for cargo, coronavirus may functionally limit the amount of cargo that the Company and its competitors are able to move because countries worldwide have imposed quarantine checks on arriving vessels, which have caused delays in loading and delivery of cargoes.

The Company has evaluated the impact of the current economic situation on the recoverability of the carrying amount of its vessels. During the first quarter of 2020, the Company concluded that events and circumstances triggered the existence of potential impairment of its vessels. These indicators included volatility in the charter market as well as the potential impact the current marketplace may have on the future operations. As a result, the Company performed an impairment assessment of the Company's vessels by comparing the discounted projected net operating cash flows for each vessel to its carrying values. For the first quarter of 2020, the Company concluded that the recoverable amounts of the vessels were lower than their carrying amounts and an impairment loss of \$4,615 was recorded (Note 5). The Company has re-assessed impairment indicators as at December 31, 2022 and concluded that no further impairment of its vessels should be recorded or previously recognized impairment should be reversed.

Conflicts

The conflict between Russia and Ukraine, which commenced in February 2022, has disrupted supply chains and caused instability and significant volatility in the global economy. Much uncertainty remains regarding the global impact of the conflict in Ukraine, and it is possible that such instability, uncertainty and resulting volatility could significantly increase the costs of the Company and adversely affect its business, including the ability to secure charters and financing on attractive terms, and as a result, adversely affect the Company's business, financial condition, results of operation, estimates and cash flows. Currently there is no direct effect on the Company's operations.

GLOBUS MARITIME LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Amounts presented in thousands of U.S. Dollars - except for share, per share and warrants data, unless otherwise stated)

2. Basis of Preparation and Significant Accounting Policies (continued)

Statement of Compliance: These consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

Basis of Consolidation: The consolidated financial statements comprise the financial statements of Globus and its subsidiaries listed in Note 1. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies.

All inter-company balances and transactions have been eliminated upon consolidation. Subsidiaries are fully consolidated from the date on which control is transferred to the Company and cease to be consolidated from the date on which control is transferred out of the Company.

2.2 Standards amendments and interpretations:

The accounting policies adopted are consistent with those of previous financial year except for the following amended IFRS which have been adopted by the Company as at January 1, 2022:

• IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets as well as Annual Improvements 2018-2020 (Amendments)

The amendments are effective for annual periods beginning on or after January 1, 2022 with earlier application permitted. The IASB has issued narrow-scope amendments to the IFRS Standards as follows:

- **IFRS 3 Business Combinations (Amendments)** update a reference in IFRS 3 to the previous version of the IASB’s Conceptual Framework for Financial Reporting to the current version issued in 2018 without significantly changing the accounting requirements for business combinations.
- **IAS 16 Property, Plant and Equipment (Amendments)** prohibit a company from deducting from the cost of property, plant and equipment any proceeds from the sale of items produced while bringing the asset to the location and condition necessary for it be capable of operating in the manner intended by management. Instead, a company recognizes such sales proceeds and related cost in profit or loss.
- **IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Amendments)** specify which costs a company includes in determining the cost of fulfilling a contract for the purpose of assessing whether a contract is onerous. The amendments clarify, the costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to the contract activities.
- **Annual Improvements 2018-2020** make minor amendments to **IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture** and the Illustrative Examples accompanying **IFRS 16 Leases**

The amendments had no impact on the financial statements of the Company.

• IFRS 16 Leases-Covid 19 Related Rent Concessions beyond June 30, 2021 (Amendment)

The Amendment applies to annual reporting periods beginning on or after April 1, 2021, with earlier application permitted, including in financial statements not yet authorized for issue at the date the amendment is issued. In March 2021, the Board amended the conditions of the practical expedient in IFRS 16 that provides relief to lessees from applying the IFRS 16 guidance on lease modifications to rent concessions arising as a direct consequence of the covid-19 pandemic. Following the amendment, the practical expedient now applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before June 30, 2022, provided the other conditions for applying the practical expedient are met.

The amendments had no impact on the financial statements of the Company.

Standards issued but not yet effective and not early adopted:

• IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting policies (Amendments)

The Amendments are effective for annual periods beginning on or after January 1, 2023 with earlier application permitted. The amendments provide guidance on the application of materiality judgements to accounting policy disclosures. In particular, the amendments to IAS 1 replace the requirement to disclose ‘significant’ accounting policies with a requirement to disclose ‘material’ accounting policies. Also, guidance and illustrative examples are added in the Practice Statement to assist in the application of the materiality concept when making judgements about accounting policy disclosures. Management is in process of assessing the effect of these amendments on the Company’s financial statements and disclosures.

GLOBUS MARITIME LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(Amounts presented in thousands of U.S. Dollars - except for share, per share and warrants data, unless otherwise stated)

2. Basis of Preparation and Significant Accounting Policies (continued)**• IAS 8 Accounting policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (Amendments)**

The amendments become effective for annual reporting periods beginning on or after January 1, 2023 with earlier application permitted and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. The amendments introduce a new definition of accounting estimates, defined as monetary amounts in financial statements that are subject to measurement uncertainty, if they do not result from a correction of prior period error. Also, the amendments clarify what changes in accounting estimates are and how these differ from changes in accounting policies and corrections of errors. Management is in process of assessing the effect of these amendments on the Company's financial statements and disclosures.

• IAS 12 Income taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments)

The amendments are effective for annual periods beginning on or after January 1, 2023 with earlier application permitted. The amendments narrow the scope of and provide further clarity on the initial recognition exception under IAS 12 and specify how companies should account for deferred tax related to assets and liabilities arising from a single transaction, such as leases and decommissioning obligations. The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement, having considered the applicable tax law, whether such deductions are attributable for tax purposes to the liability or to the related asset component. Under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of a lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal. Management has assessed that these amendments will have no impact on the Company's financial position or performance.

• IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (Amendments)

The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted, and will need to be applied retrospectively in accordance with IAS 8. The objective of the amendments is to clarify the principles in IAS 1 for the classification of liabilities as either current or non-current. The amendments clarify the meaning of a right to defer settlement, the requirement for this right to exist at the end of the reporting period, that management intent does not affect current or non-current classification, that options by the counterparty that could result in settlement by the transfer of the entity's own equity instruments do not affect current or non-current classification. Also, the amendments specify that only covenants with which an entity must comply on or before the reporting date will affect a liability's classification. Additional disclosures are also required for non-current liabilities arising from loan arrangements that are subject to covenants to be complied with within twelve months after the reporting period. Management is in process of assessing the effect of these amendments on the Company's financial statements and disclosures.

• IFRS 16 Leases: Lease Liability in a Sale and Leaseback (amendments)

The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted. The amendments are intended to improve the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction in IFRS 16, while it does not change the accounting for leases unrelated to sale and leaseback transactions. In particular, the seller-lessee determines 'lease payments' or 'revised lease payments' in such a way that the seller-lessee would not recognize any amount of the gain or loss that relates to the right of use it retains. Applying these requirements does not prevent the seller-lessee from recognizing, in profit or loss, any gain or loss relating to the partial or full termination of a lease. A seller-lessee applies the amendment retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application, being the beginning of the annual reporting period in which an entity first applied IFRS 16. Management has assessed that these amendments will have no impact on the Company's financial position or performance.

• Amendment in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. In December 2015 the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Management has assessed that these amendments will have no impact on the Company's financial position or performance.

GLOBUS MARITIME LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Amounts presented in thousands of U.S. Dollars - except for share, per share and warrants data, unless otherwise stated)

2. Basis of Preparation and Significant Accounting Policies (continued)

2.3 Significant accounting policies, judgments, estimates and assumptions: The preparation of consolidated financial statements in conformity with IFRS requires management to make judgments, 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 amounts of revenues and expenses recognized during the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Judgments: In the process of applying the Company's accounting policies, management has made the following judgments that had a significant effect on the amounts recognized in the consolidated financial statements.

Impairment and Reversal of previously recognized impairment: The Company applies judgment in assessing at each reporting date whether indicators of impairment or reversal of previously recognized impairment loss exist for any vessels. If indicators of possible impairment or reversal of impairment are identified, the Company estimates the recoverable amount such vessel.

The Company considers the following indicators of impairment/reversal of impairment:

- Observable significant decrease / increase in vessel's market value
- Significant adverse / favorable changes in the technological, economic or legal environment incurred or are expected to be incurred and negatively / positively affect vessel's value or decrease / increase its revenue generating ability
- Market interest rates of return on investments have increased / decreased during the period, which will result in increase /decrease of the discount rate.

To evaluate the presence of impairment/reversal of impairment indicators the Company assessed current market conditions as derived from historical information including analysis over vessel market charter rates and market prices, recent vessels sales and purchase activity, independent brokers valuations reports and also assesses forward looking industry information regarding vessels market values as well as various qualitative factors. Based on such assessment performed as of December 31, 2022 and 2021 the Company concluded that no indicators for impairment and reversal of impairment were present as of December 31, 2022 and 2021 and no impairment or reversal of previously recognized impairment losses was recorded for the years ended December 31, 2022 and 2021 (Note 5).

Estimates and assumptions: The key assumptions concerning the future and other key sources of estimation uncertainty at the financial position date, that have a significant risk of causing a significant adjustment to the carrying amount of assets and liabilities within the next financial year, are discussed below. The Company based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

➤ *Carrying amount of vessels, net:* Vessels are stated at cost, less accumulated depreciation (including depreciation of dry-docking costs) and accumulated impairment losses. The estimates and assumptions that have the most significant effect on the vessels carrying amount are estimations in relation to useful lives of vessels, their residual value and estimated dry docking dates. The key assumptions used are further explained in notes 2.9 to 2.12.

➤ *Impairment of Vessels and Reversal of previously recognized impairment losses:* The Company's impairment test for non-financial assets is based on the assets' recoverable amount, where the recoverable amount is the greater of fair value less costs to sell and value in use. The Company engaged independent valuation specialists to determine the fair value of non-financial assets as at December 31, 2022 and 2021. The value in use calculation is based on a discounted cash flow model. The value in use calculation is most sensitive to the discount rate used for the discounted cash flow model as well as the expected net cash flows. See notes 2.12 and 5. The Company assesses also at each reporting date whether there is any indication that an impairment loss recognized in prior periods for a vessel may no longer exist or may have decreased.

2.4 Accounting for revenue and related expenses: The Company generates its revenues from charterers for the charter hire of its vessels. Vessels are chartered using time charters and bareboat, where a contract is entered into for the use of a vessel for a specific period of time and a specified daily charter hire rate. If a time charter agreement exists and collection of the related revenue is reasonably assured, revenue is recognized on a straight-line basis over the period of the time charter. Such Voyage Revenues are treated in accordance with IFRS 16 as lease income, while the portion of time charter revenues related to technical management services are recognized in accordance with IFRS 15. Associated broker commissions are recognized on a pro-rata basis over the duration of the period of the time charter. Deferred revenue relates to cash received prior to the financial position date and is related to revenue earned after such date.

Interest income: interest income is recognized as interest on an accrual basis.

Voyage expenses: Voyage expenses primarily consisting of port, canal and bunker expenses that are unique to a particular charter under time charter arrangements are paid by the charterer. Furthermore, voyage expenses include brokerage commission on revenue which is paid by the Company. Voyage expenses are accounted for on an accrual basis.

Vessel operating expenses: Vessel operating costs include crew costs, provisions, deck and engine stores, lubricating oil, insurance, maintenance and repairs. Vessel operating expenses are accounted for on an accrual basis.

- 2.5 Foreign currency translation:** The functional currency of Globus and its subsidiaries is the U.S. dollar, which is also the presentation currency of the Company, since the Company's vessels operate in international shipping markets, whereby the U.S. dollar is the currency used for transactions. Transactions involving other currencies during the period are converted into U.S. dollars using the exchange rates in effect at the time of the transactions. At the financial position dates, monetary assets and liabilities, which are denominated in currencies other than the U.S. dollar, are translated into the functional currency using the period-end exchange rate. Gains or losses resulting from foreign currency transactions are included in foreign exchange gains/(losses), net in the consolidated statement of comprehensive income/(loss).
- 2.6 Cash and cash equivalents:** The Company considers highly liquid investments such as time deposits and certificates of deposit with original maturity of three months or less to be cash and cash equivalents.
- 2.7 Trade accounts receivable, net:** The amount shown as trade accounts receivable at each financial position date includes estimated recoveries from charterers for hire, net of an allowance for doubtful accounts. Trade accounts receivable without a significant financing component are initially measured at their transaction price and subsequently measured at amortized cost less impairment losses, which are recognized in the consolidated statement of comprehensive income/(loss). At each financial position date, all potentially uncollectible accounts are assessed individually for the purpose of determining the appropriate provision for expected credit losses. The provision for expected credit losses at December 31, 2022 was nil (2021: \$8).

GLOBUS MARITIME LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Amounts presented in thousands of U.S. Dollars - except for share, per share and warrants data, unless otherwise stated)

2. Basis of Preparation and Significant Accounting Policies (continued)

- 2.8 Inventories:** Inventories consist of lubricants, bunkers and gas cylinders and are stated at the lower of cost and net realizable value. The cost is determined by the first-in, first-out method.
- 2.9 Vessels, net:** Vessels are stated at cost, less accumulated depreciation (including depreciation of dry-docking cost) and accumulated impairment losses. Vessel cost consists of the contract price for the vessel and any material expenses incurred upon acquisition (initial repairs, improvements and delivery expenses, interest, commissions paid and on-site supervision costs incurred during the construction periods). Subsequent expenditures for conversions and major improvements are also capitalized when the recognition criteria are met. Otherwise, these amounts are charged to expenses as incurred.
- 2.10 Dry-docking costs:** Vessels are required to be dry-docked for major repairs and maintenance that cannot be performed while the vessels are operating. Dry-dockings occur approximately every 2.5 years. The costs associated with the dry-dockings are capitalized and depreciated on a straight-line basis over the period between dry-dockings, to a maximum of 2.5 years. At the date of acquisition of a vessel, management estimates the component of the cost that corresponds to the economic benefit to be derived until the first scheduled dry-docking of the vessel under the ownership of the Company and this component is depreciated on a straight-line basis over the remaining period through the estimated dry-docking date.
- 2.11 Depreciation:** The cost of each of the Company's vessels is depreciated on a straight-line basis over each vessel's remaining useful economic life, after considering the estimated residual value of each vessel, beginning when the vessel is ready for its intended use. Management estimates that the useful life of new vessels is 25 years, which is consistent with industry practice. The residual value of a vessel is the product of its lightweight tonnage and estimated scrap value per lightweight ton. The residual values and useful lives are reviewed at each reporting date and adjusted prospectively. During 2020 the Company maintained the same scrap rate at \$300/ton(absolute amount). During the fourth quarter of 2021, the Company adjusted the scrap rate from \$300/ton(absolute amount) to \$380/ton(absolute amount) due to the increased scrap rates worldwide. This resulted to a decrease of \$145 to the depreciation charge included in the consolidated statement of comprehensive income/(loss) for 2021. During the fourth quarter of 2022, the Company adjusted the scrap rate from \$380/ton(absolute amount) to \$440/ton(absolute amount) due to the increased scrap rates worldwide. This resulted to a lower of \$118 to the depreciation charge included in the consolidated statement of comprehensive income/(loss) for 2022. The scrap rates throughout these financial statements are in absolute amounts.
- 2.12 Impairment of Long-Lived Assets and Reversal of previously recognized impairment losses:** The Company assesses at each reporting date whether there is an indication that a vessel may be impaired. The vessel's recoverable amount is estimated when events or changes in circumstances indicate the carrying value may not be recoverable. If such indication exists and where the carrying value exceeds the estimated recoverable amounts, the vessel is written down to its recoverable amount. The recoverable amount is the greater of fair value less costs to sell and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the vessel. Impairment losses are recognized in the consolidated statement of comprehensive income/(loss). The Company assesses also at each reporting date whether there is any indication that an impairment loss recognized in prior periods for a vessel may no longer exist or may have decreased. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of comprehensive income/(loss). After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life (refer to note 5).
- 2.13 Long-term debt:** Long-term debt is initially recognized at the fair value of the consideration received net of financing costs directly attributable to the borrowing. After initial recognition, long-term debt is subsequently measured at amortized cost using the effective interest rate method. Amortized cost is calculated by taking into account any financing costs and any discount or premium on settlement. Gains and losses are recognized in the income statement component of the consolidated statement of comprehensive income/(loss) when the liabilities are derecognized or impaired, as well as through the amortization process. Accrued interest at the end of the reporting period is added at the current portion of long-term debt. As at December 31, 2021 amount of \$179 that was previously presented under Accrued Liabilities was reclassified under Current portion of long-term borrowings.

GLOBUS MARITIME LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Amounts presented in thousands of U.S. Dollars - except for share, per share and warrants data, unless otherwise stated)

2. Basis of Preparation and Significant Accounting Policies (continued)

2.14 Financing costs: Fees incurred for obtaining new loans or refinancing existing loans are deferred and amortized over the life of the related debt, using the effective interest rate method. Any unamortized balance of costs relating to loans repaid or refinanced is expensed in the period the repayment or refinancing is made. For the year ended December 31, 2022, the Company deferred financing costs of \$259, which relate to the costs incurred for the top up loan amount of \$18,000 with CIT Bank N.A. (see Note 11 for more details). For the year ended December 31, 2021, the Company deferred financing costs of \$545, which relate to the costs incurred for the loan agreement with CIT Bank N.A. (This loan facility is referred to as the CIT Loan Facility, see Note 11 for more details). For the year ended December 31, 2020, the Company did not incur any financing costs.

2.15 Borrowing costs: Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds. Borrowing costs are expensed to the income statement component of the consolidated statement of comprehensive income/(loss) as incurred under “interest expense and finance costs” except borrowing costs that relate to a qualifying asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use. Borrowing costs that relate to qualifying assets are capitalized.

2.16 Operating segment: The Company reports financial information and evaluates its operations by charter revenues and not by other factors such as length of ship employment for its customers i.e., spot or time charters or type of vessel. The Company does not use discrete financial information to evaluate the operating results for each such type of charter. Although revenue can be identified for these types of charters, management cannot and does not identify expenses, profitability or other financial information for these charters. As a result, management, including the chief operating decision maker, reviews operating results solely by revenue per day and operating results of the fleet and thus the Company has determined that it operates as one operating segment. Furthermore, when the Company charters a vessel to a charterer, the charterer is free to trade the vessel worldwide and, as a result, the disclosure of geographical information is impracticable.

2.17 Provisions and contingencies: Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and, a reliable estimate of the amount of the obligation can be made. Provisions are reviewed at each financial position date and adjusted to reflect the present value of the expenditure expected to be required to settle the obligation. Contingent liabilities are not recognized in the consolidated financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote, in which case there is no disclosure. Contingent assets are not recognized in the consolidated financial statements but are disclosed when an inflow of economic benefits is probable.

2.18 Pension and retirement benefit obligations: The crew on board the vessels owned by the ship-owning companies, wholly owned subsidiaries of Globus, is employed under short-term contracts (usually up to nine months) and, accordingly, the Company is not liable for any pension or post-retirement benefits payable to the crew.

Provision for employees’ severance compensation: The Greek employees of the Company are bound by the Greek Labor law. Accordingly, compensation is payable to such employees upon dismissal or retirement. The amount of compensation is based on the number of years of service and the amount of remuneration at the date of dismissal or retirement. If the employee remains in the employment of the Company until normal retirement age, they are entitled to retirement compensation which is equal to 40% of the compensation amount that would be payable if they were dismissed at that time. The number of employees that will remain with the Company until retirement age is not known. The Company has provided for the employees’ retirement compensation liability which amounted to \$148 as at December 31, 2022 (2021: \$114), calculated by using the Projected Unit Credit Method and disclosed under non-current liabilities in the consolidated statement of financial position.

2.19 Offsetting of financial assets and liabilities: Financial assets and liabilities are offset and the net amount is presented in the consolidated financial position only when the Company has a legally enforceable right to set off the recognized amounts and intend either to settle such asset and liability on a net basis or to realize the asset and settle the liability simultaneously.

2.20 Financial assets and liabilities:

i. Classification and measurement of financial assets and financial liabilities

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortized cost; fair value through other comprehensive income (FVOCI) - debt investment; FVOCI - equity investment; or fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

GLOBUS MARITIME LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Amounts presented in thousands of U.S. Dollars - except for share, per share and warrants data, unless otherwise stated)

2. Basis of Preparation and Significant Accounting Policies (continued)

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

ii. Impairment of financial assets

The financial assets at amortized cost consist of trade accounts receivable and cash and cash equivalents.

Under IFRS 9, loss allowances are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analyses, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 180 days past due.

The Company considers a financial asset to be in default when:

- the counterparty is unlikely to pay its contractual obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held); or
- the financial asset is more than 1 year past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between cash flows due to the entity in accordance with the contract and cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

iii. Derecognition of financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized where:

- the rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or

GLOBUS MARITIME LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Amounts presented in thousands of U.S. Dollars - except for share, per share and warrants data, unless otherwise stated)

2. Basis of Preparation and Significant Accounting Policies (continued)

- the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the assets, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Where the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

iv. Derecognition of Financial liabilities:

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability and, the difference in the respective carrying amounts is recognized in profit or loss.

2.21 Leases:

Leases – where the Company is the lessee: The Company applies a single recognition and measurement approach for all leases, except for short term leases and leases of low value assets. The Company recognizes lease liabilities to make payments and right of use assets representing the right of use of the underlying asset. The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including any in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and any amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs. In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Leases – where an entity is the lessor: Leases of vessels where the entity does not transfer substantially all the risks and benefits of ownership of the vessel are classified as operating leases. Lease income on operating leases is recognized on a straight-line basis over the lease term. Contingent rents are recognized as revenue in the period in which they are earned.

For time charters that qualify as leases, the Company is required to disclose lease and non-lease components of lease revenue. The revenue earned under time charters is not negotiated its two separate components, but as a whole. For purposes of determining the standalone selling price of the vessel lease and technical management service components of the Company's time charters, the Company concluded that the residual approach would be the most appropriate method to use given that vessel lease rates are highly variable depending on shipping market conditions, the duration of such charters and the age of the vessel.

GLOBUS MARITIME LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Amounts presented in thousands of U.S. Dollars - except for share, per share and warrants data, unless otherwise stated)

2. Basis of Preparation and Significant Accounting Policies (continued)

The Company believes that the standalone transaction price attributable to the technical management service component, including crewing services, is more readily determinable than the price of the lease component and, accordingly, the price of the service component is estimated using data provided by its technical department, which includes crew expenses, maintenance and consumable costs and was approximately \$18,451 for the year ended December 31, 2022. The lease component that is disclosed then is calculated as the difference between total revenue and the non-lease component revenue and was approximately \$42,939 for the year ended December 31, 2022.

2.22 Share based compensation: Globus operated equity-settled, share-based compensation plans. The value of the service received in exchange of the grant of shares was recognized as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the share awards at the grant date. The relevant expense was recognized in the income statement component of the consolidated statement of comprehensive income/(loss), with a corresponding impact in equity.

2.23 Share capital and Warrants: Common shares and preferred shares are classified as equity. Incremental costs directly attributable to the issue of new shares are recognized in equity as a deduction from the proceeds. The Company's warrants meet the classification criteria as per IAS 32 and, accordingly, are classified in equity.

2.24 Dividends: Dividends to shareholders are recognized in the period in which the dividends are declared and appropriately authorized and are accounted for as dividends payable until paid.

2.25 Fair value measurement: The Company measures financial instruments, such as derivatives at fair value at each reporting date. In addition, fair values of financial instruments measured at amortized cost are disclosed in note 21. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either, a) in the principal market for the asset or the liability or b) in the absence of a principal market, in the most advantageous market for the asset or liability both being accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that the market participants would use when pricing the asset or liability, assuming that the market participants act in their best economic interest. A fair value measurement of a non-financial asset takes into account the market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

The Company uses the following hierarchy for determining and disclosing the fair value of assets and liabilities by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorization at the end of each reporting period.

The Company engaged independent valuation specialists to determine the fair value of non-financial assets.

2.26 Current versus non-current classification: The Company presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification.

An asset as current when it is:

- Expected to be realized or intended to be sold or consumed in a normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period
- Cash or cash equivalent

GLOBUS MARITIME LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Amounts presented in thousands of U.S. Dollars - except for share, per share and warrants data, unless otherwise stated)

2. Basis of Preparation and Significant Accounting Policies (continued)

All other assets are classified as non-current.

A liability is current:

- It is expected to be settled in a normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

2.27 Restricted Cash: Restricted cash represents pledged cash deposits or minimum liquidity required to be maintained under the Company's borrowing arrangements. In the event that the obligation to maintain such deposits is expected to be terminated within the next twelve months, these deposits are classified as current assets. Otherwise, they are classified as non-current assets.

2.28 Interest Rate Swap: The Company enters into interest rate swap agreements to manage its exposure to fluctuations of interest rate risk associated with its borrowings. Interest Rate Swaps are measured at fair value. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. The valuation technique used for the Interest Rate Swaps is the discounted cash flow (see also note 21). The Company has not designated these interest rate swaps for hedge accounting.

The fair value of the Interest Rate Swaps is classified under "Fair value of derivative financial instruments" either under assets or liabilities in the consolidated statement of financial position. In the event that the respective asset or liability is expected to be materialized within the next twelve months, it is classified as current asset or liability. Otherwise, the respective asset or liability is classified as non-current asset or liability.

The change in fair value deriving from the valuation of the Interest Rate Swap at the end of each reporting period is classified under "Gain/ (Loss) on derivative financial instruments" in the consolidated statement of comprehensive income/(loss). Realized gains or losses resulting from interest rate swaps are recognized in profit or loss under "Gain / (Loss) on derivative financial instruments" in the consolidated statement of comprehensive income/(loss).

2.29 Management & consulting fee income: The Company enters into consultancy agreements with other companies for the purpose of providing consultancy services. For these services the Company receives a fee. The total income from these fees is classified in the income statement component of the consolidated statement of comprehensive income/(loss) under management & consulting fee income.

3. Cash and cash equivalents and Restricted cash

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise the following:

	December 31,	
	2022	2021
Cash on hand	36	25
Cash at banks	52,797	45,188
Total	52,833	45,213

Cash held in banks earns interest at floating rates based on daily bank deposit rates.

The fair value of cash and cash equivalents as at December 31, 2022 and 2021, was \$52,833 and \$45,213, respectively.

As at December 31, 2022 and 2021, the Company had pledged an amount of \$5,968 and \$5,224, respectively, in order to fulfill collateral requirements. The fair value of the restricted cash as at December 31, 2022 was \$5,968, \$3,590 included in non-current assets and \$2,378 included in current assets. The fair value of the restricted cash as at December 31, 2021 was \$5,224, \$3,576 included in non-current assets and \$1,648 included in current assets as at December 31, 2021. The cash and cash equivalents are held with reputable bank and financial institution counterparties with high ratings.

4. Transactions with Related Parties

The following are the major transactions which the Company has entered into with related parties during the years ended December 31, 2022, 2021 and 2020:

GLOBUS MARITIME LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****(Amounts presented in thousands of U.S. Dollars - except for share, per share and warrants data, unless otherwise stated)****4. Transactions with Related Parties (continued)**

In August 2006, Globus entered into a rental agreement for 350 square meters of office space for its operations within a building owned by Cyberonica S.A. (an affiliate of Globus's chairman). In 2016 the Company renewed the rental agreement at a monthly rate of Euro 10,360 (absolute amount) (\$11.9) with a lease period ending January 2, 2025. On August 5, 2021, the Company entered into a new rental agreement for 902 square meters of office space for its operations within a building leased by Cyberonica S.A. (an affiliate of Globus's chairman) at a monthly rate of Euro 26,000 (absolute amount) with a lease period ending August 4, 2024. The previous rental agreement was terminated. Under IFRS 16 the new contract comprised of two parts, a modification of the old lease and a new lease for the extra space of 552 square meters, compared to the 350 square meters included in the previous rental agreement. The modification of the previous rental agreement resulted in \$39 credit adjustment classified in the income statement component of the consolidated statement of comprehensive income/(loss) under interest and finance costs. In June 2022, the Company entered into a new rental agreement with F.G. Europe (an affiliate of Globus's chairman) for the same office space, at the same rate of Euro 26,000 (absolute amount) and with the same lease period ending of August 4, 2024. The previous rental agreement with Cyberonica was terminated resulting in a gain of \$40 classified in the income statement component of the consolidated statement of comprehensive income/(loss) under interest and finance costs. The Company does not presently own any real estate. During the years ended December 31, 2022, 2021 and 2020, the rent charged amounted to \$341, \$242 and \$141, respectively.

The depreciation charge for right-of-use asset for the years ended December 31, 2022, 2021 and 2020, was \$327, \$206 and \$112, respectively, and was recognized in the income statement component of the consolidated statement of comprehensive income/(loss) under depreciation. The interest expense on lease liabilities for the years ended December 31, 2022, 2021 and 2020, was \$54, \$52 and \$44, respectively, and recognized under interest expense and finance costs, respectively in the income statement component of the consolidated statement of comprehensive income/(loss). The total cash outflows for leases for the years ended December 31, 2022, 2021 and 2020, were approximately \$341, \$314 and \$229, respectively, and were recognized in the consolidated statement of cash flows under the Payment of lease liability – principal and Interest Paid.

As at December 28, 2015, Athanasios Feidakis assumed the position of Chief Executive Officer (“CEO”) and Chief Financial Officer. On August 18, 2016, the Company entered into a consultancy agreement with an affiliated company (Goldenmare Limited) of its CEO, Mr. Athanasios Feidakis, for the purpose of providing consulting services to the Company in connection with the Company's international shipping and capital raising activities, including but not limited to assisting and advising the Company's CEO at an annual fee of Euro 200,000 (absolute amount). On December 3, 2020, the Company agreed to increase the consultancy fees of Goldenmare Limited, from Euro 200,000 to Euro 400,000 (absolute amount) per annum and additionally pay a one-time cash bonus of \$1,500 to the CEO pursuant to his consultancy agreement, which has been paid. Specifically, in February 2021, the Company paid to the CEO of Goldenmare Limited (Mr. Athanasios Feidakis) the amount of \$1,000 and in September 2021 the remaining amount of \$500. In addition, in December 2021, the Company agreed to pay a one-time cash bonus of \$1,500 to Goldenmare Limited pursuant to the consultancy agreement, half of which was to be paid immediately and the other half during 2022, if at the time of the payment Mr. Athanasios Feidakis remains CEO and the consultant has not terminated its consultancy agreement. At the time of the filing of these Consolidated Financial Statements, the bonus approved in 2021 has not been paid. The related expense for the years ended December 31, 2022, 2021 and 2020, amounted to \$1,172, \$1,216 and \$1,772, respectively.

On June 12, 2020, the Company entered into a stock purchase agreement and issued 50 newly designated Series B Preferred Shares, par value \$0.001 per share, to Goldenmare Limited, an affiliated company of its CEO, Athanasios Feidakis, in return for \$150, which amount was settled by reducing, on a dollar-for-dollar basis, the amount payable by the Company to Goldenmare Limited pursuant to a consultancy agreement. On July 27, 2020, the Company issued an additional 250 of its Series B preferred shares to Goldenmare Limited in return for \$150. The \$150 was settled by reducing, on a dollar-for-dollar basis, the amount payable by the Company to Goldenmare Limited pursuant to a consultancy agreement. The issuance of the Series B preferred shares to Goldenmare Limited was approved by an independent committee of the Company's Board of Directors, which received fairness opinions from an independent financial advisor.

On March 2, 2021, the Company entered into a stock purchase agreement and issued 10,000 Series B Preferred Shares, par value \$0.001 per share, to Goldenmare Limited in return for \$130, which amount was settled by reducing, on a dollar-for-dollar basis, the amount payable as executive compensation by the Company to Goldenmare Limited pursuant to a consultancy agreement. The issuance of the Series B preferred shares to Goldenmare Limited was approved by an independent committee of the Company's Board of Directors.

As at December 31, 2022, and 2021, Goldenmare Limited owned 10,300 of the Company's Series B preferred shares. Each Series B preferred share has 25,000 votes, provided that no holder of Series B preferred shares may exercise voting rights pursuant to Series B preferred shares that would result in the aggregate voting power of the beneficial owner of any such holder of Series B preferred shares, together with its affiliates, exceeding 49.99% of the total number of votes eligible to be cast on any matter submitted to a vote of shareholders. Except as otherwise provided by applicable law, holders of the Company's Series B preferred shares and the Company's common shares vote together as a single class on all matters submitted to a vote of shareholders, including the election of directors. Athanasios Feidakis has substantial control and influence over the Company's management and affairs and over matters requiring shareholder approval, including the election of directors and significant corporate transactions, through his ability to direct the vote of such Series B preferred shares.

GLOBUS MARITIME LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Amounts presented in thousands of U.S. Dollars - except for share, per share and warrants data, unless otherwise stated)

4. Transactions with Related Parties (continued)

As at December 31, 2022 and 2021, Mr. George Feidakis beneficially owned 3.7% of Globus' shares. Mr. George Feidakis (father of Mr. Athanasios Feidakis) is also the chairman of the Board of Directors of Globus.

In November 2018, Globus entered into a credit facility for up to \$15,000 with Firment Shipping Inc., an affiliate of the Company's chairman, for the purpose of financing its general working capital needs ("Firment Shipping Credit Facility"). The Firment Shipping Credit Facility was unsecured and remained available until its final maturity date at October 31, 2021, as amended. The Company had the right to draw-down any amount up to \$15,000 or prepay any amount in multiples of \$100. Any prepaid amount could be re-borrowed in accordance with the terms of the facility. Interest on drawn and outstanding amounts was charged at 7% per annum and no commitment fee was charged on the amounts remaining available and undrawn. Interest was payable the last day of a period of three months after the Draw-down Date, after this period in case of failure to pay any sum due, a default interest of 2% per annum above the regular interest was charged. Globus also had the right, in its sole option, to convert in whole or in part the outstanding unpaid principal amount and accrued but unpaid interest under the Firment Shipping Credit Facility into common stock. The conversion price should equal the higher of (i) the average of the daily dollar volume-weighted average sale price for the common stock on the principal market on any trading day during the period beginning at 9.30 a.m. New York City time and ending at 4.00 p.m. ("VWAP") over the pricing period multiplied by 80%, where the "Pricing Period" equals the ten consecutive trading days immediately preceding the date on which the conversion notice was executed or, (ii) Two Hundred Eighty US Dollars (\$280.00) (absolute amount).

For the year ended December 31, 2020, the Company recognized Firment Shipping Credit Facility as hybrid financial instrument, which included an embedded derivative related to the conversion option (see Note 11) and recognized a loss on this derivative financial instrument amounting to \$189, which was classified under "gain/(loss) on derivative financial instruments" in the income statements component of the consolidated statement of comprehensive income/(loss).

On May 8, 2020 the Company entered into an Amended and Restated Agreement with Firment Shipping Inc. and converted the existing Revolving Credit Facility to a Term Credit Facility, increased the available undrawn amount to \$14.2 million (absolute amount) and extended the maturity date to October 31, 2021.

On July 27, 2020, the Company repaid the total outstanding principal and interest of the Firment Shipping Credit Facility amounting to \$863. Furthermore, the Company recognized a gain on this derivative financial instrument amounting to \$220, which was classified under "gain/(loss) on derivative financial instruments" in the income statement component of the consolidated statement of comprehensive income/(loss). The facility with Firment Shipping Inc. expired on October 31, 2021.

For the year ended December 31, 2020, Globus recognized interest expense of \$26, which was classified in the income statement component of the consolidated statements of comprehensive income/(loss) under interest expense and finance costs.

On July 15, 2021 Globus entered into a consultancy agreement with Eolos Shipmanagement S.A. for the purpose of providing consultancy services to Eolos Shipmanagement S.A. For these services the Company receives a daily fee of \$1,000 (absolute amount). The chairman of the board of Globus is the majority shareholder of Eolos Shipmanagement.

On February 14, 2022 the Company changed the compensation of the non-executive directors. In the aggregate, the annual service fee for each of the directors (based on their current roles and committee seats) has been set at \$80, payable in cash based on the annual service fees, committee fees, and other similar fees.

Compensation of Key Management Personnel of the Company:

Compensation to Globus non-executive directors is analyzed as follows:

	For the year ended December 31,		
	2022	2021	2020
Directors' remuneration	240	145	143
Share-based payments (Note 12)	—	40	40
Total	240	185	183

As at December 31, 2022, and 2021, \$60 and \$105 of the compensation to non-executive directors was remaining due and unpaid, respectively. Amounts payable to non-executive directors are classified as trade accounts payable and other in the consolidated statements of financial position.

GLOBUS MARITIME LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Amounts presented in thousands of U.S. Dollars - except for share, per share and warrants data, unless otherwise stated)

4. Transactions with Related Parties (continued)

Compensation to the Company's executive director is analyzed as follows:

	For the year ended December 31,		
	2022	2021	2020
Short-term employee benefits	1,172	1,216	1,772
Total	1,172	1,216	1,772

As at December 31, 2022, and 2021, \$2,088 and \$985 of the compensation to the executive director was remaining due and unpaid, respectively.

5. Vessels, net

The amounts in the consolidated statement of financial position are analyzed as follows:

	Vessels cost	Vessels accumulated depreciation	Dry docking costs	Accumulated depreciation of dry-docking costs	Net Book Value
Balance at January 1, 2020	149,579	(101,858)	7,600	(7,079)	48,242
Additions/ Dry Docking Component	18,028	—	4,283	—	22,311
Impairment loss	(4,615)	—	—	—	(4,615)
Depreciation expense	—	(2,253)	—	(1,335)	(3,588)
Balance at December 31, 2020	162,992	(104,111)	11,883	(8,414)	62,350
Additions/ Dry Docking Component	70,746	—	4,044	—	74,790
Depreciation expense	—	(3,665)	—	(2,751)	(6,416)
Balance at December 31, 2021	233,738	(107,776)	15,927	(11,165)	130,724
Additions/ Dry Docking Component	1,178	—	7,438	—	8,616
Depreciation expense	—	(5,233)	—	(4,646)	(9,879)
Balance at December 31, 2022	234,916	(113,009)	23,365	(15,811)	129,461

On October 29, 2020, the Company took delivery of the m/v "Galaxy Globe", a 2015-built Kamsarmax dry bulk carrier, through its subsidiary, Serena Maritime Limited, for a purchase price of \$18.4 million (absolute amount), free of charter party, financed with available cash. The m/v "Galaxy Globe" was built at the Hudong-Zhonghua Shipyard in China and has a carrying capacity of 81,167 dwt. Upon the acquisition of the vessel, a total amount of \$500 was recorded as dry-docking component and is being amortized until the vessel's next scheduled survey to be performed in July 2023.

On February 18, 2021, the Company entered into a memorandum of agreement with an unrelated third party, for the acquisition of the m/v "Nord Venus", a 2011-built Kamsarmax dry bulk carrier, for a purchase price of \$16.2 million (absolute amount). No initial dry-docking component has been recognized as the vessel underwent dry-docking subsequent to her delivery. The m/v "Nord Venus" was built at the Universal Shipbuilding Corporation in Japan and has a carrying capacity of 80,655 dwt. On July 20, 2021, the Company took delivery of the m/v "Nord Venus" that was renamed to "Power Globe".

On March 19, 2021, the Company entered into a memorandum of agreement with an unrelated third party, for the acquisition of the m/v "Yangze 11", a 2018-built Kamsarmax dry bulk carrier, for a purchase price of \$27.0 million (absolute amount), the vessel cost amounted to \$26.4 million (absolute amount), and the initial dry-docking component amounted to \$0.6 million (absolute amount). The m/v "Yangze 11" was built at Jiangsu New Yangzi Shipbuilding Co., Ltd and has a carrying capacity of 82,027 dwt. On June 9, 2021, the Company took delivery of the m/v "Yangze 11" that was renamed to "Diamond Globe".

On September 22, 2021, the Company entered into a memorandum of agreement with an unrelated third party, for the acquisition of the m/v "Peak Liberty", a 2015-built Kamsarmax dry bulk carrier, for a purchase price of \$28.4 million (absolute amount), the vessel cost amounted to \$27.9 million (absolute amount), and the initial dry-docking component amounted to \$0.5 million (absolute amount). The m/v "Peak Liberty" was built at Tsuneishi Zosen in Japan and has a carrying capacity of 81,837 dwt. On November 29, 2021, the Company took delivery of the m/v "Peak Liberty" that was renamed to "Orion Globe".

GLOBUS MARITIME LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Amounts presented in thousands of U.S. Dollars - except for share, per share and warrants data, unless otherwise stated)

5. Vessels, net (continued)

For the purpose of the consolidated statement of comprehensive income/(loss), depreciation, as stated in the income statement component, comprises the following:

	For the year ended December 31,		
	2022	2021	2020
Vessels depreciation	5,233	3,665	2,253
Depreciation on office furniture and equipment	40	39	33
Depreciation of right of use asset (Note 18)	327	206	112
Total	5,600	3,910	2,398

As at December 31, 2022 the Company's vessels, except the m/v Power and Diamond Globe, have been pledged as collateral to secure the bank loans discussed in note 11.

During the year ended December 31, 2022 the Company installed ballast water treatment system ("BWTS") on five of its vessels amounting to an addition of approximately \$1.1 million (absolute amount).

Impairment of non-financial assets: The Company performed an impairment assessment as at March 31, 2020 on whether there were indicators that a vessel(s) may be impaired and concluded that impairment indicators existed for all vessels. As at December 31, 2020, the Company performed an assessment on whether there were indicators that a vessel(s) may be impaired and impairment indicators were identified for two of the Company's vessels. As impairment indicators were identified during 2020, discounted future cash flows for each vessel with impairment indicators were determined and compared to the vessel's carrying value. For the discount factor, the Company applied the Weighted Average Cost of Capital rate that was calculated to be 4.06% as at December 31, 2020. The projected net discounted future cash flows for the first year were determined by considering an estimated daily time charter equivalent based on the most recent blended (for modern and older vessels) FFA (i.e. Forward Freight Agreements) time charter rate for the fiscal year 2021 for each type of vessel. For the remaining useful life of the vessels, the Company used the historical ten-year blended average one-year time charter rates substituting for the year 2016 that was considered as extreme values, with the year 2010. Expected outflows for scheduled vessels maintenance were taken into consideration as well as vessel operating expenses assuming an average annual increase rate of 1% based on the historical trend derived from actual results for the Company's vessels since their delivery under the Company's technical management. The average time charter rates used were in line with the overall chartering strategy, especially in periods/years of depressed charter rates; reflecting the full operating history of vessels of the same type and particulars with the Company's operating fleet (Supramax and Panamax vessels with a deadweight ("dwt") of over 50,000 and 70,000, respectively) and they covered at least one full business cycle. Effective fleet utilization was assumed at 87% and 90% (including ballast days) for the Supramaxes and the Panamaxes, respectively taking into account the period(s) each vessel is expected to undergo her scheduled maintenance (dry-docking and special surveys), as well as an estimate of the period(s) needed for finding suitable employment and off-hire for reasons other than scheduled maintenance, assumptions in line with the Company's expectations for future fleet utilization under the current fleet deployment strategy.

As at March 31, 2020, the Company concluded that the recoverable amounts of the vessels were lower than their carrying amounts and recognized an impairment loss of \$4,615. As at December 31, 2020, the Company concluded that no additional impairment loss should be recognized.

The impairment loss for the year ended December 31, 2020, analyzed by vessel is as follows:

<u>Vessel</u>	For the year ended December 31, 2020
m/v River Globe	(332)
m/v Sky Globe	(1,231)
m/v Star Globe	(460)
m/v Sun Globe	(2,013)
m/v Moon Globe	(579)
Impairment loss	(4,615)

GLOBUS MARITIME LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****(Amounts presented in thousands of U.S. Dollars - except for share, per share and warrants data, unless otherwise stated)****5. Vessels, net (continued)**

As at December 31, 2022 and 2021, the Company performed an assessment on whether there were indicators that a vessel(s) may be impaired and no impairment indicators were identified for the Company's vessels.

6. Inventories

Inventories in the consolidated statement of financial position are analyzed as follows:

	December 31,	
	2022	2021
Lubricants	1,062	765
Gas cylinders	133	87
Bunkers	1,833	—
Total	3,028	852

7. Trade accounts payable

Trade accounts payable in the consolidated statement of financial position as at December 31, 2022 and 2021, amounted to \$3,548 and \$1,100, respectively. Trade accounts payable are non-interest bearing.

8. Accrued liabilities and other payables

Accrued liabilities and other payables in the consolidated statement of financial position are analyzed as follows:

	December 31,	
	2022	2021
Accrued Interest Swap Loss	—	30
Accrued audit fees	77	82
Other accruals	5,552	3,262
Insurance deductibles	104	64
Other payables	81	59
Total	5,814	3,497

Other payables are non-interest bearing.

GLOBUS MARITIME LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Amounts presented in thousands of U.S. Dollars - except for share, per share and warrants data, unless otherwise stated)

9. Share Capital and Share Premium

The authorized share capital of Globus consisted of the following:

	December 31,		
	2022	2021	2020
Authorized share capital:			
500,000,000 Common shares of par value \$0.004 each	2,000	2,000	2,000
100,000,000 Class B Common shares of par value \$0.001 each	100	100	100
100,000,000 Preferred shares of par value \$0.001 each	100	100	100
Total authorized share capital	2,200	2,200	2,200

Holders of the Company's common shares and Class B common shares have equivalent economic rights, but holders of Company's common shares are entitled to one vote per share and holders of the Company's Class B common shares are entitled to twenty votes per share. Each holder of Class B common shares may convert, at its option, any or all of the Class B common shares held by such holder into an equal number of common shares.

Common Shares issued and fully paid	Number of shares	USD
As at January 1, 2020	52,235	—
Issued during the year for share-based compensation (note 12)	2,812	—
Issuance of common stock due to conversion of loan	11,678	—
Issuance of new common stocks	2,942,848	12
Issuance of common stock due to exercise of pre-funded warrants	25,000	—
Issuance of common stock due to exercise of warrants	5,550	—
As at December 31, 2020	3,040,123	12
Issued during the year for share-based compensation (note 12)	12,178	—
Issuance of new common stocks	14,905,000	60
Issuance of common stock due to exercise of pre-funded warrants	2,625,000	10
As at December 31, 2021	20,582,301	82
Issued during the year for share-based compensation	—	—
As at December 31, 2022	20,582,301	82

During the years ended December 31, 2021 and 2020, Globus issued 12,178 and 2,812 common shares, respectively (par value \$0.004 per share) as share-based payments. For the year ended December 31, 2022 Globus has not issued any common shares as share-based payment.

As at December 31, 2022, 2021 and 2020, no Class B common shares or Series A preferred shares (par value \$0.001 per share) were outstanding.

On June 12, 2020, the Company entered into a stock purchase agreement and issued 50 of newly designated Series B Preferred Shares, par value \$0.001 per share, to Goldenmare Limited, a company controlled by the Chief Executive Officer, Athanasios Feidakis, in return for \$150, which amount was settled by reducing, on a dollar-for-dollar basis, the amount payable by the Company to Goldenmare Limited pursuant to a consultancy agreement. On July 27, 2020, the Company issued an additional 250 of its Series B preferred shares to Goldenmare Limited in return for \$150. The \$150 was settled by reducing, on a dollar-for-dollar basis, the amount payable by the Company to Goldenmare Limited pursuant to a consultancy agreement. The issuance of the Series B preferred shares to Goldenmare Limited was approved by an independent committee of the Company's Board of Directors, which received fairness opinions from an independent financial advisor.

GLOBUS MARITIME LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Amounts presented in thousands of U.S. Dollars - except for share, per share and warrants data, unless otherwise stated)

9. Share Capital and Share Premium (continued)

On March 2, 2021, the Company entered into a stock purchase agreement and issued 10,000 Series B Preferred Shares, par value \$0.001 per share, to Goldenmare Limited, a company controlled by the Company's Chief Executive Officer, Athanasios Feidakis, in return for \$130, which amount was settled by reducing, on a dollar-for-dollar basis, the amount payable as executive compensation by the Company to Goldenmare Limited pursuant to a consultancy agreement. The issuance of the Series B preferred shares to Goldenmare Limited was approved by an independent committee of the Company's Board of Directors, which received fairness opinions from an independent financial advisor.

During the year ended December 31, 2020, and further to the conversion clause included into the Convertible Note an amount of approximately \$1,168, principal and accrued interest, was converted to share capital at a conversion price of \$100 per share and a total number of 11,678 new shares, par value \$0.004 per share, were issued in name of the holder of the Convertible Note.

On June 22, 2020, the Company issued 342,857 of its common shares, par value \$0.004 per share, in an underwritten public offering at a price of \$35 per unit. Each unit consisted of one common share and one Class A warrant to purchase one common share and immediately separated upon issuance. In addition, the Company granted to the underwriter a 45-day option to purchase up to an additional 51,429 common shares, par value \$0.004 per share, (or pre-funded warrants in lieu thereof) and Class A warrants to purchase up to 51,429 common shares, at the public offering price less discounts and commissions. The underwriter exercised its option and purchased 51,393 common shares, par value \$0.004 per share and Class A warrants to purchase 51,393 common shares. Each Class A warrant is immediately exercisable for one common share at an exercise price of \$35 per share and expires five years from issuance. Total proceeds amounted to \$12,695 before issuance expenses.

The Class A Warrants are exercisable for a period of five years commencing on the date of issuance. If a registration statement registering the issuance of the common shares underlying the warrants under the Securities Act is not effective or available, the holder may, in its sole discretion, elect to exercise the warrant through a cashless exercise, in which case the holder would receive upon such exercise the net number of common shares determined according to the formula set forth in the warrant. We may be required to pay certain amounts as liquidated damages as specified in the warrants in the event we do not deliver common shares upon exercise of the warrants within the time periods specified in the warrants.

As at December 31, 2022 and 2021, the Company had issued 5,550 common shares, par value \$0.004 per share, pursuant to exercise of outstanding Class A Warrants, resulting to cash proceeds of \$194, and had 388,700 Class A Warrants outstanding to purchase an aggregate of 388,700 common shares, par value \$0.004 per share.

On June 30, 2020, the Company issued 458,500 of its common shares, par value \$0.004 per share, in a registered direct offering and warrants ("PP Warrants") to purchase 458,500 common shares in a concurrent private placement for a purchase price of \$27 per common share and PP Warrant. The warrants were exercisable upon issuance and had an exercise price of \$30 per share, subsequently reduced to \$18 per share. Total proceeds amounted to \$11,513 before issuance expenses.

On July 21, 2020, the Company issued 833,333 of its common shares, par value \$0.004 per share, in a registered direct offering and PP Warrants to purchase 833,333 common shares in a concurrent private placement for a purchase price of \$18 per common share and PP Warrant. The exercise price of each PP Warrant was \$18 per share. Concurrently with this offering the exercise price of the PP Warrants issued on June 30, 2020, were reduced to \$18 per share. Total proceeds amounted to \$13,950 before issuance expenses.

The PP Warrants are exercisable for a period of five and one-half years commencing on the date of issuance. The warrants are exercisable, at the option of each holder, in whole or in part by delivering to the Company a duly executed exercise notice with payment in full in immediately available funds for the number of common shares purchased upon such exercise. If a registration statement registering the resale of the common shares underlying the private placement warrants under the Securities Act is not effective or available at any time after the six month anniversary of the date of issuance of the private placement warrants, the holder may, in its sole discretion, elect to exercise the private placement warrant through a cashless exercise, in which case the holder would receive upon such exercise the net number of common shares determined according to the formula set forth in the warrant. If the Company does not issue the shares in a timely fashion, the warrant contains certain liquidated damages provisions.

As at December 31, 2022 and 2021, no PP Warrants had been exercised and the Company had 1,291,833 PP Warrants outstanding to purchase an aggregate of 1,291,833 common shares.

On December 10, 2020, the Company entered into a securities purchase agreement with certain unaffiliated institutional investors to issue in a registered direct offering to issue (a) 1,256,765 of its common shares, par value \$0.004 per share, (b) pre-funded warrants to purchase 155,000 common shares, par value \$0.004 per share, ("December 2020 Pre-Funded Warrants"), and (c) warrants ("December 2020 Warrants") to purchase 1,270,587 common shares with an exercise price of \$8.50 per share. On December 9, 2020, the Company issued 1,256,765 of its common shares, par value \$0.004 per share, pursuant to this agreement. Total proceeds amounted to \$11,159 before issuance expenses.

The December 2020 Pre-Funded Warrants are exercisable at any time after their original issuance until exercised in full. The Pre-Funded Warrants are exercisable, at the option of each holder, in whole or in part by delivering to the Company a duly executed exercise notice with payment in full in immediately available funds for the number of common shares purchased upon such exercise. The exercise price for the December 2020 Pre-Funded Warrants is \$0.01 per share. The December 2020 Pre-Funded Warrants are exercisable at any time after their original issuance until exercised in full.

GLOBUS MARITIME LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Amounts presented in thousands of U.S. Dollars - except for share, per share and warrants data, unless otherwise stated)

9. Share Capital and Share Premium (continued)

As at December 31, 2020, 25,000 December 2020 Pre-Funded Warrants had been exercised, resulting to net proceeds of \$0.25 and the Company had 130,000 December 2020 Pre-Funded Warrants outstanding to purchase an aggregate of 130,000 common shares. On January 13, 2021, the remaining 130,000 December 2020 Pre-Funded Warrants were exercised, resulting to net proceeds of approximately \$1 and the issuance of 130,000 common shares.

The December 2020 Warrants are exercisable for a period of five and one-half years commencing on the date of issuance. The warrants are exercisable, at the option of each holder, in whole or in part by delivering to the Company a duly executed exercise notice with payment in full in immediately available funds for the number of common shares purchased upon such exercise. If a registration statement registering the issuance of the common shares underlying the warrants under the Securities Act is not effective, the holder may, in its sole discretion, elect to exercise the warrant through a cashless exercise, in which case the holder would receive upon such exercise the net number of common shares determined according to the formula set forth in the warrant. If the Company does not issue the shares in a timely fashion, the warrant contains certain liquidated damages provisions.

As at December 31, 2022 and 2021, no December 2020 Warrants had been exercised and the Company had December 2020 Warrants outstanding to purchase an aggregate of 1,270,587 common shares.

Total transaction costs for the issuance of common shares in relation to the offerings in 2020 amounted to \$1,079.

On January 29, 2021, the Company entered into a securities purchase agreement with certain unaffiliated institutional investors to issue (a) 2,155,000 common shares, par value \$0.004 per share, (b) pre-funded warrants to purchase 445,000 common shares, par value \$0.004 per share and (c) warrants (the "January 2021 Warrants") to purchase 1,950,000 common shares, par value \$0.004 per share, at an exercise price of \$6.25 per share. Total proceeds, net of commission retained by the placement agent, amounted to \$15,108, before issuance expenses of \$120. All 445,000 pre-funded warrants were exercised subsequently with total proceeds of \$5.

The January 2021 Warrants are exercisable for a period of five and one-half years commencing on the date of issuance. The warrants are exercisable, at the option of each holder, in whole or in part by delivering to the Company a duly executed exercise notice with payment in full in immediately available funds for the number of common shares purchased upon such exercise. If a registration statement registering the issuance of the common shares underlying the warrants under the Securities Act is not effective, the holder may, in its sole discretion, elect to exercise the warrant through a cashless exercise, in which case the holder would receive upon such exercise the net number of common shares determined according to the formula set forth in the warrant. If the Company does not issue the shares in a timely fashion, the warrant contains certain liquidated damages provisions.

As at December 31, 2022 and 2021, no January 2021 Warrants had been exercised and the Company had January 2021 Warrants outstanding to purchase an aggregate of 1,950,000 common shares.

On February 17, 2021, the Company entered into a securities purchase agreement with certain unaffiliated institutional investors to issue (a) 3,850,000 common shares par value \$0.004 per share, (b) pre-funded warrants to purchase 950,000 common shares, par value \$0.004 par value, and (c) warrants (the "February 2021 Warrants") to purchase 4,800,000 common shares, par value \$0.004 per share, at an exercise price of \$6.25 per share. Total proceeds, net of commission retained by the placement agent, amounted to \$27,891, before issuance expenses of \$152. All 950,000 pre-funded warrants were exercised subsequently with total proceeds of \$10.

The February 2021 Warrants are exercisable for a period of five and one-half years commencing on the date of issuance. The warrants are exercisable, at the option of each holder, in whole or in part by delivering to the Company a duly executed exercise notice with payment in full in immediately available funds for the number of common shares purchased upon such exercise. If a registration statement registering the issuance of the common shares underlying the warrants under the Securities Act is not effective, the holder may, in its sole discretion, elect to exercise the warrant through a cashless exercise, in which case the holder would receive upon such exercise the net number of common shares determined according to the formula set forth in the warrant. If the Company does not issue the shares in a timely fashion, the warrant contains certain liquidated damages provisions.

As at December 31, 2022 and 2021, no February 2021 Warrants had been exercised and the Company had February 2021 Warrants outstanding to purchase an aggregate of 4,800,000 common shares.

On June 29, 2021, the Company entered into a securities purchase agreement with certain unaffiliated institutional investors to issue (a) 8,900,000 common shares par value \$0.004 per share, (b) pre-funded warrants to purchase 1,100,000 common shares, par value \$0.004 par value, and (c) warrants (the "June 2021 Warrants") to purchase 10,000,000 common shares, par value \$0.004 per share, at an exercise price of \$5.00 per share. Total proceeds, net of commission retained by the placement agent, amounted to \$46,581, before issuance expenses of approximately \$129. As at September 30, 2021, 1,100,000 pre-funded warrants were exercised and the total proceeds amounted to \$11.

GLOBUS MARITIME LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****(Amounts presented in thousands of U.S. Dollars - except for share, per share and warrants data, unless otherwise stated)****9. Share Capital and Share Premium (continued)**

The June 2021 Warrants are exercisable for a period of five and one-half years commencing on the date of issuance. The warrants are exercisable, at the option of each holder, in whole or in part by delivering to the Company a duly executed exercise notice with payment in full in immediately available funds for the number of common shares purchased upon such exercise. If a registration statement registering the issuance of the common shares underlying the warrants under the Securities Act is not effective, the holder may, in its sole discretion, elect to exercise the warrant through a cashless exercise, in which case the holder would receive upon such exercise the net number of common shares determined according to the formula set forth in the warrant. If the Company does not issue the shares in a timely fashion, the warrant contains certain liquidated damages provisions.

As at December 31, 2022 and 2021, no June 2021 Warrants had been exercised and the Company had June 2021 Warrants outstanding to purchase an aggregate of 10,000,000 common shares.

Total transaction costs for the issuance of common shares in relation to the offerings in 2021 amounted to \$401.

The Company's warrants were classified as equity in accordance with the provisions of IAS 32 meet the classification criteria as per IAS 32 and, accordingly, are classified in equity.

Share premium includes the contribution of Globus' shareholders to the acquisition of the Company's vessels. Additionally, share premium includes the effects of the Globus initial and follow-on public offerings, the effects of the settlement of the related party loans (note 4) with the issuance of the Company's common shares and the effects of the share-based payments described in note 12. Accordingly, at December 31, 2022 and 2021, Globus share premium amounted to \$284,406, and at December 31, 2020 amounted to \$195,102.

10. Earnings/(Loss) per Share

Basic earnings / (loss) per share ("EPS" / "LPS") is calculated by dividing the net income /(loss) for the year attributable to Globus shareholders by the weighted average number of shares issued, paid and outstanding.

Diluted earnings / (loss) per share is calculated by dividing the net income / (loss) attributable to common equity holders of the parent by the weighted average shares outstanding during the year plus the weighted average number of common shares that would be issued on the conversion of all the dilutive potential common shares into common shares. The incremental shares (the difference between the number of shares assumed issued and the number of shares assumed purchased) are included in the denominator of the diluted earnings/(losses) per share computation unless such inclusion would be anti-dilutive.

As for the years ended December 31, 2022 and 2021, the securities that could potentially dilute basic EPS in the future are any incremental shares of unexercised warrants (Note 9). As the warrants were out-of-the money during the periods ended December 31, 2022 and 2021, these were not included in the computation of diluted EPS, because to do so would have anti-dilutive effect.

As the Company reported losses for the year ended December 31, 2020, the effect of any incremental shares would be antidilutive and thus excluded from the computation of the LPS.

The following reflects the net income/(loss) per common share:

	For the year ended December 31,		
	2022	2021	2020
Income/(Loss) attributable to common equity holders	24,280	14,950	(17,372)
Weighted average number of shares – basic and diluted	20,582,301	14,809,536	959,157
Net income/(loss) per common share – basic and diluted	1.18	1.01	(18.11)

GLOBUS MARITIME LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Amounts presented in thousands of U.S. Dollars - except for share, per share and warrants data, unless otherwise stated)

11. Long-Term Debt, net

Long-term debt in the consolidated statement of financial position is analysed as follows:

Borrower	Principal	Deferred finance costs	Accrued Interest	Amortized cost
Devocean Maritime LTD., Domina Maritime LTD., Dulac Maritime S.A., Artful Shipholding S.A., Longevity Maritime Limited, Serena Maritime Limited and Salamina Maritime Limited.	44,375	(541)	491	44,325
Total at December 31, 2022	44,375	(541)	491	44,325
Less: Current Portion	(6,500)	188	(491)	(6,803)
Long-Term Portion	37,875	(353)	—	37,522
Total at December 31, 2021	31,750	(447)	179	31,482
Less: Current Portion	(5,000)	135	(179)	(5,044)
Long-Term Portion	26,750	(312)	—	26,438

In June 2019, Globus through its wholly owned subsidiaries, Devocean Maritime Ltd.(the “Borrower A”), Domina Maritime Ltd. (the “Borrower B”), Dulac Maritime S.A. (the “Borrower C”), Artful Shipholding S.A. (the “Borrower D”) and Longevity Maritime Limited (the “Borrower E”), vessel owning companies of m/v River Globe, m/v Sky Globe, m/v Star Globe, m/v Moon Globe and m/v Sun Globe, respectively, entered a new term loan facility for up to \$37,000 with EnTrust Global’s Blue Ocean Fund for the purpose of refinancing the existing indebtedness secured on the ships and for general corporate purposes. The loan facility was in the names of Devocean Maritime Ltd., Domina Maritime Ltd, Dulac Maritime S.A., Artful Shipholding S.A. and Longevity Maritime Limited as the borrowers and is guaranteed by Globus. The loan facility bore interest at LIBOR plus a margin of 8.50% (or 10.5% default interest) for interest periods of three months. This loan facility was referred to as EnTrust loan facility.

In March 2021, the Company prepaid \$6.0 million of the EnTrust loan facility, which represented all amounts that would otherwise come due during calendar year 2021 and on May 10, 2021, the Company fully prepaid the balance of the EnTrust Loan facility.

In November 2018, Globus Maritime Limited entered into a credit facility for up to \$15,000 with Firment Shipping Inc., an affiliate of the Company’s chairman, for the purpose of financing its general working capital needs. The Firment Shipping Credit Facility was unsecured and remained available until its final maturity date on October 31, 2021 . The Company had the right to draw-down any amount of up to \$15,000 or prepay any amount in multiples of \$100. Any prepaid amount could be re-borrowed in accordance with the terms of the facility. Interest on drawn and outstanding amounts was charged at 3.5% per annum until December 31, 2020, and thereafter at 7% per annum and no commitment fee was charged on the amounts remaining available and undrawn. Interest was payable the last day of a period of three months after the draw-down date, after this period in case of failure to pay any sum due, a default interest of 2% per annum above the regular interest was charged.

Globus also had the right, in its sole option, to convert in whole or in part the outstanding unpaid principal amount and accrued but unpaid interest under the Firment Shipping Credit Facility into common stock. The conversion price would equal the higher of (i) the average of the daily dollar volume-weighted average sale price for the common stock on the principal market on any trading day during the period beginning at 9.30 a.m. New York City time and ending at 4.00 p.m. (“VWAP”) over the pricing period multiplied by 80%, where the “Pricing Period” equaled the ten consecutive trading days immediately preceding the date on which the conversion notice was executed or (ii) Two hundred eighty US Dollars (\$280) (absolute amount).

As per the conversion clause included in the Firment Shipping Credit Facility, the Company had recognized this agreement as a hybrid financial instrument which included an embedded derivative. This embedded derivative component was separated from the non-derivative host. The derivative component was shown separately from the non-derivative host in the consolidated statement of financial position at fair value. The changes in the fair value of the derivative financial instrument were recognized in the income statement component of the consolidated statement of comprehensive income/(loss). For the year ended December 31, 2020, the amount drawn and outstanding with respect to Firment Shipping Credit Facility was nil.

On July 27, 2020, the Company repaid the total outstanding principal and interest of the Firment Shipping Credit Facility amounting to \$863. The Company recognized a gain on this derivative financial instrument amounting to \$220, which was classified under “gain/(loss) on derivative financial instruments” in the income statement component of the consolidated statement of comprehensive income/(loss).

On May 8, 2020 the Amended and Restated Agreement converted the existing Revolving Credit Facility to a Term Credit Facility and extended the maturity date to October 31, 2021. The facility with Firment Shipping Inc. expired on October 31, 2021.

The Firment Shipping Credit Facility required that Athanasios Feidakis remained Chief Executive Officer and that Firment Shipping maintained at least a 40% shareholding in Globus, other than due to actions taken by Firment Shipping, such as sales of shares. In connection with the public offering on June 22, 2020 and the registered direct offering on June 30, 2020, July 21, 2020, December 7, 2020, January 27, 2021, February 12, 2021 and June 25, 2021 (collectively, the “Filings”), the Company obtained waivers from Firment Shipping Inc. The waivers consented to the Company making the Filings and waived the requirement to maintain at least a 40% shareholding in Globus as a result of the issuance of common shares and warrants.

GLOBUS MARITIME LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Amounts presented in thousands of U.S. Dollars - except for share, per share and warrants data, unless otherwise stated)

11. Long-Term Debt, net (continued)

In May 2021, Globus through its wholly owned subsidiaries, Devocean Maritime Ltd.(the “Borrower A”), Domina Maritime Ltd. (the “Borrower B”), Dulac Maritime S.A. (the “Borrower C”), Artful Shipholding S.A. (the “Borrower D”), Longevity Maritime Limited (the “Borrower E”) and Serena Maritime Limited (the “Borrower F”), vessel owning companies of m/v River Globe, m/v Sky Globe, m/v Star Globe, m/v Moon Globe, m/v Sun Globe and m/v Galaxy Globe, respectively, entered a new term loan facility for up to \$34,250 with First Citizens Bank & Trust Company (“CIT Loan Facility”) (formerly known as CIT Bank N.A.) for the purpose of refinancing the existing indebtedness secured on the ships. The loan facility is in the names of Devocean Maritime Ltd., Domina Maritime Ltd, Dulac Maritime S.A., Artful Shipholding S.A., Longevity Maritime Limited and Serena Maritime Limited as the borrowers and is guaranteed by Globus. This loan facility is referred to as the “CIT loan facility”. The loan facility bore interest at LIBOR plus a margin of 3.75% for interest periods of three months.

The loan agreement was for the lesser of \$34,250 and 52.5% of the aggregate market value of the Company’s ships. The Company drew an aggregate of \$34,250 at closing and used a significant portion of the proceeds to fully repay the amounts outstanding under the loan agreement with EnTrust. The Company also entered into a swap agreement with respect to LIBOR. The Company paid CIT Bank an upfront fee in the amount of 1.25% of the total commitment of the loan.

On May 10, 2021, the Company drew down \$34,250, paid \$545 of borrowing costs incurred for the CIT loan facility, which were deferred over the duration of the loan facility, and fully prepaid the balance of the EnTrust loan facility. The CIT loan facility consists of six tranches, which shall be repaid in 20 consecutive quarterly instalments with each instalment in an aggregate amount of \$1.25 million (absolute amount) as well as a balloon payment in an aggregate amount of \$9.25 million (absolute amount) due together with the 20th and final instalment due in May 2026. The CIT Loan Facility bore interest at LIBOR plus 3.75% (or 5.75% default interest).

Following the agreement reached in August 2022 the benchmark rate of the CIT Loan Facility was amended from LIBOR to SOFR and the applicable margin was decreased from 3.75% to 3.35%. This amendment to the loan agreement falls within the scope of Interest Rate Benchmark Reform – Phase 2, Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (“Amendments”), which have been published by IASB in August 2020 and adopted by the Company as of January 1, 2021. In particular, the Company applied the practical expedient available under the Amendments and adjusted the effective interest rate when accounting for changes in the basis for determining the contractual cash flows under CIT loan facility. No adjustment to the carrying amount of the loan was necessary. The Company has also amended its interest rate swap agreement with First Citizens Bank & Trust Company (formerly known as CIT Bank N.A.) and replaced the respective benchmark rate from LIBOR to SOFR in order to depict the change of base rate of the CIT Loan Facility. As a result of this amendment, and the revaluation of the interest rate swap, the Company recognized a realized gain of \$163, which is included under Gain/(Loss) on derivative financial instruments, net in the income statement component of the consolidated statement of comprehensive income for the year ended December 31, 2022.

In August 2022, the Company also reached an agreement with First Citizens Bank & Trust Company (formerly known as CIT Bank N.A.) for a deed of accession, amendment and restatement of the CIT loan facility by the accession of an additional borrower in order to increase the loan facility from a total of \$34.25 million (absolute amount) to \$52.25 million (absolute amount), by a top up loan amount of \$18 million (absolute amount) for the purpose of financing vessel Orion Globe and for general corporate and working capital purposes of all the borrowers and Globus. The CIT loan facility (including the new top up loan amount) became further secured by a first preferred mortgage over the vessel Orion Globe. Furthermore, the loan facility bears interest at Term SOFR plus a margin 3.35% for the whole CIT loan facility. The Company also entered into a new swap agreement in order for the additional borrower to enter into hedging transactions (separately from those entered by the other borrowers) with First Citizens Bank & Trust Company (formerly known as CIT Bank N.A.). On August 10, 2022, the Company drew down \$18 million (absolute amount), paid approximately \$259 of borrowing costs incurred, which were deferred over the duration of the loan facility.

The CIT Loan Facility may be prepaid. If the prepayment of any tranche other than the tranche financing Orion Globe occurs on or before May 10, 2023 but after May 10, 2022, the prepayment fee is 1% of the amount prepaid, subject to certain exceptions. If the prepayment of the tranche financing Orion Globe occurs on or before August 10, 2023, the prepayment fee is 2% of the amount prepaid and thereafter until August 10, 2024, the prepayment fee is 1% of the amount prepaid, subject to certain exceptions. The Company cannot reborrow any amount of the CIT Loan that is prepaid or repaid.

The CIT Loan Facility is secured by:

- First preferred mortgage over m/v River Globe, m/v Sky Globe, m/v Star Globe, m/v Moon Globe, m/v Sun Globe, m/v Galaxy Globe and m/v Orion Globe.
- Guarantee from Globus Maritime Limited and joint liability of the seven vessel owning companies (each of which is a borrower under the CIT Loan Facility).
- Shares pledged respecting each borrower.

GLOBUS MARITIME LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Amounts presented in thousands of U.S. Dollars - except for share, per share and warrants data, unless otherwise stated)

11. Long-Term Debt, net (continued)

- Pledges of bank accounts, a pledge of each borrower's rights under any interest rate hedging agreement in respect of the CIT Loan Facility, a general assignment over each ship's earnings, insurances and any requisition compensation in relation to that ship, and an assignment of the rights of Globus with respect to any indebtedness owed to it by the borrowers.

The Company is not permitted, without the written consent of CIT, to enter into a charter the duration of which exceeds or is capable of exceeding, by virtue of any optional extensions, 12 months.

The CIT Loan Facility contains various covenants requiring the vessels owning companies and/or Globus Maritime Limited to, among other things, ensure that:

- The borrowers, must maintain a minimum liquidity at all times of not less than \$500 for each mortgaged ship.
- A minimum loan (including any exposure under a related hedging agreement) to value ratio of 70%, except for the tranche financing Orion Globe, for which for the first 18 months of the utilization of that tranche including any exposure under a related hedging agreement), a minimum loan to value ratio of 75% and thereafter 70%.
- Each borrower must maintain in its earnings account \$150 in respect of each ship then subject to a mortgage.
- Globus Maritime Limited must maintain cash in an amount of not less than \$150 for each ship that it owns that is not subject to a mortgage as part of the CIT Loan.
- Globus Maritime Limited must have a maximum leverage ratio of 0.75:1.00.
- If Globus Maritime Limited pays a dividend, subject to certain exceptions, then the debt service coverage ratio (i.e., aggregate EBITDA of Globus Maritime Limited for any period to the debt service for such period) after such dividend and for the remain of the CIT Loan Facility shall be at least 1.15:1.00.

Each borrower must create a reserve fund in the reserve account to meet the anticipated dry docking and special survey fees and expenses for the relevant ship owned by it and (for certain ships) the installation of ballast water treatment system on the ship owned by it by maintaining in the reserve account a minimum credit balance that may not be withdrawn (other than for the purpose of covering the documented and incurred costs and expenses for the next special survey of that ship). Amounts must be paid into this reserve account quarterly, such that \$1,200 is set aside by each borrower for its ship's special survey, except for Serena Maritime Limited and Salamina Maritime Limited, each of which are required to set aside quarterly payments that aggregate to \$900.

Globus Maritime Limited is prohibited from making dividends (other than up to \$500 annually on or in respect of its preferred share) in cash or redeem or repurchase its shares unless there is no event of default under the CIT Loan Facility, the net loan (including any exposure under a related hedging agreement) to value ratio is less than 60% before the making of the dividend and Globus Maritime Limited is in compliance with the debt service coverage ratio, and Globus Maritime Limited must prepay the CIT Loan Facility in an equal amount of the dividend.

The CIT Loan Facility also prohibits certain changes of control, including, among other things, the delisting of Globus from the Nasdaq or another internationally recognized stock exchange, or the acquisition by any person or group of persons (acting in concert) of a majority of the shareholder voting rights or the ability to appoint a majority of board members or to give directions with respect to the operating and financial policies of Globus Maritime Limited with which the directors are obliged to comply, other than those persons disclosed to CIT Bank on or around the date of the CIT Loan Facility and their affiliates and immediate family members.

The Company was in compliance with the covenants of the CIT Loan Facility as at December 31, 2022 and 2021.

The contractual annual loan principal payments to be made subsequent to December 31, 2022, were as follows:

	First Citizens Bank & Trust Company (formerly known as CIT Bank N.A.)
December 31,	
2023	6,500
2024	6,500
2025	6,500
2026	24,875
Total	44,375

The contractual annual loan principal payments to be made subsequent to December 31, 2021, were as follows:

December 31,	
2022	5,000
2023	5,000
2024	5,000
2025	5,000
2026 and thereafter	11,750
Total	31,750

The weighted average interest rate for the years ended December 31, 2022 and 2021, was 5.58% and 5.69%, respectively.

GLOBUS MARITIME LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Amounts presented in thousands of U.S. Dollars - except for share, per share and warrants data, unless otherwise stated)

12. Share Based Payment

Share-based payments are quarterly restrictive shares issued to the Company's Non-executive directors for their services and in accordance with appointment letters.

Share based payment comprise the following:

	Number of common shares	Number of preferred shares	Share premium	Retained earnings
Year 2021				
Non-executive directors' payment	12,178	—	40	—
Balance at December 31, 2021	12,178	—	40	—
	Number of common shares	Number of preferred shares	Share premium	Retained earnings
Year 2020				
Non-executive directors' payment	2,812	—	40	—
Balance at December 31, 2020	2,812	—	40	—

For the year ended December 31, 2022 there were no share based payments, as in 2022 the Company changed the compensation of the non-executive directors (see Note 4).

13. Voyage Expenses and Vessel Operating Expenses

Voyage expenses and vessel operating expenses in the consolidated statements of comprehensive income/(loss) consisted of the following:

Voyage expenses consisted of:

	For the year ended December 31,		
	2022	2021	2020
Commissions	924	626	160
Bunkers expenses	3,876	—	2,117
Other voyage expenses	573	502	213
Total	5,373	1,128	2,490

Vessel operating expenses consisted of:

	For the year ended December 31,		
	2022	2021	2020
Crew wages and related costs	8,952	7,570	4,865
Insurance	1,349	1,067	661
Spares, repairs and maintenance	3,935	2,414	1,574
Lubricants	924	555	434
Stores	2,340	1,712	787
Other	512	490	260
Total	18,012	13,808	8,581

GLOBUS MARITIME LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Amounts presented in thousands of U.S. Dollars - except for share, per share and warrants data, unless otherwise stated)

14. Administrative Expenses

The amount shown in the consolidated statements of comprehensive income/(loss) is analyzed as follows:

	For the year ended December 31,		
	2022	2021	2020
Personnel expenses	1,454	1,455	1,013
Audit fees	204	215	143
Consulting fees	271	329	243
Communication	16	16	12
Stationery	3	6	3
Greek tax authorities (note 19)	292	185	130
Other	636	404	347
Total	2,876	2,610	1,891

15. Interest Expense and Finance Costs

The amounts in the consolidated statements of comprehensive income/(loss) are analyzed as follows:

	For the year ended December 31,		
	2022	2021	2020
Interest payable on long-term borrowings	2,047	1,958	3,721
Bank charges	60	59	69
Amortization of debt discount	165	547	293
Operating lease liability interest	54	52	44
Other finance expenses	34	646	28
Gain from termination of lease liability	(40)	—	—
Total	2,320	3,262	4,155

Other finance expenses for 2021 include approximately \$0.6 million (absolute amount) that were the loan prepayment fee and expenses relating to the prepayment of EnTrust loan facility. Interest on long-term debt is normally settled quarterly throughout the year

16. Dividends

No dividends were declared or paid on common shares during the years ended December 31, 2022, 2021 and 2020.

17. Contingencies

Various claims, suits and complaints, including those involving government regulations, arise in the ordinary course of the shipping business. In addition, losses may arise from disputes with charterers, environmental claims, agents, and insurers and from claims with suppliers relating to the operations of the Company's vessels. Currently, management is not aware of any such claims or contingent liabilities, which are material for disclosure.

GLOBUS MARITIME LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Amounts presented in thousands of U.S. Dollars - except for share, per share and warrants data, unless otherwise stated)

18. Commitments
Voyage revenue

The Company enters into time charter arrangements on its vessels. As at December 31, 2022, the non-cancellable arrangements had remaining terms between nil days to eight months, assuming redelivery at the earliest possible date. As at December 31, 2021, the non-cancellable arrangements had remaining terms between nil days to two and a half months, assuming redelivery at the earliest possible date. Future net minimum lease revenues receivable under non-cancellable operating leases as at December 31, 2022 and 2021, were as follows (vessel off-hires and dry-docking days that could occur but are not currently known are not taken into consideration and early delivery of the vessels by the charterers is not accounted for):

	2022	2021
Within one year	6,675	6,082
Total	6,675	6,082

These amounts include consideration for other elements of the arrangement apart from the right to use the vessel such as maintenance and crewing and its related costs.

Office lease contract

As further discussed in Note 4 the Company has recognized a right of use asset and a corresponding liability with respect to the rental agreement of office space for its operations within a building leased by FG Europe (an affiliate of Globus's chairman).

The depreciation charge for right-of-use assets for the years ended December 31, 2022, 2021 and 2020, was \$327, \$206 and \$112, respectively, and recognized under depreciation in the income statement component of the consolidated statements of comprehensive income/(loss). The interest expense on lease liability for the years ended December 31, 2022, 2021 and 2020, was \$54, \$52 and \$44 respectively, and recognized under interest expense and finance costs in the income statement component of the consolidated statements of comprehensive income/(loss).

At December 31, 2022 and 2021, the current lease liability amounted to \$321 and \$349, respectively. The non-current lease liability amounted to \$188 and \$556, respectively. As at December 31, 2022 and 2021, the net carrying amount of the right of use asset was \$493 and \$888, respectively. These are included in the accompanying consolidated statements of financial position. The total cash outflows for leases for the years ended December 31, 2022, 2021 and 2020, were approximately \$341, \$314 and \$229, respectively, and were recognized in the consolidated statement of cash flows under the Payment of lease liability – principal and Interest Paid.

Commitments under shipbuilding contracts

On April 29, 2022, the Company entered into a contract, through its subsidiary, Calypso Shipholding S.A., for the construction and purchase of one fuel efficient bulk carrier of about 64,000 dwt vessel. The vessel will be built at Nihon Shipyard Co. in Japan and is scheduled to be delivered during the first half of 2024. The total consideration for the construction of the vessel is approximately \$37.5 million (absolute amount), which the Company intends to finance with a combination of debt and equity. In May 2022 the Company paid the 1st instalment of \$7.4 million (absolute amount), which is included under Advances for vessel purchase in the consolidated statement of financial position.

On May 13, 2022, the Company has signed two contracts, through its subsidiaries, Daxos Maritime Limited and Paralus Shipholding S.A., for the construction and purchase of two fuel efficient bulk carrier of about 64,000 dwt each. The sister vessels will be built at Nantong COSCO KHI Ship Engineering Co. in China with the first one scheduled to be delivered during the third quarter of 2024 and the second one scheduled during the fourth quarter of 2024. The total consideration for the construction of both vessels is approximately \$70.3 million (absolute amount), which the Company intends to finance with a combination of debt and equity. In May 2022 the Company paid the 1st instalment of \$13.8 million (absolute amount) and in November 2022 paid the 2nd instalment of \$6.9 million (absolute amount) for both vessels under construction. Both instalments are included under Advances for vessel purchase in the consolidated statement of financial position.

The contractual annual payments per subsidiary to be made subsequent to December 31, 2022, were as follows:

December 31,	Calypso Shipholding S.A.	Daxos Maritime Limited	Paralus Shipholding S.A.
2023	11,100	—	—
2024	18,500	24,785	24,785
Total	29,600	24,785	24,785

GLOBUS MARITIME LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Amounts presented in thousands of U.S. Dollars - except for share, per share and warrants data, unless otherwise stated)

19. Income Tax

Under the laws of the countries of the vessel owning companies' incorporation and / or vessels' registration, vessel owning companies are not subject to tax on international shipping income; however, they are subject to registration and tonnage taxes, which are included in vessel operating expenses in the accompanying consolidated statements of income/(loss).

Greek Authorities Tax

In January 2013, the tax Law 4110/2013 amended the provisions of art. 26 of Law 27/1975 by imposing a fixed annual tonnage tax on vessels flying a foreign (i.e., non-Greek) flag which are managed by a Law 89/67 company, establishing an identical tonnage tax regime as the one already in force for vessels flying the Greek flag. This tax varies depending on the size of the vessel, calculated in gross registered tonnage, as well as on the age of each vessel. Payment of this tonnage tax satisfies all income tax obligations of both the ship-owning company and of all its shareholders up to the ultimate beneficial owners. Any tax payable to the state of the flag of each vessel as a result of its registration with a foreign flag registry (including the Marshall Islands) is subtracted from the amount of tonnage tax due to the Greek tax authorities. As at December 31, 2022, 2021 and 2020, the tax expense under the law amounted to \$292, \$185 and \$130, respectively and is included in administrative expenses in the consolidated statements of comprehensive income/(loss).

U.S. Federal Income Tax

Globus is a foreign corporation with wholly owned subsidiaries that are foreign corporations, which derive income from the international operation of a ship or ships that may earn United States ("U.S.") source shipping income for U.S. federal income tax purposes.

Globus believes that under § 883 of the Internal Revenue Code, its income and the income of its ship-owning subsidiaries, to the extent derived from the international operation of a ship or ships, were exempt from U.S. federal income tax in 2022.

The following is a summary, discussing the application of the U.S. federal income tax laws to the Company relating to income derived from the international operation of a ship or ships. The discussion and its conclusion are based upon existing U.S. federal income tax law, including the Internal Revenue Code (the "Code") and final U.S. Treasury Regulations (the "Regs") as currently in effect, all of which are subject to change, possibly with retroactive effect.

In general, under § 883, certain non-U.S. corporations are not subject to U.S. federal income tax on their U.S. source income derived from the international operation of a ship or ships ("gross transportation income"). Absent § 883 or a tax treaty exemption, such income generally would be subject to a 4% gross basis tax, or in certain cases, to a net income tax plus a 30% branch profits tax.

For this purpose, U.S. source gross transportation income includes 50% of the shipping income that is attributable to transportation that begins or ends (but that does not both begin and end) in the United States.

Shipping income attributable to transportation exclusively between non-U.S. ports is generally not subject to any U.S. federal income tax. "Shipping income" generally means income that is derived from:

- (a) the use of vessels;
- (b) the hiring or leasing of vessels for use on a time, operating or bareboat charter basis;
- (c) the participation in a pool, partnership, strategic alliance, joint operating agreement or other joint venture it directly or indirectly owns or participates in that generates such income; or
- (d) the performance of services directly related to those uses.

The Regs provide that a foreign corporation will qualify for the benefits of § 883 if, in relevant part, the foreign country in which the foreign corporation is organized grants an equivalent exemption to corporations organized in the U.S. and the foreign corporation meets either the qualified shareholder test or the publicly traded test described below.

Qualified Shareholder Test

A foreign corporation having more than 50 percent of the value of its outstanding shares owned, directly or indirectly by application of specific attribution rules, for at least half of the number of days in the foreign corporation's taxable year by one or more qualified shareholders will meet the qualified shareholder test. In part, an individual who is a shareholder will be considered a qualified shareholder if he or she is a resident of a qualified foreign country (which means for this purpose that he or she is fully liable to tax in such country, and maintains a tax home in such country for 183 days or more in the taxable year, or certain other rules apply) and does not own his or her interest in the foreign corporation through bearer shares (except for bearer shares held in a dematerialized or immobilized book entry system), either directly or indirectly by application of the attribution rules. In addition, in order to meet the qualified shareholder test, a foreign corporation will need to obtain certifications from its qualified shareholders (including from intermediary entities) substantiating their stock ownership.

GLOBUS MARITIME LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(Amounts presented in thousands of U.S. Dollars - except for share, per share and warrants data, unless otherwise stated)

19. Income Tax (continued)*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-United States 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. Among others, § 883 provides, in relevant part, that the shares of a non-United States corporation will be considered to be “primarily traded” on an established securities market in a country if the number of shares of each class of shares 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.

Notwithstanding the foregoing, § 883 provides, in relevant part, that a class of shares will not be considered to be “regularly traded” on an established securities market for any taxable year in which 50% or more of the vote and value of the outstanding shares of such class are owned, actually or constructively under specified share attribution rules, on more than half the days during the taxable year by persons who each own 5% or more of the vote and value of such class of outstanding shares which is referred as the 5 Percent Override Rule.

In the event that the 5 Percent Override Rule is triggered, § 883 provides that such rule will not apply if the Company can establish that within the group of 5% shareholders, there are sufficient qualified shareholders within the meaning of § 883 to preclude non-qualified shareholders in such group from owning 50% or more of the total value of the Company’s common shares for more than half the number of days during the taxable year.

For the years ended December 31, 2022 and 2021, Globus and its wholly owned subsidiaries deriving income from the operation of international ships were organized in foreign countries that grant equivalent exemptions to corporations organized in the U.S. Globus’s common shares, representing more than 50% of the voting power and value in Globus, were primarily and regularly traded on the Nasdaq Capital Market, which is an established securities market. Although Globus’s ship-owning and operating subsidiaries were not publicly traded, they should have qualified for the qualified shareholder test by virtue of their ownership by Globus. Accordingly, all of Globus’ and its ship-owning or operating subsidiaries that relied on § 883 for exempting U.S. source income from the international operation of ships should not have been subject to U.S. federal income tax for the years ended December 31, 2022 and 2021. It was not clear whether Globus was able to rely on the § 883 exemption for the year ended December 31, 2020. Nevertheless, because Globus and its subsidiaries earned no U.S. source gross transportation income (because none of Globus’s vessels made a voyage to or from the United States in 2020) neither the U.S. 4% gross basis tax nor the net income tax should be owed for 2020.

Under the laws of the Republic of Malta, the country of incorporation of one of the Company’s vessel-owning company’s, this vessel-owning company is not liable for any income tax on its income derived from shipping operations. The Republic of Malta is a country that has an income tax treaty with the United States. Accordingly, income earned by vessel-owning companies organized under the laws of the Republic of Malta may qualify for a treaty-based exemption. Specifically, Article 8 (Shipping and Air Transport) of the treaty sets out the relevant rule to the effect that profits of an enterprise of a Contracting State from the operation of ships in international traffic shall be taxable only in that State.

20. Financial risk management objectives and policies

The Company’s financial liabilities are long-term borrowings, trade and other payables and the financial derivative instrument. The main purpose of these financial liabilities is to assist the Company in the financing of its operations and the acquisition of vessels. The Company has various financial assets such as trade accounts receivable, financial derivative instrument and cash and short-term deposits including restricted cash, which arise directly from its operations. The main risks arising from the Company’s financial instruments are cash flow interest rate risk, credit risk, liquidity risk and foreign currency risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company’s exposure to the risk of changes in market interest rates relates primarily to the Company’s long-term debt obligations with floating interest rates. As at December 31, 2022 and 2021, the Company had no long-term borrowings at a fixed interest rate.

Interest rate risk table

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, on the Company’s income/(loss).

GLOBUS MARITIME LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Amounts presented in thousands of U.S. Dollars - except for share, per share and warrants data, unless otherwise stated)

20. Financial risk management objectives and policies (continued)

	Increase/(Decrease) in basis points	Effect on income / (loss)
2022		
\$ Libor/SOFR	+15	(55)
	-20	73
2021		
\$ Libor	+15	(52)
	-20	69
2020		
\$ Libor	+15	(57)
	-20	75

Foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the Euro exchange rate, with all other variables held constant, to the Company's loss due to changes in the fair value of monetary assets and liabilities. The Company's exposure to foreign currency changes for all other currencies as at December 31, 2022 and 2021, was not material.

	Change in rate	Effect on income / (loss)
2022	+10%	(573)
	-10%	573
2021	+10%	(478)
	-10%	478
2020	+10%	(258)
	-10%	258

Credit risk

The Company operates only with recognized, creditworthy third parties including major charterers, commodity traders and government owned entities. Receivable balances are monitored on an ongoing basis with the result that the Company's exposure to impairment on trade accounts receivable is not significant. The maximum exposure is the carrying value of trade accounts receivable as indicated in the consolidated statement of financial position. With respect to the credit risk arising from other financial assets of the Company such as cash and cash equivalents, the Company's exposure to credit risk arises from default of the counter parties, which are recognized financial institutions. The Company performs annual evaluations of the relative credit standing of these counter parties. The exposure of these financial instruments is equal to their carrying amount as indicated in the consolidated statement of financial position.

Concentration of credit risk table:

The following table provides information with respect to charterers who individually, accounted for approximately more than 10% of the Company's revenue for the years ended December 31, 2022, 2021 and 2020:

	2022	%	2021	%	2020	%
A	6,606	11%	—	—	—	—
B	6,548	11%	—	—	—	—
C	—	—	7,726	18%	—	—
D	—	—	4,571	11%	—	—
Other	48,236	78%	30,914	71%	11,753	100%
Total	61,390	100%	43,211	100%	11,753	100%

Liquidity risk

The Company mitigates liquidity risk by managing cash generated by its operations, applying cash collection targets appropriately. The vessels are normally chartered under time-charter, bareboat and spot agreements where, as per the industry practice, the charterer pays for the transportation service 15 days in advance, supporting the management of cash generation. Vessel acquisitions are carefully controlled, with authorization limits operating up to board level and cash payback periods applied as part of the investment appraisal process. In this way, the Company maintains a good credit rating to

facilitate fund raising. In its funding strategy, the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans. Excess cash used in managing liquidity is only invested in financial instruments exposed to insignificant risk of changes in market value or are being placed on interest bearing deposits with maturities fixed usually for no more than 3 months. The Company monitors its risk relating to the shortage of funds by considering the maturity of its financial liabilities and its projected cash flows from operations.

GLOBUS MARITIME LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Amounts presented in thousands of U.S. Dollars - except for share, per share and warrants data, unless otherwise stated)

20. Financial risk management objectives and policies (continued)

The table below summarizes the maturity profile of the Company's financial liabilities (including interest) at December 31, 2022 and 2021 based on contractual undiscounted cash flows.

Year ended December 31, 2022	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
Long-term debt	2,495	7,266	43,816	—	53,577
Lease liabilities	80	241	188	—	509
Accrued liabilities and other payables	5,814	—	—	—	5,814
Trade accounts payables	3,548	—	—	—	3,548
Total	11,937	7,507	44,004	—	63,448

Year ended December 31, 2021	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
Long-term debt	1,566	4,614	29,325	—	35,505
Lease liabilities	92	275	585	—	952
Accrued liabilities and other payables	3,497	—	—	—	3,497
Trade accounts payables	1,100	—	—	—	1,100
Current portion of fair value of derivative financial instruments	23	69	—	—	92
Total	6,278	4,958	29,910	—	41,146

Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares as well as managing the outstanding level of debt. Lenders may impose capital structure or solvency ratios (refer to note 11). No changes were made in the objectives, policies or processes during the years ended December 31, 2022 and 2021.

21. Fair values
Carrying amounts and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy (as defined in note 2.27). It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value, such as cash and cash equivalents, restricted cash, trade receivables and trade payables.

GLOBUS MARITIME LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Amounts presented in thousands of U.S. Dollars - except for share, per share and warrants data, unless otherwise stated)

21. Fair values (continued)

	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
December 31, 2022					
	Financial assets				
Financial assets measured at fair value					
Non-current portion of fair value of derivative financial instruments	1,315	—	1,315	—	1,315
Current portion of fair value of derivative financial instruments	1,092	—	1,092	—	1,092
	2,407				
	Financial liabilities				
Financial liabilities not measured at fair value					
Long-term borrowings	44,375	—	45,549	—	45,549
	44,375				
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
December 31, 2021					
	Financial assets				
Financial assets measured at fair value					
Derivative financial instruments	417	—	417	—	417
	417				
	Financial liabilities				
Financial liabilities measured at fair value					
Derivative financial instruments	92	—	92	—	92
	92				
Financial liabilities not measured at fair value					
Long-term borrowings	31,750	—	32,155	—	32,155
	31,750				

GLOBUS MARITIME LIMITED**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

(Amounts presented in thousands of U.S. Dollars - except for share, per share and warrants data, unless otherwise stated)

21. Fair values (continued)**Measurement of fair values****Valuation techniques and significant unobservable inputs**

The following tables show the valuation techniques used in measuring Level 1, Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

<i>Type</i>	<i>Valuation Techniques</i>	<i>Significant unobservable inputs</i>
Derivative financial instruments:		
Interest Rate Swap	Discounted cash flow	Discount rate

Financial instruments not measured at fair value**Asset and liabilities not measured at fair value**

<i>Type</i>	<i>Valuation Techniques</i>	<i>Significant unobservable inputs</i>
Long-term borrowings	Discounted cash flow	Discount rate

Transfers between Level 1, 2 and 3

There were no transfers between these levels in 2021 and 2022.

22. Events after the reporting date

On March 6, 2023, the Company, through a wholly owned subsidiary, entered into an agreement to sell the 2007-built Sun Globe for a gross price of \$14.1 million (absolute amount), before commissions, to an unaffiliated third party, which sale is subject to standard closing conditions. The Company expects to recognize a gain of approximately \$4.5 million (absolute amount) as a result of the sale, which will be classified in the income statement component of the consolidated statement of comprehensive income/(loss).

In March 2023 the Company, through its subsidiary, Calypso Shipholding S.A., paid the 2nd instalment under the contract dated April 29, 2022, for the construction and purchase of one fuel efficient bulk carrier of about 64,000 dwt vessel, amounting to \$3.7 million (absolute amount).

[Table of Contents](#)

Description of Rights of Each Class of Securities Registered under Section 12 of the Exchange Act

As of December 31, 2022, Globus Maritime Limited (the “Company,” “Globus,” “we,” “us” or “our”) had the following securities registered pursuant to Section 12 of the Act:

Title of each class	Trading symbols	Name of each exchange on which registered
Shares of common stock, par value \$0.004 per share	GLBS	Nasdaq Capital Market

For which Capitalized terms used but not defined herein have the meanings given to them in our annual report on Form 20-F for the fiscal year ended December 31, 2022 (the “**Annual report**”).

The following is a description that includes, among other things, the material terms of our articles of incorporation and bylaws. The description does not purport to be complete and is subject to, and qualified in its entirety by reference to, all the provisions of the articles of incorporation and bylaws. Because the following is only a summary, it does not contain all information that you may find important.

AUTHORIZED CAPITAL

Globus Maritime Limited is authorized to issue (1) 500,000,000 common shares, par value \$0.004 per share, (2) 100,000,000 Class B common shares, par value \$0.001 per share, which we refer to as the Class B shares, and (3) 100,000,000 preferred shares, par value \$0.001 per share, which we refer to as the preferred shares. No Class B shares have yet been issued. Our articles of incorporation require us at all times to reserve and keep available, out of our authorized but unissued common shares, such number of common shares as would become issuable upon the conversion of all Class B shares then outstanding.

Two series of preferred shares have been designated.

There is no limitation on the right to own securities or the rights of non-resident shareholders to hold or exercise voting rights on our securities under Marshall Islands law or our articles of incorporation or bylaws.

All of our shares are in registered form. Our articles of incorporation do not permit the issuance of bearer shares. We do not hold any of our shares in treasury.

We have financed our operations through funds raised in public and private placements of common shares and through debt. We also issued shares to our officers and employees.

PURPOSE

Our objects and purposes, as provided in Section 1.3 of our articles of incorporation, are to engage in any lawful act or activity for which corporations may now or hereafter be organized under the BCA.

COMMON SHARES, CLASS B SHARES, AND SERIES B PREFERRED SHARES

Generally, Marshall Islands law provides that the holders of a class of stock of a Marshall Islands corporation are entitled to a separate class vote on any proposed amendment to the relevant articles of incorporation that would change the aggregate number of authorized shares or the par value of that class of shares or alter or change the powers, preferences or special rights of that class so as to affect the class adversely. Except as described below, holders of our common shares and Class B shares have equivalent economic rights. Holders of our common shares are entitled to one vote per share while holders of our Class B shares are entitled to 20 votes per share and the holder of our Series B preferred shares is entitled to 25,000 votes per share (subject to the limitation described in “Preferred Shares” below). Each holder of Class B shares (not including the Company and the Company’s subsidiaries) may convert, at its option, any or all of the Class B shares held by such holder into an equal number of common shares.

Except as otherwise provided by the BCA, holders of our common shares, Class B shares, and Series B preferred shares will vote together as a single class on all matters submitted to a vote of shareholders, including the election of directors.

The rights, preferences and privileges of holders of our shares are subject to the rights of the holders of our Series B preferred shares and any preferred shares which we may issue in the future.

Holders of our common shares do not have conversion, redemption or pre-emptive rights to subscribe to any of our securities.

Common shares that have been entered into the DTC book-entry system will be registered in the name of Cede & Co., as nominee for DTC and transfers of beneficial ownership of shares held through DTC will be effected by electronic transfer made by DTC participants.

Transfers of shares held outside of DTC or another direct registration system maintained by Computershare, our transfer agent, and not represented by certificates are effected by a stock transfer instrument.

Transfer of registered certificates is effected by presenting and surrendering the certificates to us or our transfer agent. A valid transfer requires the registered certificates to be properly endorsed for transfer as provided for in the certificates and accompanied by proper instruments of transfer.

Our articles of incorporation, bylaws and the BCA do not contain transfer restrictions on our common shares.

PREFERRED SHARES

Our articles of incorporation authorize our board of directors to establish and issue up to 100 million preferred shares and to determine, with respect to any series of preferred shares, the rights and preferences of that series, including:

- the designation of the series;
- the number of preferred shares in the series;
- the preferences and relative participating option or other special rights, if any, and any qualifications, limitations or restrictions of such series; and
- the voting rights, if any, of the holders of the series.

As of the date hereof no Series A Preferred Shares are outstanding. The holders of our Series A Preferred Shares are entitled to receive, if funds are legally available, dividends payable in cash in an amount per share to be determined by unanimous resolution of our Remuneration Committee, in its sole discretion. Our board of directors or Remuneration Committee determine whether funds are legally available under the BCA for such dividend. Any accrued but unpaid dividends do not bear interest. Except as may be provided in the BCA, holders of our Series A Preferred Shares do not have any voting rights. Upon our liquidation, dissolution or winding up, the holders of our Series A Preferred Shares are entitled to a preference in the amount of the declared and unpaid dividends, if any, as of the date of liquidation, dissolution or winding up. Our Series A Preferred Shares are not convertible into any of our other capital stock. The Series A Preferred Shares are redeemable at the written request of the Remuneration Committee at par value plus all declared and unpaid dividends as of the date of redemption plus any additional consideration determined by a unanimous resolution of the Remuneration Committee.

In June 2020, we issued 50 newly designated Series B Preferred Shares, par value \$0.001 per share, to Goldenmare Limited, a company controlled by our Chief Executive Officer, Athanasios Feidakis. We issued an additional 250 Series B preferred shares to Goldenmare Limited in July 2020 and an additional 10,000 Series B preferred shares to Goldenmare Limited in March 2021.

The Series B preferred shares currently have the following characteristics:

Voting. To the fullest extent permitted by law, each Series B preferred share entitles the holder hereof to 25,000 votes per share on all matters submitted to a vote of the shareholders of the Company, *provided however*, that no holder of Series B preferred shares may exercise voting rights pursuant to Series B preferred shares that would result in the aggregate voting power of any beneficial owner of such shares and its affiliates (whether pursuant to ownership of Series B preferred shares, common shares or otherwise) to exceed 49.99% of the total number of votes eligible to be cast on any matter submitted to a vote of shareholders of the Company. To the fullest extent permitted by law, the holders of Series B preferred shares shall have no special voting or consent rights and shall vote together as one class with the holders of the common shares on all matters put before the shareholders.

Conversion. The Series B preferred shares are not convertible into common shares or any other security.

Redemption. The Series B preferred shares are not redeemable.

Dividends. The Series B preferred shares have no dividend rights.

Liquidation Preference. Upon any liquidation, dissolution or winding up of the Company, the Series B preferred shares are entitled to receive a payment with priority over the common shareholders equal to the par value of \$0.001 per share. The Series B preferred shareholder has no other rights to distributions upon any liquidation, dissolution or winding up of the Company.

Transferability. All issued and outstanding Series B preferred shares must be held of record by one holder, and the Series B preferred shares shall not be transferred without the prior approval of our Board of Directors.

Proportional Adjustment. In the event the Company (i) declares any dividend on its common shares, payable in common shares, (ii) subdivides the outstanding common shares or (iii) combines the outstanding common shares into a smaller number of shares, there shall be a proportional adjustment to the number of outstanding Series B preferred shares.

LIQUIDATION

In the event of our dissolution, liquidation or winding up, whether voluntary or involuntary, after payment in full of the amounts, if any, required to be paid to our creditors, the payment of the par value of \$0.001 per share to the holder of our Series B Preferred Shares, and the holders of preferred shares, our remaining assets and funds shall be distributed pro rata to the holders of our common shares and Class B shares, and the holders of common shares and the holders of Class B shares shall be entitled to receive the same amount per share in respect thereof. Other than its receipt of the par value of \$0.001 per Series B preferred share, the holder of our Series B Preferred Shares does not participate in distributions upon liquidation.

DIVIDENDS

Declaration and payment of any dividend is subject to the discretion of our board of directors. The timing and amount of dividend payments to holders of our shares will depend on a series of factors and risks described under "Risk Factors" in our annual report on Form 20-F and in prospectuses we may file from time to time, and includes risks relating to earnings, financial condition, cash requirements and availability, restrictions in our current and future loan arrangements, the provisions of the Marshall Islands law affecting the payment of dividends and other factors. The BCA generally prohibits the payment of dividends other than from surplus or while we are insolvent or if we would be rendered insolvent upon paying the dividend.

Subject to preferences that may apply to any shares of preferred stock outstanding at the time, the holders of our common shares and Class B shares will be entitled to share equally (pro rata based on the number of shares held) in any dividends that our board of directors may declare from time to time out of funds legally available for dividends. Series B preferred shares do not participate in dividends.

CONVERSION

Our common shares are not convertible into any other shares of our capital stock. Each of our Class B shares is convertible at any time at the election of the holder thereof into one of our common shares. We may reissue or resell any Class B shares that shall have been converted into common shares. Neither the Common Shares nor the Class B Shares may be reclassified, subdivided or combined unless such reclassification, subdivision or combination occurs simultaneously and in the same proportion for each such class of Common Stock.

DIRECTORS

Our directors are elected by the vote of the plurality of the votes cast by shareholders entitled to vote in the election. Our articles of incorporation provide that our board of directors must consist of at least three members. Shareholders may change the number of directors only by the affirmative vote of holders of a majority of the total voting power of our outstanding capital stock (subject to the rights of any holders of preferred shares). The board of directors may change the number of directors by a majority vote of the entire board of directors.

No contract or transaction between us and one or more of our directors or officers will be void or voidable solely for the following reason, or solely because the director or officer is present at or participates in the meeting of our board of directors or committee thereof which authorizes the contract or transaction, or solely because his or her or their votes are counted for such purpose, if (1) the material facts as to such director's interest in such contract or transaction and as to any such common directorship, officership or financial interest are disclosed in good faith or known to the board of directors or committee, and the board of directors or committee approves such contract or transaction by a vote sufficient for such purpose without counting the vote of such interested director, or, if the votes of the disinterested directors are insufficient to constitute an act of the board, by unanimous vote of the disinterested directors; or (2) the material facts as to such director's interest in such contract or transaction and as to any such common directorship, officership or financial interest are disclosed in good faith or known to the shareholders entitled to vote thereon, and such contract or transaction is approved by vote of such shareholders.

Our board of directors has the authority to fix the compensation of directors for their services.

CLASSIFIED BOARD OF DIRECTORS

Our articles of incorporation provide for a board of directors serving staggered, three-year terms. Approximately one-third of our board of directors are elected each year.

REMOVAL OF DIRECTORS; VACANCIES; ADVANCE NOTICE OF NOMINATIONS

Our articles of incorporation provide that directors may be removed with or without cause upon the affirmative vote of holders of a majority of the total voting power of our outstanding capital stock cast at a meeting of the shareholders. Our articles of incorporation also permit the removal of directors for cause upon the affirmative vote of 66-2/3% of the members of the board of directors then in office. Our bylaws require parties to provide advance written notice of nominations for the election of directors other than the board of directors and shareholders holding 30% or more of the voting power of the aggregate number of our shares issued and outstanding and entitled to vote.

NO CUMULATIVE VOTING

Our articles of incorporation prohibit cumulative voting.

SHAREHOLDER MEETINGS

Under our bylaws, annual shareholder meetings will be held at a time and place selected by our board of directors. The meetings may be held in or outside of the Marshall Islands. Special meetings may be called by the chairman of our board of directors, by resolution of our board of directors or by holders of 30% or more of the voting power of the aggregate number of our shares issued and outstanding and entitled to vote at such meeting. Our board of directors may set a record date between 15 and 60 days before the date of any meeting to determine the shareholders that will be eligible to receive notice and vote at the meeting.

DISSENTERS' RIGHTS OF APPRAISAL AND PAYMENT

Under the BCA, our shareholders may have the right to dissent from various corporate actions, including certain amendments to our articles of incorporation and certain mergers or consolidations or the sale or exchange of all or substantially all of our assets not made in the usual and regular course of our business, and receive payment of the fair value of their shares, subject to exceptions. The right of a dissenting shareholder to receive payment of the fair value of his shares is not available for the shares of any class or series of stock, which shares at the record date fixed to determine the shareholders entitled to receive notice of and vote at the meeting of shareholders to act upon the agreement of merger or consolidation or any sale or exchange of all or substantially all of the property and assets of the corporation not made in the usual course of its business, were either (1) listed on a securities exchange or admitted for trading on an interdealer quotation system or (2) held of record by more than 2,000 holders. In the event of any further amendment of our articles of incorporation, a shareholder also has the right to dissent and receive payment for his or her shares if the amendment alters certain rights in respect of those shares. The dissenting shareholder must follow the procedures set forth in the BCA to receive payment. In the event that we and any dissenting shareholder fail to agree on a price for the shares, the BCA procedures involve, among other things, the institution of proceedings in the high court of the Republic of the Marshall Islands or in any appropriate court in any jurisdiction in which our shares are primarily traded on a local or national securities exchange to fix the value of the shares.

SHAREHOLDERS' DERIVATIVE ACTIONS

Under the BCA, any of our shareholders may bring an action in our name to procure a judgment in our favor, also known as a derivative action, provided that the shareholder bringing the action is a holder of common shares or a beneficial interest therein both at the time the derivative action is commenced and at the time of the transaction to which the action relates or that the shares devolved upon the shareholder by operation of law, among other requirements set forth in the BCA.

AMENDMENT OF OUR ARTICLES OF INCORPORATION

Except as otherwise provided by law, any provision in our articles of incorporation requiring a vote of shareholders may only be amended by such a vote. Further, certain sections may only be amended by affirmative vote of the holders of at least a majority of the voting power of the voting shares.

ANTI-TAKEOVER EFFECTS OF CERTAIN PROVISIONS OF OUR ARTICLES OF INCORPORATION AND BYLAWS

Several provisions of our articles of incorporation and bylaws, which are summarized below, may have anti-takeover effects. These provisions are intended to avoid costly takeover battles, lessen our vulnerability to a hostile change of control and enhance the ability of our board of directors to maximize shareholder value in connection with any unsolicited offer to acquire our company. However, these anti-takeover provisions could also discourage, delay or prevent the merger or acquisition of our company by means of a tender offer, a proxy contest or otherwise that a shareholder may consider in its best interest and the removal of incumbent officers and directors, which could affect the desirability of our shares and, consequently, our share price.

Multi Class Stock. Our multi-class stock structure, which consists of common shares, Class B common shares, and preferred shares, can provide holders of our Class B common shares or preferred shares a significant degree of control over all matters requiring shareholder approval, including the election of directors and significant corporate transactions, such as a merger or other sale of our company or its assets, because our different classes of shares can have different numbers of votes.

For instance, while our common shares have one vote on matters before the shareholders, each of our 10,300 outstanding Series B preferred shares has 25,000 votes on matters before the shareholders; *provided however*, that no holder of Series B preferred shares may exercise voting rights pursuant to any Series B preferred shares that would result in the total number of votes a holder is entitled to vote on any matter submitted to a vote of shareholders of the Company to exceed 49.99% of the total number of votes eligible to be cast on such matter. No Class B common shares are presently outstanding, but if and when we issue any, each Class B common share will have 20 votes on matters before the shareholders.

At present, and until a substantial number of additional securities are issued, our holder of Series B preferred shares exerts substantial control of the Company's votes and is able to exert substantial control over our management and all matters requiring shareholder approval, including electing directors and significant corporate transactions, such as a merger. Such holder's interest could differ from yours.

Blank Check Preferred Shares. Under the terms of our articles of incorporation, our board of directors has authority, without any further vote or action by our shareholders, to issue up to 100 million "blank check" preferred shares, almost all of which currently remain available for issuance. Our board could authorize the issuance of preferred shares with voting or conversion rights that could dilute the voting power or rights of the holders of common shares, in addition to preferred shares that are already outstanding. The issuance of preferred shares, while providing flexibility in connection with possible acquisitions and other corporate purposes, could, among other things, have the effect of delaying, deferring or preventing a change in control of us or the removal of our management and may harm the market price of our common shares.

Classified Board of Directors. Our articles of incorporation provide for the division of our board of directors into three classes of directors, with each class as nearly equal in number as possible, serving staggered, three-year terms beginning upon the expiration of the initial term for each class. Approximately one-third of our board of directors is elected each year. This classified board 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 our board of directors from removing a majority of our board of directors for up to two years.

Election of Directors. Our articles of incorporation do not provide for cumulative voting in the election of directors. Our bylaws require parties, other than the chairman of the board of directors, board of directors and shareholders holding 30% or more of the voting power of the aggregate number of our shares issued and outstanding and entitled to vote, to provide advance written notice of nominations for the election of directors. These provisions may discourage, delay or prevent the removal of incumbent officers and directors.

Advance Notice Requirements for Shareholder Proposals and Director Nominations. Our bylaws provide that shareholders, other than shareholders holding 30% or more of the voting power of the aggregate number of our shares issued and outstanding and entitled to vote, 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 150 days or more than 180 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 a shareholder's ability to bring matters before an annual meeting of shareholders or make nominations for directors at an annual meeting of shareholders.

Calling of Special Meetings of Shareholders. Our bylaws provide that special meetings of our shareholders may be called only by the chairman of our board of directors, by resolution of our board of directors or by holders of 30% or more of the voting power of the aggregate number of our shares issued and outstanding and entitled to vote at such meeting.

Action by Written Consent in Lieu of a Meeting. Our articles permit any action which may or is required by the BCA to be taken at a meeting of the shareholders to be authorized by consents in writing signed 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. Presently and until and unless we issue a significant number of securities, Goldenmare Limited, a company affiliated with our Chief Executive Officer, holds Series B Preferred Shares controlling 49.99% of the voting power of our outstanding capital stock. Goldenmare could, together with shareholders possessing a relatively small number of shares, act by written consent in lieu of a meeting and authorize major transactions on behalf of the Company, all without calling a meeting of shareholders.

Business Combinations

Although the BCA does not contain specific provisions regarding “business combinations” between corporations incorporated under or redomiciled pursuant to the laws of the Marshall Islands and “interested shareholders,” our articles of incorporation prohibit us from engaging in a business combination with an interested shareholder for a period of three years following the date of the transaction in which the person became an interested shareholder, unless, in addition to any other approval that may be required by applicable law:

- prior to the date of the transaction that resulted in the shareholder becoming an interested shareholder, our 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 85.0% of our voting shares outstanding at the time the transaction commenced, excluding for purposes of determining the number of shares outstanding those shares owned by (1) persons who are directors and officers and (2) employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or
- at or after the date of the transaction that resulted in the shareholder becoming an interested shareholder, the business combination is approved by our board of directors and authorized at an annual or special meeting of shareholders, and not by written consent, by the affirmative vote of at least 66-2/3% of the voting power of the voting shares that are not owned by the interested shareholder.

Among other transactions, a “business combination” includes any merger or consolidation of us or any directly or indirectly majority-owned subsidiary of ours with (1) the interested shareholder or any of its affiliates or (2) with any corporation, partnership, unincorporated association or other entity if the merger or consolidation is caused by the interested shareholder. Generally, an “interested shareholder” is any person or entity (other than us and any direct or indirect majority-owned subsidiary of ours) that:

- owns 15.0% or more of our outstanding voting shares;
- is an affiliate or associate of ours and was the owner of 15.0% or more of our outstanding voting shares at any time within the three-year period immediately prior to the date on which it is sought to be determined whether such person is an interested shareholder; or
- is an affiliate or associate of any person listed in the first two bullets, except that any person who owns 15.0% or more of our outstanding voting shares, as a result of action taken solely by us will not be an interested shareholder unless such person acquires additional voting shares, except as a result of further action by us and not caused, directly or indirectly, by such person.

Additionally, the restrictions regarding business combinations do not apply to persons that became interested shareholders prior to the effectiveness of our articles of incorporation.

LIMITATIONS ON LIABILITY AND INDEMNIFICATION OF DIRECTORS AND OFFICERS

The BCA authorizes corporations to limit or eliminate the personal liability of directors to corporations and their shareholders for monetary damages for breaches of certain directors' fiduciary duties. Our articles of incorporation include a provision that eliminates the personal liability of directors for monetary damages for breach of fiduciary duty as a director to the fullest extent permitted by law (i.e., other than breach of duty of loyalty, acts not taken in good faith or which involve intentional misconduct or a knowing violation of law or transactions for which the director derived an improper personal benefit) and provides that we must indemnify our directors and officers to the fullest extent authorized by law. We are also expressly authorized to advance certain expenses to our directors and officers and expect to carry directors' and officers' insurance providing indemnification for our directors and officers for some liabilities. We believe that these indemnification provisions and the directors' and officers' insurance are useful to attract and retain qualified directors and executive officers.

The limitation of liability and indemnification provisions in our articles of incorporation may discourage shareholders from bringing a lawsuit against our directors for breach of their fiduciary duty. These provisions may also have the effect of reducing the likelihood of derivative litigation against directors and officers, even though such an action, if successful, may otherwise benefit us and our shareholders. In addition, an investor in our common shares may be adversely affected to the extent we pay the costs of settlement and damage awards against directors and officers pursuant to these indemnification provisions.

There is no pending material litigation or proceeding involving any of our directors, officers or employees for which indemnification is sought.

TRANSFER AGENT AND REGISTRAR

Computershare, Inc. is the transfer agent and registrar for our common shares.

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, for non-resident entities like us, 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, court cases interpreting the BCA in the Republic of the Marshall Islands and we cannot predict whether Marshall Islands courts would reach the same conclusions as courts in the United States. Thus, you may have more difficulty in protecting your interests in the face of actions by the management, directors or controlling shareholders than would shareholders of a corporation incorporated in a United States 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 Delaware General Corporation Law 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.

Marshall Islands	Delaware
May be held within or without the Marshall Islands.	May be held within or without Delaware.
<p>Notice:</p> <p>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.</p> <p>A copy of the notice of any meeting shall be given personally or sent by mail or electronically not less than 15 nor more than 60 days before the meeting. If sent by electronic transmission, notice given shall be deemed given when directed to a number or electronic mail address at which the shareholder has consented to receive notice.</p>	<p>Notice:</p> <p>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.</p> <p>Written notice shall be given not less than 10 nor more than 60 days before the meeting.</p>
Shareholders' Voting Rights	
Unless otherwise provided in the articles of incorporation, any action required by the BCA to be taken at a meeting of shareholders may be taken without a meeting if a consent or consents in writing, setting forth the action so taken, shall be 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 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 shareholder authorized to vote may authorize another person 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 the 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	

Marshall Islands	Delaware
Any two or more domestic corporations may merge into a single corporation if approved by the boards of the participating corporations and if authorized by a majority vote of the holders of outstanding shares at a shareholder meeting of each constituent corporation.	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.

Marshall Islands	Delaware
Removal:	Removal:
Any or all of the directors may be removed for cause by vote of the shareholders. The articles of incorporation or the specific provisions of a bylaw may provide for such removal by action of the board, except in the case of any director elected by cumulative voting, or by the holders of the shares of any class or series when so entitled by the provisions of the articles of incorporation.	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 or exchange of all or substantially all assets not made in the usual and regular 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 fair value of his shares is not 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 vote at the meeting of shareholders to act upon the agreement of merger or consolidation or any sale or exchange of all or substantially all of the property and assets of the corporation not made in the usual course of its business, were either (i) listed on a securities exchange or admitted for trading on an interdealer quotation system or (ii) held of record by more than 2,000 holders. The right of a dissenting shareholder to receive payment of the fair value of his or her shares shall not be available for any shares of stock of the constituent corporation surviving a merger if the merger did not require for its approval the vote of the shareholders of the surviving corporation.	Appraisal rights shall be available for the shares of any class or series of stock of a corporation in a merger or consolidation, subject to limited exceptions, such as a merger or consolidation of corporations listed on a national securities exchange in which listed stock is offered for consideration is (i) listed on a national securities exchange or (ii) held of record by more than 2,000 holders.
A holder of any adversely affected shares who does not vote on or consent in writing to an amendment to the articles of incorporation has the right to dissent and to receive payment for such shares if the amendment:	
<ul style="list-style-type: none"> • Alters or abolishes any preferential right of any outstanding shares having preferences; or 	
<ul style="list-style-type: none"> • Creates, alters, or abolishes any provision or right in respect to the redemption of any outstanding shares; or 	

Marshall Islands	Delaware
<ul style="list-style-type: none"> Alters or abolishes any preemptive right of such holder to acquire shares or other securities; or 	
<ul style="list-style-type: none"> 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. 	
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.	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).
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 stock and the shares have a value of \$50,000 or less.	

[UNOFFICIAL TRANSLATION]

PRIVATE SUBLEASE AGREEMENT

This private sublease agreement dated June 22, 2022 is made between F.G. EUROPE A.E., a Company specializing in the white/brown electric goods with registered offices at 128 Vouliagmenis Ave/ in Glyfada, Attica under the registered number (GEMI 125776001000 and AFM/Tax ID [●] Tax Office F.A.E Piraeus which is legally represented by Athanasios Feidakis the son of Constantine and hereinafter called the “Sublessor”

and GLOBUS SHIPMANAGEMENT CORP., maintaining an office in Greece at 128 Vouliagmenis Ave, Glyfada 16674 Athens (*the “Company”*), and which is legally represented by Evangelos Mylonas the son of Ioannis, and which is hereinafter called the “Sublessee”

Therefore, it was agreed and accepted the following:

It is hereby agreed that the first of the agreeing parties, the “Sublessor agreeing to this Sublease Agreement to the second consenting party “the Sublessee” a part of the 2nd & 3rd floor of the building as it’s described by the designing Architect Mr. Mylonas (September 1997) accompanied by the common areas in total of 902 sqm., subsequent to the following modifications under the number N.4495/2017 by the Architect Ms. Sophia Ilia, with the following terms and conditions:

The building is under the exclusive ownership of “National Leasing Monoprosopi AEXM” and constitutes this leasing which isn’t legally protected.

1. The term of this sublease is agreed by all parties to be three years commencing on June 22, 2022 and continuing until August 4, 2024. At the end of the term the Sublessee is obliged under no further notice to leave the leased property and return the keys to the “Sublessor”.
 2. During the term of June 22, 2022 and until August 4, 2024, the monthly rent is set at the sum of Twenty Six Thousand Euro (26,000).
 3. It is hereby agreed by all parties that the monthly rent will be adjusted accordingly by a special written agreement between the “Sublessor” and the “Sublessee” and b) if for any reason there is a dissolution of the above terms then the entire Agreement becomes dissolved and voided. The monthly rent shall be paid within the first three days of each calendar month.
 4. Use of premises: Sublessee shall use the premises leased according to Company’s stated business purposes in its Constitutional declaration only and for no other purpose without Sublessor’s prior written consent.
 5. It is forbidden any further subletting by the “Sublessee” to another party regardless of any monetary or nonmonetary value without the written consent of the “Sublessor”.
 6. By signing subject sublease the Sublessee’s legal representative has inspected the property and found it to be satisfactory.
 7. During the duration of the sublease the Sublessee is not entitled to make any alterations in any shape or form without the written consent of the Sublessor.
 8. The Sublessor doesn’t have any responsibility or duty during the duration of the sublease to maintain and or repair the premises for any reason other than those damages occurring beyond the Sublessee’s control. The Sublessee is responsible for the safety, cleanliness and maintenance of the premises in its possession and is responsible for any damage other than the one due to ordinary usage.
-

9. Premises have been provided with a) proper electrical installation and b) proper plumbing installation. The Sublessee is responsible for payment of its own electric and water consumption as they each appear with the analogue sums in the relative invoices drawn by each Authorized entity. Furthermore, the Sublessee is responsible for the Stamp Duty of 3.6% on top of the rental monthly payment and in addition to the stamp duty of cleaning dues and sewer generated expenses plus any relative VAT and Stamp Duty tax generated by the Municipality of the vicinity and incorporated in the invoices generated by the Electricity Dept (DEY) and sewer Dept.
10. Should the Sublessee fail to make payments on a timely fashion then the Sublessor has the right to accelerate eviction proceedings in line with the applicable laws.

Subject Sublease Agreement has been produced in two copies, and has been executed as stated below, each relative party has received a fully executed copy.

The Agreeing parties (counterparts)

For F.G. Europe A.E.

/s/ [●]

[Company seal]

For Globus Shipmanagement Corp.

/s/ Evangelos Mylonas

[Company seal]

128 Vouliagmenis Ave

Glyfada 16674/AFM/Tax ID [●]

Tax office: Piraeus tel 210 9696500

Dated 5 August 2022

**DEVOCEAN MARITIME LTD.
DOMINA MARITIME LTD.
DULAC MARITIME S.A.
ARTFUL SHIPHOLDING S.A.
LONGEVITY MARITIME LIMITED
SERENA MARITIME LIMITED**
as original Borrowers
and original Hedge Guarantors

and

SALAMINIA MARITIME LIMITED
as additional Borrower
and additional Hedge Guarantor

and

GLOBUS MARITIME LIMITED
as Parent Guarantor

FIRST-CITIZENS BANK & TRUST COMPANY
as Facility Agent

and

FIRST-CITIZENS BANK & TRUST COMPANY
as Security Agent

DEED OF ACCESSION, AMENDMENT AND RESTATEMENT
relating to a facility agreement dated 7 May 2021

**WATSON FARLEY
&
WILLIAMS**

Index

Clause	Page
1 Interpretation	3
2 Agreement of the Finance parties	5
3 Conditions Precedent	5
4 Representations and Warranties	6
5 Amendment and Restatement of Facility Agreement	6
6 Accession and Assumption	8
7 Security	9
8 Further Assurances	9
9 Costs and Expenses	9
10 Communications	9
11 Supplemental	9
12 Law and Jurisdiction	10
Schedules	
Schedule 1 Conditions Precedent	11
Schedule 2 Effective Date Notice	13
Execution	
Execution Pages	11
Appendices	
Appendix Form of Amended and Restated facility Agreement	

THIS DEED is made on 5 August 2022

BETWEEN

- (1) **DEVOCEAN MARITIME LTD.**, a corporation incorporated in the Republic of the Marshall Islands whose registered address is at Trust Company Complex, Ajeltake Road, Ajeltake Island, MH96960, Majuro, Marshall Islands as original borrower (the "**Original Borrower A**") and original hedge guarantor (the "**Original Hedge Guarantor A**")
 - (2) **DOMINA MARITIME LTD.**, a corporation incorporated in the Republic of the Marshall Islands whose registered address is at Trust Company Complex, Ajeltake Road, Ajeltake Island, MH96960, Majuro, Marshall Islands as original borrower (the "**Original Borrower B**") and original hedge guarantor (the "**Original Hedge Guarantor B**")
 - (3) **DULAC MARITIME S.A.**, a corporation incorporated in the Republic of the Marshall Islands whose registered address is at Trust Company Complex, Ajeltake Road, Ajeltake Island, MH96960, Majuro, Marshall Islands as original borrower (the "**Original Borrower C**") and original hedge guarantor (the "**Original Hedge Guarantor C**")
 - (4) **ARTFUL SHIPHOLDING S.A.**, a corporation incorporated in the Republic of the Marshall Islands whose registered address is at Trust Company Complex, Ajeltake Road, Ajeltake Island, MH96960, Majuro, Marshall Islands as original borrower (the "**Original Borrower D**") and original hedge guarantor (the "**Original Hedge Guarantor D**")
 - (5) **LONGEVITY MARITIME LIMITED**, a company incorporated in Malta, with registration number C-53023 having its registered office at 18/2 South Street, Valleta VLT 1102, Malta, as original borrower (the "**Original Borrower E**") and original hedge guarantor (the "**Original Hedge Guarantor E**")
 - (6) **SERENA MARITIME LIMITED**, a corporation incorporated in the Republic of the Marshall Islands whose registered address is at Trust Company Complex, Ajeltake Road, Ajeltake Island, MH96960, Majuro, Marshall Islands as original borrower (the "**Original Borrower F**") and together with the Original Borrower A, Original Borrower B, Original Borrower C, Original Borrower D and Original Borrower E, the "**Original Borrowers**") and original hedge guarantor (the "**Original Hedge Guarantor F**") and together with the Original Hedge Guarantor A, Original Hedge Guarantor B, Original Hedge Guarantor C, Original Hedge Guarantor D and Original Hedge Guarantor E, the "**Original Hedge Guarantors**")
 - (7) **SALAMINIA MARITIME LIMITED**, a corporation incorporated in the Republic of the Marshall Islands whose registered address is at Trust Company Complex, Ajeltake Road, Ajeltake Island, MH96960, Majuro, Marshall Islands as additional borrower (the "**Additional Borrower**") and together with the Original Borrowers, the "**Borrowers**") and additional hedge guarantor (the "**Additional Hedge Guarantor**") and together with the Original Hedge Guarantors, the "**Hedge Guarantors**")
 - (8) **GLOBUS MARITIME LIMITED**, a corporation duly domesticated in the Republic of the Marshall Islands whose registered address is at Trust Company Complex, Ajeltake Road, Ajeltake Island, MH96960, Majuro, Marshall Islands and whose common shares are currently listed on the "Nasdaq Capital Market" under the trading symbol "GLBS" as guarantor (the "**Parent Guarantor**")
 - (9) **THE FINANCIAL INSTITUTIONS** listed in Part B of Schedule 1 of the Facility Agreement (*The Parties*) as lenders (the "**Original Lenders**")
-

- (10) **THE FINANCIAL INSTITUTIONS** listed in Part B of Schedule 1 of the Facility Agreement (*The Parties*) as hedge counterparties (the "**Hedge Counterparties**")
- (11) **First-Citizens Bank & Trust Company**, as agent of the other Finance Parties (the "**Facility Agent**")
- (12) **First-Citizens Bank & Trust Company**, as security agent for the Secured Parties (the "**Security Agent**")

BACKGROUND

- (A) By a facility agreement dated 7 May 2021 (the "**Facility Agreement**") and made between (i) the Original Borrowers as joint and several borrowers and hedge guarantors, (ii) the Parent Guarantor, (iii) the Original Lenders, (iv) the Facility Agent and (v) the Security Agent, the Original Lenders have made available to the Original Borrowers, on a joint and several basis, a senior secured term loan facility of (originally) up to \$34,250,000, of which the principal amount outstanding on the date of this Deed is equal to \$29,250,000.
- (B) The Original Borrowers, the Original Hedge Guarantors and the Parent Guarantor have requested (the "**Request**") that the Finance Parties consent to, inter alia, the following:
 - (i) the Additional Borrower acceding to the Facility Agreement and assuming jointly and severally with the Original Borrowers, the Original Borrowers' obligations thereunder (the "**Accession and Assumption**");
 - (ii) the increase of the Facility to be made available to the Borrowers in one additional tranche (the "**Additional Tranche**") in an amount of up to the lesser of (i) \$18,000,000 and (ii) 62.5 per cent. of the Initial Market Value of the bulk carrier vessel (having IMO No. 9634854) named m.v. "ORION GLOBE" (the "**Additional Ship**") and registered in the ownership of the Additional Borrower, for the purpose of financing the Additional Ship;
 - (iii) the Additional Hedge Guarantor irrevocably and unconditionally jointly and severally guaranteeing to the Hedge Counterparties the obligations of the Original Hedge Guarantors; and
 - (iv) the Original Hedge Guarantors irrevocably and unconditionally jointly and severally guaranteeing to the Hedge Counterparties the obligations of the Additional Borrower under the Hedging Agreement to which it is to be a party.
- (C) This Deed sets out the terms and conditions on which the Finance Parties shall agree, with effect on and from the Effective Date, to:
 - (i) the Request; and
 - (ii) the consequential amendments to the Facility Agreement and the other Finance Documents (the "**Consequential Amendments**").

IT IS AGREED as follows:

1 INTERPRETATION

1.1 Defined expressions

Words and expressions defined in the Facility Agreement and the recitals hereto and not otherwise defined herein shall have the same meanings when used in this Deed unless the context otherwise requires.

1.2 Definitions

In this Deed, unless the contrary intention appears:

"Account Security Confirmation" means the security confirmation agreement dated on or about the Effective Date relating to Account Security governed by Swiss law.

"Amended and Restated Facility Agreement" means the Facility Agreement, as amended and restated by this Deed, in the form set out in the Appendix.

"Effective Date" means the date (falling no later than 31 May 2022 or such later date as the Facility Agent may specify) on which the Facility Agent is satisfied that all the conditions precedent in Clause 3 (*Conditions Precedent*) have been satisfied.

"Effective Date Notice" means the notice to be issued by the Facility Agent, substantially in the form set out in Schedule 2 (*Effective Date Notice*).

"Facility Agreement" means the Facility Agreement referred to in Recital (A).

"Mortgage Addendum" means, in relation to an Original Ship, an amendment or addendum to (as the case may be) the Mortgage over that Original Ship in agreed form.

"New Disclosure Letter" means the letter identifying the Disclosed Persons to be executed by the Additional Borrower and the Parent Guarantor and acknowledged by the Security Agent.

"New Finance Documents" means:

- (a) this Agreement;
- (b) the Amended and Restated Facility Agreement;
- (c) any Mortgage Addendum;
- (d) any Account Security Confirmation;
- (e) the New Disclosure Letter; and
- (f) the Supplemental Security Documents,

and in the singular means any of them.

"Obligor" means each of the Borrowers and the Parent Guarantor.

"Original Ships" means each of:

- (a) m.v. "RIVER GLOBE" (having IMO No. 9464168) registered in the ownership of Original Borrower A under the Marshall Islands flag;
- (b) m.v. "SKY GLOBE" (having IMO No. 9463748) registered in the ownership of Original Borrower B under the Marshall Islands flag;
- (c) m.v. "STAR GLOBE" (having IMO No. 9463750) registered in the ownership of Original Borrower C under the Marshall Islands flag;
- (d) m.v. "MOON GLOBE" (having IMO No. 9294111) registered in the ownership of Original Borrower D under the Marshall Islands flag;
- (e) m.v. "SUN GLOBE" (having IMO No. 9340506) registered in the ownership of Original Borrower E under the Maltese flag; and
- (f) m.v. "GALAXY GLOBE" (having IMO No. 9723629) registered in the ownership of Original Borrower F under the Marshall Islands flag.

"Ship" means each Original Ship and the Additional Ship.

"Supplemental Deed of Covenant" means, in relation to m.v. "SUN GLOBE", the deed of covenant, being supplemental to the Deed of Covenant collateral to the Mortgage over this Ship and creating Security over such Ship in agreed form.

"Supplemental General Assignment" means, in relation to an Original Ship, the general assignment, being supplemental to the General Assignment relating to that Original Ship, creating Security over:

- (a) that Original Ship's Earnings, its Insurances and any Requisition Compensation in relation to that Original Ship; and
- (b) any Charter and any Charter Guarantee (as each such word is therein defined) in relation to that Original Ship,

in agreed form.

"Supplemental Hedging Agreement Security" means, the supplemental hedging agreement security to the Hedging Agreement Security in respect of each Original Borrower, in agreed form.

"Supplemental Security Documents" means, together, the Supplemental General Assignments, the Supplemental Hedging Agreement Security, the Supplemental Deed of Covenant and the Supplemental Shares Securities and, in the singular, means any of them.

"Supplemental Shares Security" means, in relation to an Original Borrower, a shares security, being supplemental to the Shares Security relating to that Original Borrower, creating Security over the shares in that Borrower in agreed form.

1.3 Application of construction and interpretation provisions of Facility Agreement

Clauses 1.2 (*construction*) to 1.5 (*third party rights*) (inclusive) of the Facility Agreement apply, with any necessary modifications, to this Deed.

1.4 Designation as a Finance Document

The Borrowers and the Finance Parties designate this Deed as a Finance Document.

2 AGREEMENT OF THE FINANCE PARTIES

- (a) The Finance Parties agree subject to and upon the terms and conditions set out in Clause 3 of this Deed, to:
 - (i) the Request;
 - (ii) the Consequential Amendments.
- (b) The agreement of the parties to this Deed contained in this Clause 2 (*Agreement of the Finance Parties*) shall have effect on and from the Effective Date.

3 CONDITIONS PRECEDENT

3.1 General

The agreement of the Finance Parties contained in Clause 2 (*Agreement of the Finance Parties*) is subject to:

- (a) no Default continuing on the date of this Deed and on the Effective Date or resulting from the occurrence of the Effective Date;
- (b) the Repeating Representations to be made by each Borrower pursuant to Clause 4 (*Representations and Warranties*) being true on the date of this Deed and on the Effective Date;
- (c) no Ship has been sold or become a Total Loss;
- (d) no event or series of events having occurred which have a Material Adverse Effect; and
- (e) the Facility Agent having received all of the documents and other evidence listed in Schedule 1 (*Conditions Precedent*) in form and substance satisfactory to the Original Lenders and their legal advisers on or before the Effective Date.

3.2 Waiver of conditions precedent

If the Facility Agent, in its discretion, permits for the Effective Date to take place before certain of the conditions referred to in Schedule 1 (*Conditions Precedent*) are satisfied, each of the Borrowers and the Parent Guarantor shall ensure that those conditions are satisfied within 5 Business Days after the Effective Date (or such later date as the Facility Agent, acting with the authorisation of the Majority Lenders, may specify at its sole discretion), which however, shall not be taken as a waiver of the Facility Agent's right to require production of all the documents and evidence required referred to in Schedule 1 (*Conditions Precedent*).

4 REPRESENTATIONS AND WARRANTIES

4.1 Representation and warranties of the Additional Borrower

The representations and warranties in clause 20 (*representations*) of the Amended and Restated Facility Agreement are deemed to be made on the Effective Date by the Additional Borrower with reference to the circumstances now existing.

4.2 Repetition of Amended and Restated Facility Agreement representations and warranties

Each of the Original Borrowers and the Parent Guarantor represents and warrants to the Finance Parties as at the date of this Deed that the representations and warranties in clause 20 (*representations*) of the Amended and Restated Facility Agreement are true and not misleading and are repeated on the date of this Deed.

4.3 Repetition of Finance Documents representations and warranties

Each of the Original Borrowers and the Parent Guarantor represents and warrants to the Finance Parties that the representations and warranties in the Finance Documents (other than the Amended and Restated Facility Agreement) to which each of them is a party, as amended and restated by this Deed and updated with appropriate modifications to refer to this Deed, and where appropriate the relevant Mortgage Addendum, remain true and not misleading and are repeated on the date of this Deed with reference to the circumstances now existing.

5 AMENDMENT AND RESTATEMENT OF FACILITY AGREEMENT

5.1 Amendment and restatement of the Facility Agreement

- (a) With effect on and from (and subject to the occurrence of) the Effective Date, the Facility Agreement shall be, and shall be deemed by this Deed to be amended and restated in the form of the Amended and Restated Facility Agreement as attached in the Appendix; and
- (b) As so amended and restated pursuant to (a) above, the Facility Agreement shall continue to be binding on each of the Original Borrowers, the Parent Guarantor and the Original Hedge Guarantors in accordance with its terms.
- (c) With effect on and from (and subject to the occurrence of) the Effective Date:
 - (i) the existing Interest Period for each Original Tranche shall be terminated;
 - (ii) a new Interest Period for each Original Tranche shall start on the Effective Date and end on the last day the preceding Interest Period would have ended had it not been terminated pursuant to paragraph (i) above; and
 - (iii) all subsequent Interest Periods in relation to any Tranche shall start and operate in accordance with the terms and conditions of the Amended and Restated Facility Agreement.

5.2 Amendments to Finance Documents

With effect on and from (and subject to the occurrence of) the Effective Date, each of the Finance Documents (other than the Facility Agreement and each Mortgage which is amended and supplemented by the relevant Mortgage Addendum) shall be, and shall be deemed by this Deed to be, amended as follows:

- (a) the definition of, and references throughout each of the Finance Documents to the "Facility Agreement" and any of the other Finance Documents shall be construed as if the same referred to, respectively:
 - (i) the Amended and Restated Facility Agreement; and
 - (ii) the other Finance Documents (other than the Mortgages) as amended and supplemented by this Clause 5.2 (*Amendments to Finance Documents*);
- (b) by construing references throughout each such Finance Document to "the Borrowers" as if the same referred to the Borrowers (including, for the avoidance of doubt, the Additional Borrower) as joint and several borrowers, or, where the context so requires, any of them;
- (c) by construing references throughout each such Finance Document to "the Hedge Guarantors" as if the same referred to the Hedge Guarantors (including, for the avoidance of doubt, the Additional Hedge Guarantor) as hedge guarantors, or, where the context so requires, any of them;
- (d) the definition of, and references throughout each such Finance Document to, a Mortgage shall be construed as if the same referred to that Mortgage as amended and supplemented by the relevant Mortgage Addendum;
- (e) to the definition of, and references throughout each such Finance Document to, a General Assignment shall be construed as if the same referred to that General Assignment as amended and supplemented by the Supplemental General Assignment;
- (f) to the definition of, and references throughout each such Finance Document to, the Deed of Covenant shall be construed as if the same referred to that Deed of Covenant as amended and supplemented by the Supplemental Deed of Covenant;
- (g) the definition of, and references throughout each such Finance Document to, the Hedging Agreement Security shall be construed as if the same referred to that Hedging Agreement Security as amended and supplemented by the Supplemental Hedging Agreement Security;
- (h) the definition of, and references throughout each such Finance Document to, a Share Security shall be construed as if the same referred to that Share Security as amended and supplemented by the Supplemental Share Security; and
- (i) by construing references throughout each such Finance Document to "this Agreement", "this Deed", "hereunder" and other like expressions as if the same referred to those Finance Documents as amended and/or supplemented by this Deed.

5.3 Finance Documents to remain in full force and effect

The Facility Agreement and each of the other Finance Documents shall remain in full force and effect and from the Effective Date:

- (a) in the case of the Facility Agreement as amended and restated pursuant to Clause 5.1 (*Amendment and restatement of Facility Agreement*);

- (b) in the case of the other Finance Documents as amended pursuant to Clause 5.2 (*Amendments to Finance Documents*); and
- (c) the Facility Agreement and the applicable provisions of this Deed will be read and construed as one document.

6 ACCESSION AND ASSUMPTION

With effect on and from the Effective Date:

- (a) the Additional Borrower and the Additional Hedge Guarantor agrees that:
 - (i) it will accede to the Facility Agreement as amended and restated by this Deed as a Borrower and Hedge Guarantor and it will assume the obligations of the Original Borrowers and the Original Hedge Guarantors thereunder; and
 - (ii) it will be bound, on a joint and several basis with the Original Borrowers and the Original Hedge Guarantors, by the terms of the Amended and Restated Facility Agreement;
- (b) each Original Borrower confirms and acknowledges it is and remains a party to the Facility Agreement and that its respective obligations under the Facility Agreement and the other Finance Documents remain in full force and effect;
- (c) each Original Borrower further agrees to be jointly and severally liable together with the Additional Borrower for:
 - (i) the repayment of the Additional Tranche plus interest accrued thereon in accordance with the Amended and Restated Facility Agreement; and
 - (ii) all other obligations and liabilities under the Amended and Restated Facility Agreement as amended by this Deed;
- (d) each Original Hedge Guarantor agrees to jointly and severally guarantee, together with the Additional Hedge Guarantor, the obligations of the Additional Borrower under the Hedging Agreement to which the Additional Borrower shall be a party;
- (e) the Additional Hedge Guarantor agrees to jointly and severally guarantee, together with the Original Hedge Guarantors, the obligations of each Borrower under the Hedging Agreement to which each Borrower is or, as the case may be, shall be a party;
- (f) the Parent Guarantor agrees that:
 - (i) it shall be bound by the terms of the Amended and Restated Facility Agreement and the other Finance Documents to which it is a party; and
 - (ii) its guarantee and indemnity:
 - (A) has full force and effect on the terms of the Amended and Restated Facility Agreement; and
 - (B) extends to the obligations of the Borrowers under the Amended and Restated Facility Agreement and the other Finance Documents (as amended and supplemented by this Deed and as may be further amended and supplemented from time to time); and
- (g) the Original Borrowers, the Original Hedge Guarantors, the Parent Guarantor and the Finance Parties agree to the accession by the Additional Borrower and the Additional Hedge Guarantor to the Amended and Restated Facility Agreement as amended and supplemented by this Deed as a Borrower and as a Hedge Guarantor.

7 SECURITY

On the Effective Date, each Original Borrower, each Hedge Guarantor and the Parent Guarantor confirms that:

- (a) any Security created by it under the Finance Documents to which it is a party extends to the obligations of the Transaction Obligors under the Amended and Restated Facility Agreement and the other Finance Documents (as amended and supplemented by this Deed and as may be further amended and supplemented from time to time);
- (b) the obligations of the Transaction Obligors arising under the Amended and Restated Facility Agreement and the other Finance Documents (as amended and supplemented by this Deed and as may be further amended and supplemented from time to time) are included in the Secured Liabilities;
- (c) the Security created pursuant to the Finance Documents continues in full force and effect on the terms of the respective Finance Documents (as amended and supplemented by this Deed and as may be further amended and supplemented from time to time); and
- (d) to the extent that this confirmation creates a new Security, such Security shall be on the terms of the Security Documents in respect of which this confirmation is given.

8 FURTHER ASSURANCES

Clause 23.24 (*further assurance*) of the Facility Agreement applies to this Deed as if it were expressly incorporated in this Deed with any necessary modifications.

9 COSTS AND EXPENSES

The provisions of clause 16 (*costs and expenses*) of the Facility Agreement shall apply to this Deed as if they were expressly incorporated in this Deed with any necessary modifications.

10 COMMUNICATIONS

10.1 General

The provisions of clause 38 (*notices*) of the Amended and Restated Facility Agreement shall apply to this Deed as if they were expressly incorporated in this Deed with any necessary modifications.

11 SUPPLEMENTAL

11.1 Counterparts

This Deed may be executed in any number of counterparts.

11.2 Third party rights

A person who is not a party to this Deed has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce or to enjoy the benefit of any term of this Deed.

12 LAW AND JURISDICTION

12.1 Governing law

This Deed and any non-contractual obligations arising out of or in connection with it shall be governed by and construed in accordance with English law.

12.2 Incorporation of the Facility Agreement provisions

The provisions of clauses 48 (*governing law*) and 49 (*enforcement*) of the Facility Agreement shall apply to this Deed as if they were expressly incorporated in this Deed with any necessary modifications.

12.3 Process agent

Each of the Borrowers and the Parent Guarantor irrevocably appoint Saville & Co at their registered office for the time being, presently at One Carey Lane, London EC2V 8AE, England to act as its agent to receive and accept on its behalf any process or other document relating to any proceedings in the English Courts which are connected with this Deed.

This DEED has been duly executed by or on behalf of the parties hereto as a Deed and has, on the date stated at the beginning of this Deed, been delivered as a Deed.

EXECUTION PAGES

ORIGINAL BORROWERS

EXECUTED AS A DEED

by **OLGA LAMBRIANIDOU**)
duly authorised)
for and on behalf of /s/ Olga Lambrianidou)
DEVOCEAN MARITIME LTD.)
in the presence of:)

Witness' signature: /s/ Stavroula Giannopoulou)
Witness' name: Stavroula Giannopoulou)
Witness' address: 348 Syngrou Avenue)
176 74 Kallithea)
Athens, Greece)

EXECUTED AS A DEED

by **OLGA LAMBRIANIDOU**)
duly authorised)
for and on behalf of /s/ Olga Lambrianidou)
DOMINA MARITIME LTD.)
in the presence of:)

Witness' signature: /s/ Stavroula Giannopoulou)
Witness' name: Stavroula Giannopoulou)
Witness' address: 348 Syngrou Avenue)
176 74 Kallithea)
Athens, Greece)

EXECUTED AS A DEED

by **OLGA LAMBRIANIDOU**)
duly authorised)
for and on behalf of /s/ Olga Lambrianidou)
DULAC MARITIME S.A.)
in the presence of:)

Witness' signature: /s/ Stavroula Giannopoulou)
Witness' name: Stavroula Giannopoulou)
Witness' address: 348 Syngrou Avenue)
176 74 Kallithea)
Athens, Greece)

EXECUTED AS A DEED
by
duly authorised
for and on behalf of
ARTFUL SHIPHOLDING S.A.
in the presence of:

OLGA LAMBRIANIDOU

/s/ Olga Lambrianidou

Witness' signature:
Witness' name:
Witness' address:

/s/ Stavroula Giannopoulou
Stavroula Giannopoulou
348 Syngrou Avenue
176 74 Kallithea
Athens, Greece

EXECUTED AS A DEED
by
duly authorised
for and on behalf of
LONGEVITY MARITIME LIMITED
in the presence of:

OLGA LAMBRIANIDOU

/s/ Olga Lambrianidou

Witness' signature:
Witness' name:
Witness' address:

/s/ Stavroula Giannopoulou
Stavroula Giannopoulou
348 Syngrou Avenue
176 74 Kallithea
Athens, Greece

EXECUTED AS A DEED
by
duly authorised
for and on behalf of
SERENA MARITIME LIMITED
in the presence of:

OLGA LAMBRIANIDOU

/s/ Olga Lambrianidou

Witness' signature:
Witness' name:
Witness' address:

/s/ Stavroula Giannopoulou
Stavroula Giannopoulou
348 Syngrou Avenue
176 74 Kallithea
Athens, Greece

ADDITIONAL BORROWER

EXECUTED AS A DEED
by
duly authorised
for and on behalf of
SALAMINIA MARITIME LIMITED
in the presence of:

OLGA LAMBRIANIDOU

/s/ Olga Lambrianidou

Witness' signature:
Witness' name:
Witness' address:

/s/ Stavroula Giannopoulou
Stavroula Giannopoulou
348 Syngrou Avenue, 176 74 Kallithea
Athens, Greece

PARENT GUARANTOR

EXECUTED AS A DEED
by
duly authorised
for and on behalf of
GLOBUS MARITIME LIMITED
in the presence of:

)
OLGA LAMBRIANIDOU)
)
/s/ Olga Lambrianidou)
)

Witness' signature: /s/ Stavroula Giannopoulou)
Witness' name: Stavroula Giannopoulou)
Witness' address: 348 Syngrou Avenue)
176 74 Kallithea)
Athens, Greece

HEDGE GUARANTORS

EXECUTED AS A DEED
by
for and on behalf of
DEVOCEAN MARITIME LTD.
in the presence of:

)
OLGA LAMBRIANIDOU)
)
/s/ Olga Lambrianidou)
)

Witness' signature: /s/ Stavroula Giannopoulou)
Witness' name: Stavroula Giannopoulou)
Witness' address: 348 Syngrou Avenue)
176 74 Kallithea)
Athens, Greece

EXECUTED AS A DEED
by
for and on behalf of
DOMINA MARITIME LTD.
in the presence of:

)
OLGA LAMBRIANIDOU)
)
/s/ Olga Lambrianidou)
)

Witness' signature: /s/ Stavroula Giannopoulou)
Witness' name: Stavroula Giannopoulou)
Witness' address: 348 Syngrou Avenue)
176 74 Kallithea)
Athens, Greece

EXECUTED AS A DEED
by
for and on behalf of
DULAC MARITIME S.A.
in the presence of:

)
OLGA LAMBRIANIDOU)
)
/s/ Olga Lambrianidou)
)

Witness' signature: /s/ Stavroula Giannopoulou)
Witness' name: Stavroula Giannopoulou)
Witness' address: 348 Syngrou Avenue)
176 74 Kallithea)
Athens, Greece

EXECUTED AS A DEED)
by **OLGA LAMBRIANIDOU**)
for and on behalf of)
ARTFUL SHIPHOLDING S.A.)
in the presence of: /s/ Olga Lambrianidou)

Witness' signature: /s/ Stavroula Giannopoulou)
Witness' name: Stavroula Giannopoulou)
Witness' address: 348 Syngrou Avenue)
176 74 Kallithea)
Athens, Greece)

EXECUTED AS A DEED)
by **OLGA LAMBRIANIDOU**)
for and on behalf of)
LONGEVITY MARITIME LIMITED)
in the presence of: /s/ Olga Lambrianidou)

Witness' signature: /s/ Stavroula Giannopoulou)
Witness' name: Stavroula Giannopoulou)
Witness' address: 348 Syngrou Avenue)
176 74 Kallithea)
Athens, Greece)

EXECUTED AS A DEED)
by **OLGA LAMBRIANIDOU**)
for and on behalf of)
SERENA MARITIME LIMITED)
in the presence of: /s/ Olga Lambrianidou)

Witness' signature: /s/ Stavroula Giannopoulou)
Witness' name: Stavroula Giannopoulou)
Witness' address: 348 Syngrou Avenue)
176 74 Kallithea)
Athens, Greece)

ADDITIONAL HEDGE GUARANTOR

EXECUTED AS A DEED)
by **OLGA LAMBRIANIDOU**)
for and on behalf of)
SALAMINIA MARITIME LIMITED)
in the presence of: /s/ Olga Lambrianidou)

Witness' signature: /s/ Stavroula Giannopoulou)
Witness' name: Stavroula Giannopoulou)
Witness' address: 348 Syngrou Avenue)
176 74 Kallithea)
Athens, Greece)

ORIGINAL LENDERS

EXECUTED AS A DEED)
by)
for and on behalf of)
First-Citizens Bank & Trust Company)
in the presence of:	<u>/s/ Vassiliki Georgopoulos</u>)
)
Witness' signature:	<u>/s/ Stavroula Giannopoulou</u>)
Witness' name:	Stavroula Giannopoulou)
Witness' address:	348 Syngrou Avenue)
	176 74 Kallithea)
	Athens, Greece)

HEDGE COUNTERPARTIES

EXECUTED AS A DEED)
by)
for and on behalf of)
First-Citizens Bank & Trust Company)
in the presence of:	<u>/s/ Vassiliki Georgopoulos</u>)
)
Witness' signature:	<u>/s/ Stavroula Giannopoulou</u>)
Witness' name:	Stavroula Giannopoulou)
Witness' address:	348 Syngrou Avenue)
	176 74 Kallithea)
	Athens, Greece)

FACILITY AGENT

EXECUTED AS A DEED)
by)
duly authorised)
for and on behalf of)
First-Citizens Bank & Trust Company)
in the presence of:	<u>/s/ Vassiliki Georgopoulos</u>)
)
Witness' signature:	<u>/s/ Stavroula Giannopoulou</u>)
Witness' name:	Stavroula Giannopoulou)
Witness' address:	348 Syngrou Avenue)
	176 74 Kallithea)
	Athens, Greece)

SECURITY AGENT

EXECUTED AS A DEED

by	VASSILIKI GEORGOPOULOS)
for and on behalf of)
First-Citizens Bank & Trust Company	/s/ Vassiliki Georgopoulos)
in the presence of:)

Witness' signature:	/s/ Stavroula Giannopoulou)
Witness' name:	Stavroula Giannopoulou)
Witness' address:	348 Syngrou Avenue)
	176 74 Kallithea	
	Athens, Greece	

APPENDIX

FORM OF AMENDED AND RESTATED FACILITY AGREEMENT

Dated ~~—~~ 7 May 2021

Up to ~~\$34,250,000~~ \$52,250,000

TERM LOAN FACILITY

**DEVOCEAN MARITIME LTD.
DOMINA MARITIME LTD.
DULAC MARITIME S.A.
ARTFUL SHIPHOLDING S.A.
LONGEVITY MARITIME LIMITED
SERENA MARITIME LIMITED
SALAMINIA MARITIME LIMITED**

as joint and several Borrowers
and Hedge Guarantors

GLOBUS MARITIME LIMITED
as Parent Guarantor

~~CIT~~ FIRST-CITIZENS BANK, N.A. & TRUST COMPANY
as Facility Agent

and

~~CIT~~ FIRST-CITIZENS BANK, N.A. & TRUST COMPANY
as Security Agent

FACILITY AGREEMENT

as amended and restated by a Deed of Accession, Amendment and Restatement dated August 2022

relating to (i) a facility of up to US\$34,250,000 for the refinancing of
m.vs. "RIVER GLOBE", "SKY GLOBE", "STAR GLOBE",
"MOON GLOBE", "SUN GLOBE" ~~and~~ ; "GALAXY GLOBE"; and (ii) a top-up facility of up to
US\$18,000,000 for the financing of m.v. "ORION GLOBE"

WATSON FARLEY
&
WILLIAMS

Index

Clause	Page
Section 1 Interpretation	3
1 Definitions and Interpretation	3
Section 2 The Facility	33 37
2 The Facility	33 37
3 Purpose	34 38
4 Conditions of Utilisation	34 38
Section 3 Utilisation	36 <u>40</u>
5 Utilisation	36 <u>40</u>
Section 4 Repayment, Prepayment and Cancellation	38 42
6 Repayment	38 42
7 Prepayment and Cancellation	40 44
Section 5 Costs of Utilisation	44 48
8 Interest	44 48
9 Interest Periods	47 51
10 Changes to the Calculation of Interest	47 51
11 Fees	49 53
Section 6 Additional Payment Obligations	50 55
12 Tax Gross Up and Indemnities	50 55
13 Increased Costs	55 <u>60</u>
14 Other Indemnities	56 <u>61</u>
15 Mitigation by the Finance Parties	59 64
16 Costs and Expenses	60 65
Section 7 Guarantees and Joint and Several Liability of Borrowers	61 66
17 Guarantee and Indemnity – Parent Guarantor	61 66
18 Joint and Several Liability of the Borrowers	64 69
19 Guarantee and Indemnity – Hedge Guarantors	65 <u>70</u>
Section 8 Representations, Undertakings and Events of Default	70 75
20 Representations	70 75
21 Information Undertakings	77 82
22 Financial Covenants	82 87
23 General Undertakings	86 <u>91</u>
24 General Ship Undertakings	94 <u>100</u>
25 Loan to value ratio	100 106
26 Accounts, application of Earnings and Hedge Receipts	102 108
27 Insurance Undertakings	104 109
28 Events of Default	109 115
Section 9 Changes to Parties	115 120
29 Changes to the Lenders	115 120
30 Changes to the Transaction Obligors	120 125
Section 10 The Finance Parties	122 127
31 The Facility Agent	122 127
32 The Security Agent	132 138
33 Conduct of Business by the Finance Parties	148 153
34 Sharing among the Finance Parties	148 154
Section 11 Administration	150 156
35 Payment Mechanics	150 156
36 Set-Off	153 159
37 Bail-In	154 160

38	Notices	154 160
39	Calculations and Certificates	156 162
40	Partial Invalidity	157 163
41	Remedies and Waivers	157 163
42	Entire Agreement	157 163
43	Settlement or Discharge Conditional	157 163
44	Irrevocable Payment	157 163
45	Amendments and Waivers	158 164
46	Confidential Information	164 173
47	Confidentiality of Funding Rates and Reference Bank Quotations	177
48 <u>47</u>	Counterparts	170 179
Section 12 Governing Law and Enforcement		171 180
49 <u>48</u>	Governing Law	171 180
50 <u>49</u>	Enforcement	171 180
51 <u>50</u>	Patriot Act Notice	171 180

Schedules

Schedule 1 The Parties	173 181
Part A The Obligors	173 181
Part B The Original Lenders	176 184
Part C The Servicing Parties	171 185
Schedule 2 Conditions Precedent	178 186
Part A Conditions Precedent to initial Utilisation Request	178
Part B Conditions Precedent to Utilisation request in respect of a tranche	181
Part C (Conditions Subsequent)	183
Schedule 3 Utilisation Request	184 187
Schedule 4 Form of Transfer Certificate	186 188
Schedule 5 Form of Assignment Agreement	188 189
Schedule 6 Form of Compliance Certificate	191 <u>190</u>
Appendix A to Compliance Certificate Distributions	193 <u>190</u>
Appendix B Dry Docking Reserves Certificate	194 <u>190</u>
Schedule 7 Dry Docking and Special Reserves Table "Maintenance Reserve Amount"	195 <u>191</u>
Schedule 8 Form of DCSR Certificate Debt Service Cover Ratio	196 <u>192</u>
Schedule 9 Details of the Ships	197 193
Schedule 10 Timetables	199 194

Execution

Execution Pages	200 195
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THIS AGREEMENT is made on 7 May 2021 and as amended and restated on ~~May 2021~~ August 2022 by the Deed of Accession, Amendment and Restatement

PARTIES

- (1) **DEVOCEAN MARITIME LTD.**, a corporation incorporated in the Republic of the Marshall Islands whose registered address is at Trust Company Complex, Ajeltake Road, Ajeltake Island, MH96960, Majuro, Marshall Islands as borrower (the "**Borrower A**")
 - (2) **DOMINA MARITIME LTD.**, a corporation incorporated in the Republic of the Marshall Islands whose registered address is at Trust Company Complex, Ajeltake Road, Ajeltake Island, MH96960, Majuro, Marshall Islands as borrower (the "**Borrower B**")
 - (3) **DULAC MARITIME S.A.**, a corporation incorporated in the Republic of the Marshall Islands whose registered address is at Trust Company Complex, Ajeltake Road, Ajeltake Island, MH96960, Majuro, Marshall Islands as borrower (the "**Borrower C**")
 - (4) **ARTFUL SHIPHOLDING S.A.**, a corporation incorporated in the Republic of the Marshall Islands whose registered address is at Trust Company Complex, Ajeltake Road, Ajeltake Island, MH96960, Majuro, Marshall Islands as borrower (the "**Borrower D**")
 - (5) **LONGEVITY MARITIME LIMITED**, a company incorporated in Malta, with registration number C-53023 having its registered office at 18/2 South Street, Valleta VLT 1102, Malta (the "**Borrower E**")
 - (6) **SERENA MARITIME LIMITED**, a corporation incorporated in the Republic of the Marshall Islands whose registered address is at Trust Company Complex, Ajeltake Road, Ajeltake Island, MH96960, Majuro, Marshall Islands as borrower ("**Borrower F**")
 - (7) **SALAMINIA MARITIME LIMITED**, a corporation incorporated in the Republic of the Marshall Islands whose registered address is at Trust Company Complex, Ajeltake Road, Ajeltake Island, MH96960, Majuro, Marshall Islands as borrower ("**Borrower G**")
 - (8) ~~(7)~~ **GLOBUS MARITIME LIMITED**, a corporation duly domesticated in the Republic of the Marshall Islands whose registered address is at Trust Company Complex, Ajeltake Road, Ajeltake Island, MH96960, Majuro, Marshall Islands and whose common shares are currently listed on the "Nasdaq Capital Market" under the trading symbol "GLBS" as guarantor (the "**Parent Guarantor**")
 - (9) ~~(8)~~ **THE COMPANIES** listed in Part A of Schedule 1 (*The Parties*) as hedge guarantors (the "**Hedge Guarantors**")
 - (10) ~~(9)~~ **THE FINANCIAL INSTITUTIONS** listed in Part B of Schedule 1 (*The Parties*) as lenders (the "**Original Lenders**")
 - (11) ~~(10)~~ **THE FINANCIAL INSTITUTIONS** listed in Part B of Schedule 1 (*The Parties*) as hedge counterparties (the "**Hedge Counterparties**")
 - (12) ~~(11)~~ ~~CIT BANK~~ First-Citizens Bank & Trust Company, N.A. as agent of the other Finance Parties (the "**Facility Agent**")
 - (13) ~~(12)~~ ~~CIT BANK~~ First-Citizens Bank & Trust Company, N.A. as security agent for the Secured Parties (the "**Security Agent**")
-

BACKGROUND

- (A) ~~The~~ By a facility agreement dated 7 May 2021, the Lenders ~~have agreed to make~~ made available to the Borrowers a secured term loan facility, in six Tranches, in an aggregate amount of up to the lesser of (i) \$34,250,000 and (ii) 52.5 per cent. of the aggregate of the Initial Market Value of ~~the Ships~~ Ship A, Ship B, Ship C, Ship D, Ship E and Ship F for the purposes of refinancing the Existing Indebtedness secured on Ship A, Ship B, Ship C, Ship D and Ship E and financing the Market Value of Ship F.
- (B) The Lenders have already advanced to the Original Borrowers the amount of \$34,250,000 of which an amount of \$29,250,000 is outstanding at the date of this Agreement.
- (C) By the Deed of Accession, Amendment and Restatement, the Finance Parties agreed to certain amendments to this Agreement and the other Finance Documents, including but not limited to the following:
- (i) Borrower G acceding to this Agreement as additional borrower;
 - (ii) the increase of the loan facility from \$34,250,000 to \$52,250,000 in an amount of up to the lesser of (i) \$18,000,000 and (ii) 62.5 per cent. of the Initial Market Value of Ship G to be made available to the Borrowers in one additional Tranche for the purpose of financing Ship G by Tranche G as well as for general corporate and working capital purposes of the Obligors; and
 - (iii) amending the repayment terms of the Loan.
- (D) ~~(B)~~ The Hedge Counterparties have agreed to enter into interest rate swap transactions with the Borrowers from time to time to hedge the Borrowers' exposure under this Agreement to interest rate fluctuations.
- (E) This Agreement sets out the terms and conditions of the facility agreement as amended and restated by the Deed of Accession, Amendment and Restatement.

OPERATIVE PROVISIONS

SECTION 1

INTERPRETATION

1 DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Agreement:

"1992 ISDA Master Agreement" means the Master Agreement (Multicurrency - Cross Border) as published by the International Swaps and Derivatives Association, Inc.

"2002 ISDA Master Agreement" means the 2002 Master Agreement as published by the International Swaps and Derivatives Association, Inc.

"Account Bank" means CIT Bank, ~~N.A. a division of First-Citizens Bank & Trust Company~~, acting through its office at 75 N. Fair Oaks Ave., Pasadena, California 91103, United States of America or any replacement bank or other financial institution as may be approved by the Facility Agent acting with the authorisation of the Lenders.

"Accounts" means the Earnings Accounts, the Maintenance Reserve Accounts and the Cash Reserve Account.

"Account Security" means a document creating Security over any Account in agreed form, as amended and supplemented by any relevant Account Security Confirmation.

"Account Security Confirmation" means the security confirmation agreement dated on or about the Effective Date relating to Account Security governed by Swiss law.

"Adjusted Term SOFR" means the percentage rate per annum which is the aggregate of the applicable:

(a) Reference Rate; and

(b) Term SOFR Adjustment.

and if the aggregate of that Reference Rate and the applicable Term SOFR Adjustment is less than zero, the Adjusted Term SOFR shall be deemed to be zero.

"Advance" means a borrowing of all or part of the Facility under this Agreement.

"Affiliate" means, in relation to any person, a Subsidiary of that person or a Holding Company of that person or any other Subsidiary of that Holding Company.

"Approved Brokers" means any firm or firms of insurance brokers approved in writing by the Facility Agent, acting with the authorisation of the Lenders (such approval not to be unreasonably withheld).

"Approved Classification" means, in relation to a Ship, as at the date of this Agreement, the classification in relation to that Ship specified in Schedule 9 (*Details of the Ships*) with the relevant Approved Classification Society or any other classification approved in writing by the Facility Agent acting with the authorisation of the Lenders.

"**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 9 (*Details of the Ships*) or any other classification society approved in writing by the Facility Agent acting with the authorisation of the Lenders.

"**Approved Commercial Manager**" means, in relation to a Ship, as at the date of this Agreement, the manager specified as the approved commercial manager in relation to that Ship in Schedule 9 (*Details of the Ships*) or any other person (including any commercial ship management company controlled by the Disclosed Persons) approved in writing by the Facility Agent acting with the authorisation of the Lenders as the commercial manager of that Ship, such approval not to be unreasonably withheld.

"**Approved Flag**" means, in relation to a Ship, Marshall Islands, Malta and such other flag approved in writing by the Facility Agent acting with the authorisation of the Lenders, such approval 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**" in relation to a Ship, as at the date of this Agreement, the manager specified as the approved technical manager in relation to that Ship in Schedule 9 (*Details of the Ships*) or any other person (including any technical ship management company controlled by the Disclosed Persons) approved in writing by the Facility Agent acting with the authorisation of the Lenders as the technical manager of that Ship, such approval not to be unreasonably withheld.

"**Approved Valuer**" means Clarksons Platou, Arrow Shipbrokers, Maersk Broker K/S (or any Affiliate of such person through which valuations are commonly issued) and any other firm or firms of independent sale and purchase shipbrokers approved in writing by the Facility Agent, acting with the authorisation of the Lenders, 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.

"**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-:

(a) in relation to an Original Tranche, the period from and including the date of this Agreement to and including-30 May 2021-; and

(b) in relation to Tranche G, the period commencing on the Effective Date and ending on 10 August 2022.

"**Available Commitment**" means a Lender's Commitment minus:

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

"**Available Facility**" means the aggregate for the time being of each Lender's Available Commitment.

"**Bail-In Action**" means the exercise of any Write-down and Conversion Powers.

"**Bail-In Legislation**" means:

- (a) in relation to an EEA Member Country which has implemented, or which at any time implements, Article 55 BRRD, the relevant implementing law or regulation as described in the EU Bail-In Legislation Schedule from time to time;
- (b) in relation to any state other than such an EEA Member Country and the United Kingdom, any analogous law or regulation from time to time which requires contractual recognition of any Write-down and Conversion Powers contained in that law or regulation; and
- (c) in relation to the United Kingdom, the UK Bail-In Legislation.

"**Balloon Instalment**" means each of Balloon Instalment A, Balloon Instalment B, Balloon Instalment C, Balloon Instalment D, Balloon Instalment E, Balloon Instalment F and Balloon Instalment G.

"**Base Rate**" means for any day a fluctuating rate per annum equal to the highest of:

- (a) the Federal Funds Rate plus half of one per cent; or
- (b) the rate of interest in effect for such day as publicly announced from time to time by JPMorgan Chase Bank, N.A. as its "prime rate" in effect for such day.

The Base Rate is not necessarily the lowest rate of interest charged by Lenders in connection with extensions of credit. Any change in the Base Rate due to a change in the "prime rate" announced by JPMorgan Chase Bank, N.A. or the Federal Funds Rate shall be effective from and including the effective date of such change in the "prime rate" announced by JPMorgan Chase Bank, N.A. or the Federal Funds Rate respectively. For the avoidance of doubt, the Base Rate will in no event be less than zero per cent. per annum.

"**Borrower**" means Borrower A, Borrower B, Borrower C, Borrower D, Borrower E- , Borrower F or Borrower FG.

"**Break Costs**" means the amount (if any) by which:

- (a) the interest (excluding the Margin) which a Lender should have received for the period from the date of receipt of all or any part of its participation in the Loan or an Unpaid Sum to the last day of the current Interest Period in relation to the Loan, the relevant part of the Loan or that Unpaid Sum, had the principal amount or Unpaid Sum received been paid on the last day of that Interest Period;

exceeds

- (b) the amount which that Lender would be able to obtain by placing an amount equal to the principal amount or Unpaid Sum received by it on deposit with a leading bank ~~in the Relevant Interbank Market~~ for a period starting on the Business Day following receipt or recovery and ending on the last day of the current Interest Period.

"Business Day" means a day (other than a Saturday or Sunday) on which banks are open for general business in London, New York, Switzerland ~~and Athens~~, Athens and includes in relation to the fixing of an interest rate, a day which is a US Government Securities Business Day.

"BWTS" means, in respect of each Ship, the ballast water treatment system.

"Cash Reserve Account" means:

- (a) an account in the name of the Parent Guarantor with the Account Bank designated "Cash Reserve Account";
- (b) any other account in the name of the Parent Guarantor 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.

"Charter" means, in relation to a Ship, any 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 (whether or not already issued) supporting a Charter.

"Code" means the US Internal Revenue Code of 1986.

"Commercial Management Agreement" means the agreement entered into between a Borrower and the Approved Commercial Manager regarding the commercial management of a 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.

"Commodity Exchange Act" means the Commodity Exchange Act (7 U.S.C. §1 et seq.) and any successor statute.

"**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 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 46 (*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.

"**Consolidated Funded Debt**" has the meaning given to it in Clause 22.1 (*Definitions*).

"**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.

"**Cure Option**" has the meaning given to it in Clause 22.5~~(e)~~ (*Debt Service Coverage Ratio*).

"**Debt Service**" has the meaning given to it in Clause 22.1 (*Definitions*).

"**Debt Service Coverage ratio**" has the meaning given to it in Clause 22.1 (*Definitions*).

"**Deed of Accession, Amendment and Restatement**" means the deed of accession, amendment and restatement dated August 2022 and made between, amongst others, (i) the Borrowers, (ii) the Original Lenders, (iii) the Facility Agent and (iv) the Security Agent, amending and restating this Agreement.

"**Deed of Covenant**" means, in relation to a Ship and if applicable to the Approved Flag of that Ship, the deed of covenant collateral to the Mortgage over that Ship and creating Security over that Ship and, in relation to Ship E, as amended and supplemented by the Supplemental Deed of Covenants.

"**Deed of Release**" means a deed releasing the Existing Security in a form acceptable to the Facility Agent.

"**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.

"**Deposit Cure Amount**" has the meaning given to it in Clause 22.5~~(e)(i)~~ (*Debt Service Coverage Ratio*).

"**Disclosure Letter**" means ~~a~~any letter identifying the Disclosed Persons to be executed by ~~the~~each Borrower and the Parent Guarantor and acknowledged by the Security Agent.

"**Disclosed Persons**" means any of:

- (a) the person disclosed in the Disclosure Letter as being the individual having control of the Parent Guarantor as at the date of this Agreement;
- (b) any affiliated entity of the individual described in paragraph (a); and
- (c) the immediate family members of the individual described in paragraph (a) as identified in the Disclosure Letter.

"**Distribution**" has the meaning given to it in Clause 23.18 (*Dividends*).

"**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.

"**Document of Compliance**" has the meaning given to it in the ISM Code.

"**dollars**" and "**\$**" mean the lawful currency, for the time being, of the United States of America.

"**Dry Docking and Special Survey Fees**" has the meaning given to it in Clause 26.3 (*Dry Docking and Special Survey Reserves*).

"**DSCR Certificate**" means a certificate in the form set out in Schedule 8 (*Form of DCSR Certificate Debt Service Cover Ratio*) or in any other form agreed between the Parent Guarantor and the Facility Agent.

"**DSCR Testing Date**" has the meaning given to it in Clause 22.1 (*Definitions*).

"**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 (if any);
 - (viii) all monies which are at any time payable to a Borrower in relation to general average contribution; and
- (b) if and whenever that Ship is employed on terms whereby any moneys falling within sub-paragraphs (i) to (viii) of paragraph (a) above are pooled or shared with any other person, that proportion of the net receipts of the relevant pooling or sharing arrangement which is attributable to that Ship.

"Earnings Account" means, in relation to a Borrower:

- (a) an account in the name of that Borrower with the [relevant](#) Earnings Account Bank designated "Earnings Account";
- (b) any other account in the name of that Borrower with the [relevant](#) Earnings 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.

"Earnings Account Bank" means:-

- (a) [in relation to the Earnings Account of a Borrower \(other than Borrower G\)](#), Credit Suisse AG acting through its office at Paradeplatz 8, 8001 Zurich Switzerland or any replacement bank or other financial institution as may be approved by the Facility Agent acting with the authorisation of the Majority Lenders; [and](#)
- (b) [in relation to the Earnings Account of Borrower G, the Account Bank.](#)

"EBITDA" has the meaning given to it in Clause 22.1 (*Definitions*).

"EEA Member Country" means any member state of the European Union, Iceland, Liechtenstein and Norway.

"Effective Date" [has the meaning given to the term "Effective Date" in the Deed of Accession, Amendment and Restatement.](#)

"Environmental Approval" means any present or future permit, ruling, variance or other Authorisation required under Environmental Law.

"Environmental Claim" means any claim by any governmental, judicial or regulatory authority or any other person which arises out of an Environmental Incident or which relates to any Environmental Law and, for this purpose, **"claim"** includes a claim for damages, compensation, contribution, injury, fines, losses and penalties or any other payment of any kind, including in relation to clean-up and removal, whether or not similar to the foregoing; an order or direction to take, or not to take, certain action or to desist from or suspend certain action; and any form of enforcement or regulatory action, including the arrest or attachment of any asset.

"Environmental Incident" means:

- (a) any release, emission, spill or discharge of Environmentally Sensitive Material whether within 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 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 otherwise liable to any legal or administrative action.

"Environmental Law" means any present or future law relating to pollution or protection of human health or the environment, to conditions in the workplace, to the carriage, generation, handling, storage, use, release or spillage of Environmentally Sensitive Material or to actual or threatened releases of Environmentally Sensitive Material.

"Environmentally Sensitive Material" means and includes all contaminants, oil, oil products, toxic substances and any other substance (including any chemical, gas or other hazardous or noxious substance) which is (or is capable of being or becoming) polluting, toxic or hazardous.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, and any successor thereto.

"ERISA Affiliate" means each person (and defined in Section 3(9) of ERISA) which together with any Transaction Obligor would be deemed to be a "single employer" within the meaning of Section 414(b), (c), (m) or (o) of the Code

"EU Bail-In Legislation Schedule" means the document described as such and published by the LMA from time to time.

"Event of Default" means any event or circumstance specified as such in Clause 28 (*Events of Default*).

"Excluded Hedging Obligation" means, with respect to an Obligor, any Hedging Obligation if, and to the extent that, all or a portion of the guarantee of such Obligor of, or the grant by such Obligor of a security interest to secure, such Hedging Obligation (or any guarantee thereof) is or becomes illegal under the Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof) by virtue of such Obligor's failure for any reason to constitute an "eligible contract participant" as defined in the Commodity Exchange Act and the regulations thereunder at the time the guarantee of such Obligor or the grant of such security interest becomes effective with respect to such related Hedging Obligation, provided that if a Hedging Obligation arises under a Hedging Agreement governing more than one swap, such exclusion shall apply only to the portion of such Hedging Obligation that is attributable to swaps for which such guarantee or security interest is or becomes illegal.

"Existing Facility Agent" means Lucid Agency Services Limited of 6th Floor, No 1 Building 1-5 London Wall Buildings, London Wall, London, United Kingdom, EC2M 5PG.

"Existing Facility Agreement" means the facility agreement dated 24 June 2019 (as amended, restated and supplemented from time to time) and entered into between, amongst others, (i) Borrower A, Borrower B, Borrower C, Borrower D and Borrower E as borrowers, (ii) the Parent Guarantor (iii) the financial institutions listed therein as lenders and (iv) the Existing Facility Agent.

"Existing Indebtedness" means, at any date, the outstanding Financial Indebtedness of the Borrowers on that date under the Existing Facility Agreement.

"**Existing Security**" means any Security created to secure the Existing Indebtedness.

"**Facility**" means the term loan facility made available under this Agreement as described in Clause 2 (*The Facility*).

"**Facility Office**" means the office or offices notified by a Lender to the Facility Agent in writing on or before the date it becomes a Lender (or, following that date, by not less than 5 Business Days' written notice) as the office or offices through which it will perform its obligations under this Agreement.

"**FATCA**" means:

- (a) sections 1471 to 1474 of the Code or any associated regulations;
- (b) any treaty, law or regulation of any other jurisdiction, or relating to an intergovernmental agreement between the US and any other jurisdiction, which (in either case) facilitates the implementation of any law or regulation referred to in paragraph (a) above; or
- (c) any agreement pursuant to the implementation of any treaty, law or regulation referred to in 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.

"**Federal Funds Rate**" means, for any day, the greater of:

- (a) the rate calculated by the Federal Reserve Bank of New York based on such day's Federal funds transactions by depositary institutions (as determined in such manner as the Federal Reserve Bank of New York shall set forth on its public website from time to time) and published on the next succeeding Business Day by the Federal Reserve Bank of New York as the Federal funds effective rate; and
- (b) zero per cent.

"**Fee Letter**" means any letter or letters dated on or about the date of this Agreement and/or the date of the Deed of Accession, Amendment and Restatement between any of the Facility Agent and the Security Agent and any Obligor setting out any of the fees referred to in Clause 11 (*Fees*).

"**Final Cure Date**" has the meaning given to it in Clause 22.5~~(e)~~ *(Debt Service Coverage Ratio)*.

"**Fiscal Quarter**" means any of the quarterly accounting periods ending on March 31, June 30, September 30 and December 31 of each year.

"**Finance Document**" means:

- (a) this Agreement;
- (b) the Deed of Accession, Amendment and Restatement;
- (c) ~~(b)~~ the any Utilisation Request;
- (d) ~~(e)~~ the any Disclosure Letter;
- (e) ~~(d)~~ any Security Document;
- (f) ~~(e)~~ any Hedging Agreement;
- (g) ~~(f)~~ any Manager's Undertaking;
- (h) ~~(g)~~ any Subordination Agreement;
- (i) ~~(h)~~ any other document which is executed for the purpose of establishing any priority or subordination arrangement in relation to the Secured Liabilities; or
- (j) ~~(i)~~ any other document designated as such by the Facility Agent and the Borrowers.

"**Finance Party**" means the Facility Agent, the Security Agent, a Lender or a Hedge Counterparty.

"**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 finance 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 to be in force prior to 1 January 2019) (for the avoidance of doubt operating leases are not considered as Financial Indebtedness);
- (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 sub-paragraph (ii) of paragraph (a) of Clause 10.4 (Cost of funds).~~

"GAAP" means international financial reporting standards as issued by the International Accounting Standards Board including IFRS.

"General Assignment" means, in relation to a Ship, the general assignment creating Security over that Ship's Earnings, its Insurances and any Requisition Compensation in relation to that Ship in agreed form and, in relation to each Original Ship, as amended and supplemented by the relevant Supplemental General Assignment.

"Greek Accounts" means, the accounts with Eurobank Ergasias SA:

- (a) in relation to Borrower A, with account numbers:
 - (i) [●] (Euro account); and
 - (ii) [●] (\$ account);
- (b) in relation to Borrower C, with account numbers:
 - (i) [●] (Euro account); and
 - (ii) [●] (\$ account).
- (c) in relation to Borrower F, with account numbers:
 - (i) [●] (euro account) and
 - (ii) [●] (\$ account).

"Group" means the Parent Guarantor and its Subsidiaries for the time being.

"Group Vessel" has the meaning given to it in Clause 22.1 (*Definitions*).

"Hedge Counterparty Guarantee" means any guarantee in agreed form entered into or to be entered into in favour of a Borrower for the purpose of guaranteeing the obligations owed by a Hedge Counterparty to that Borrower under a Hedging Agreement.

"Hedge Counterparty Guarantor" means any person who provides a Hedge Counterparty Guarantee.

"Hedge Receipts" means all moneys whatsoever which are now, or later become, payable (actually or contingently) to a Borrower or the Security Agent by a Hedge Counterparty or a Hedge Counterparty Guarantor under a Hedging Agreement or a Hedge Counterparty Guarantee.

"Hedging Agreement" means any master agreement, confirmation, transaction, schedule or other agreement in agreed form entered into or to be entered into by a Borrower for the purpose of hedging interest payable under this Agreement.

"Hedging Agreement Security" means, in relation to a Borrower, a hedging agreement security creating Security over that Borrower's rights and interests in any Hedging Agreement and any Hedge Counterparty Guarantee, in agreed form and, in relation to each Original Borrower, as amended and supplemented by the relevant Supplemental Hedging Agreement Security.

"Hedging Obligation" means, with respect to an Obligor, any obligation to pay or perform under any agreement, contract or transaction that constitutes a "swap" within the meaning of section 1a(47) of the Commodity Exchange Act.

"Hedging Prepayment Proceeds" means any Hedge Receipts arising as a result of termination or closing out under a Hedging Agreement.

"Historic Term SOFR" means, in relation to the Loan or any part of the Loan, the most recent applicable Term SOFR for a period equal in length to the Interest Period of the Loan or that part of the Loan and which is as of a day which is no more than three US Government Securities Business Days before the Quotation Day.

"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 of that Ship determined pursuant to paragraph 3.5 of Part ~~BB3.5~~ of Schedule 2 (*Conditions Precedent*).

"Interest expense" has the meaning given to it in Clause 22.1 (*Definitions*).

"Insurances" means, in relation to a Ship:

- (a) all policies and contracts of insurance, including entries of that Ship in any protection and indemnity or war risks association, effected in relation to that Ship, that Ship's Earnings or otherwise in relation to that Ship whether before, on or after the date of this Agreement; and
- (b) all rights and other assets relating to, or derived from, any of such policies, contracts or entries, including any rights to a return of premium and any rights in relation to any claim whether or not the relevant policy, contract of insurance or entry has expired on or before the date of this Agreement.

"Interest Payment Date" has the meaning given to it in 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~~Historic Term SOFR" means, in relation to the Loan or any part of the Loan, the rate which results from interpolating on a linear basis between:

(a) either

(i) ~~(a)~~the most recent applicable ~~Screen-Rate~~Term SOFR (as of a day which is not more than three US Government Securities Business Days before the Quotation Day) for the longest period (for which ~~that Screen-Rate~~Term SOFR is available) which is less than the Interest Period of the Loan or that part of the Loan; ~~and/or~~

(ii) if no such Term SOFR is available for a period which is less than the Interest Period of the Loan or that part of the Loan, the most recent Term SOFR for a tenor of one month (as of a day which is not more than three US Government Securities Business Days before the Quotation Day); and

(b) the most recent applicable ~~Screen-Rate~~Term SOFR (as of a day which is not more than three US Government Securities Business Days before the Quotation Day) for the shortest period (for which ~~that Screen-Rate~~Term SOFR is available) which exceeds the Interest Period of the Loan or that part of the Loan;

"Interpolated Term SOFR" means, in relation to the Loan or any part of the Loan, the rate which results from interpolating on a linear basis between:

(a) either

(i) ~~each~~the applicable Term SOFR (as of the Specified Time ~~for dollars~~) for the longest period (for which Term SOFR is available) which is less than the Interest Period of the Loan or that part of the Loan; or

(ii) if no such Term SOFR is available for a period which is less than the Interest Period of the Loan or that part of the Loan, Term SOFR for a tenor of one month (as of the Specified Time); and

(b) the applicable Term SOFR (as of the Specified Time) for the shortest period (for which Term SOFR is available) which exceeds the Interest Period of the Loan or that part of the Loan.

"ISDA Master Agreement" means a 1992 ISDA Master Agreement or a 2002 ISDA Master Agreement.

"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; and
- (c) similar principles, rights and defences under the laws of any Relevant Jurisdiction.

"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 29 (*Changes to the Lenders*),

which in each case has not ceased to be a Party as such in accordance with this Agreement.

~~"LIBOR" means, in relation to the Loan or any part of the Loan:~~

- ~~(a) the applicable Screen Rate as of the Specified Time for dollars and for a period equal in length to the Interest Period of the Loan or that part of the Loan; or~~
- ~~(b) as otherwise determined pursuant to Clause 10.1 (*Unavailability of Screen Rate*);~~

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

"Limitation Acts" means the Limitation Act 1980 and the Foreign Limitation Periods Act 1984

"LMA" means the Loan Market Association or any successor organisation.

"Loan" means the loan made or 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.

"Loan Principle Cure Amount" has the meaning given to it in Clause 22.5~~(e)(i)~~ (i) (*Debt Service Coverage Ratio*).

"Maintenance Reserve Account" means:

- (a) an account in the name of the Parent Guarantor with the Account Bank designated "Maintenance Reserve Account";
- (b) any other account in the name of the Parent Guarantor 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.

"Maintenance Reserve Amount" has the meaning given to it in Schedule 7 (*Dry Docking and Special Reserves Table*).

~~"Maintenance Reserve Date" means, in relation to a Ship, the date on which the Dry Docking and Special Survey Fees in respect of that Ship are to be incurred in accordance with the budget provided to the Facility Agent pursuant to paragraph (a) of Clause 26.3 (Dry Docking and Special Survey Reserves).~~

"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 \$500,000 or the equivalent in any other currency.

"Majority Lenders" means:

- (a) if the Loan has not yet been made, a Lender or Lenders whose Commitments aggregate more than 66⅔ per cent. of the Total Commitments; or
- (b) at any other time, a Lender or Lenders whose participations in the Loan aggregate more than 66⅔ per cent. of the amount of the Loan then outstanding or, if the Loan has been repaid or prepaid in full, a Lender or Lenders whose participations in the Loan immediately before repayment or prepayment in full aggregate more than 66⅔ per cent. of the Loan immediately before such repayment.

"Management Agreement" means a Technical Management Agreement or a Commercial Management Agreement.

"Management Preferred Dividends" means, in respect of the Parent Guarantor, any dividends or other distribution (whether in cash or in kind) on or in respect of its preferred shares.

"Manager's Undertaking" means, in relation to a Ship, the letter of undertaking from its Approved Technical Manager and the letter of undertaking from its Approved Commercial Manager subordinating the rights of such Approved Technical Manager and such Approved Commercial Manager respectively against that Ship and the relevant Borrower to the rights of the Finance Parties in agreed form.

"Margin" means ~~3.75 per cent. per annum;~~

(a) in respect of an Original Tranche, from the date of this Agreement until the Effective Date, 3.75 per cent. per annum and at all times thereafter, 3.35 per cent per annum; and

(b) in respect of Tranche G, 3.35 per cent. per annum.

"Market Value Adjusted Total Assets" has the meaning given to it in Clause 22.1 (*Definitions*).

"Market Value" means, in relation to a Ship or any other vessel, at any date, an amount determined by the Facility Agent as being an amount equal to the market value of that Ship or vessel shown by a valuation prepared:

- (a) as at a date not more than 10 days previously;

- (b) by an Approved Valuer selected by the Facility Agent at the cost of the Borrowers;
- (c) with or without physical inspection of that Ship or vessel (as the Facility Agent may require); and
- (d) on the basis of a sale for prompt delivery for cash on normal arm's length commercial terms as between a willing seller and a willing buyer, free of any Charter.

provided that if an Obligor obtains its own valuation for that Ship or vessel from an Approved Valuer and such valuation shows a difference of more than 20 per cent. of the valuation obtained by the Facility Agent, then the Facility Agent shall obtain a second valuation by an Approved Valuer at the Borrowers' cost and on the same terms as the first valuation. The Market Value of the Ship or that vessel shall then be determined as the arithmetic average of the two valuations 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) of any Obligor; or
- (b) the ability of any Obligor to perform its obligations under any Finance Document; or
- (c) the validity or enforceability of, or the effectiveness or ranking of any Security granted or intended to be granted pursuant to any of, the Finance Documents or the rights or remedies of any Finance Party under any of the Finance Documents.

"Maximum Leverage Ratio" has the meaning given to it in Clause 22.1 (*Definitions*).

"Minimum Cash Reserve" has the meaning given to it in Clause ~~22.222.2~~ 22.2 (*Minimum Cash Reserve*).

"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~~;

(a) in relation to each Original Ship, a first priority or preferred (as the case may be) ship mortgage on that Ship ~~in agreed form~~ (as amended and supplemented by the relevant Mortgage Addendum); and

(b) in relation to Ship G, the first preferred Marshall Islands mortgage on Ship G,

in each case, in agreed form.

"Mortgage Addendum" means, in relation to the Mortgage over each Original Ship, a first amendment or addendum (as the case may be) to the Mortgage over that Original Ship in agreed form.

"Mortgaged Ship" means any Ship which is subject to a Mortgage at the relevant time.

"Nasdaq Market Tier" means the Nasdaq Global Select Market, the Nasdaq Global Market and the Nasdaq Capital Market.

"Net LTV" means, at any relevant time, the aggregate of the Loan and any exposure under the Hedging Agreement at that time expressed as a percentage of the aggregate Market Value of the Mortgaged Ships (excluding any Ship which has become a Total Loss and remains subject to a Mortgage at that time), the net realisable value of any additional Security provided under Clause 25 (*Loan to value ratio*) plus the balances standing to the credit of the Cash Reserve Accounts (other than for the purposes of Clause 23.18~~(b)~~ (Dividends) in which case such balances are excluded from the calculation of Net LTV).

"Obligor" means a Borrower, the Parent Guarantor or a Hedge Guarantor.

"Original Financial Statements" means in relation to the Parent Guarantor (and the Borrowers), the audited consolidated financial statements of the Group for its financial year ended 30 December 2020.

"Original Jurisdiction" means, in relation to an Obligor, the jurisdiction under whose laws that Obligor is incorporated as at the date of this Agreement.

"Original Borrower" means each of Borrower A, Borrower B, Borrower C, Borrower D, Borrower E or Borrower F.

"Original Ship" means each of Ship A, Ship B, Ship C, Ship D, Ship E or Ship F.

"Original Tranche" means each of Tranche A, Tranche B, Tranche C, Tranche D, Tranche E or Tranche F.

"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 32.2 (*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.

"Payment" means, in respect of any liabilities (or any other liabilities or obligations) under or, in connection with, a Permitted Inter-Company Loan, a payment, prepayment, repayment, redemption, defeasance or discharge of those ~~Liabilities~~ liabilities (or other liabilities or obligations).

"PATRIOT Act" means the United States Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Improvement and Reauthorization Act of 2005 (H.R. 3199).

"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.

"Period" means each 12-month period throughout the duration of the Security Period (being calculated on a trailing 12-month basis).

"Permitted Charter" means, in relation to a Ship:

- (a) a Charter:
 - (i) which is a time, voyage or consecutive voyage charter;
 - (ii) the duration of which does not exceed and is not capable of exceeding, by virtue of any optional extensions, 12 months;
 - (iii) which is entered into on *bona fide* arm's length terms at the time at which that Ship is fixed; and
 - (iv) in relation to which not more than two months' hire is payable in advance,
- (b) and any other Charter which is approved in writing by the Facility Agent acting with the authorisation of the Lenders (such approval not to be unreasonably withheld).

"Permitted Financial Indebtedness" means:

- (a) any Financial Indebtedness incurred under the Finance Documents;
- (b) until the relevant Utilisation Date, the Existing Indebtedness;
- (c) any Financial Indebtedness (including Permitted Inter-Company Loans) that is subordinated to all Financial Indebtedness incurred under the Finance Documents pursuant to a Subordination Agreement or, in the case of any Permitted Inter-Company Loans pursuant to Clause 23.25 (*Subordination of liabilities under a Permitted Inter-Company Loan*) of this Agreement or otherwise and which is, in the case of any such Financial Indebtedness of a Borrower (other than Financial Indebtedness arising out of any Permitted Inter-Company Loan), the subject of Subordinated Debt Security; and
- (d) any Permitted Trade Debt.

"Permitted Inter-Company Loan" means a loan made or to be made to a Borrower (or any of them) by the Parent Guarantor or to the Parent Guarantor by a Borrower (or any of them):

- (a) which is unsecured;
- (b) in relation to which no cash interest, fees, costs or expenses are payable during the Security Period; and
- (c) which is fully subordinated and assigned by that Borrower or, as the case may be, the Parent Guarantor in all respects to the Secured Liabilities pursuant to Clause 23.25 (*Subordination of liabilities under a Permitted Inter-Company Loan*) of this Agreement.

"Permitted Inter-Company Loan Liabilities" means any liabilities of any nature owed to the Parent Guarantor by any Borrower under a Permitted Inter-Company Loan.

"Permitted Re-Flagging" means the re-flagging of Ship E from Malta to the Marshall Islands **provided that** such re-flagging is in compliance with Clause 24.2 (*Ships' names and registration*).

"Permitted Security" means:

- (a) Security created by the Finance Documents or otherwise with the prior consent of the Facility Agent;
- (b) until the relevant Utilisation Date, the Existing Security;
- (c) liens for unpaid master's and crew's wages in accordance with first class ship ownership and management practice and not being enforced through arrest;
- (d) liens for salvage;
- (e) liens for master's disbursements incurred in the ordinary course of trading in accordance with first class ship ownership and management practice and not being enforced through arrest; and
- (f) any other lien arising by operation of law or otherwise in the ordinary course of the operation, repair or maintenance of any Ship:
 - (i) not as a result of any default or omission by any Borrower;
 - (ii) not being enforced through arrest; and
 - (iii) subject, in the case of liens for repair or maintenance, to Clause 24.16 (*Restrictions on chartering, appointment of managers etc.*),

provided such lien does not secure amounts more than 30 days overdue (unless the overdue amount is being contested in good faith by appropriate steps and for the payment of which adequate reserves are held and provided further that such proceedings do not give rise to a material risk of the relevant Ship or any interest in it being seized, sold, forfeited or lost).

"Permitted Trade Debt" means, in relation to a Ship, any trade debt on arm's length commercial terms reasonably incurred in the ordinary course of owning, operating, trading, chartering, maintaining and repairing that Ship, which:

- (a) on and from the date of this Agreement until the date falling 90 days from the relevant Utilisation Date (inclusive) (the **"Three Month Period"**) does not exceed \$500,000 (or the equivalent in any other currency) in aggregate in respect of that Ship and remains unpaid;
- (b) on and from the date falling after the lapse of the Three Month Period and at all times thereafter until the end of the Security Period:
 - (i) is up to \$50,000 (or the equivalent in any other currency) in aggregate in respect of that Ship and does not remain unpaid for more than 90 days of (A) its due date or (B) in the case where the Borrower owning that Ship has not received the relevant invoice, the date on which that Borrower becomes aware that the invoice is due and remains outstanding; and
 - (ii) is more than \$50,000 and does not exceed \$500,000 (or the equivalent in any other currency) in aggregate in respect of that Ship and does not remain unpaid for more than 30 days of (A) its due date or (B) in the case where the Borrower owning that Ship has not received the relevant invoice, the date on which that Borrower becomes aware that the invoice is due and remains outstanding.

"Plan" means any "employee benefit plan" as defined in Section 3(3) of ERISA that is subject to Title IV of ERISA which is or was sponsored, maintained or contributed to by, or required to be contributed to by any Transaction Obligor or any of their respective ERISA Affiliates.

"Potential Event of Default" means any event or circumstance specified in Clause 28 (*Events of Default*) which would (with the expiry of a grace period, the giving of notice, the making of any determination under the Finance Documents or any combination of any of the foregoing) be an Event of Default.

"Prohibited Person" means any person, whether designated by name or by reason of being included in a class of persons, that is, or that is directly or indirectly owned or controlled by persons that are, or any vessel that is:

- (a) listed on a Sanctions List;
- (b) resident in, or incorporated or organised under the laws of a Sanctioned Country;
- (c) otherwise a target of Sanctions ("**target of Sanctions**", for the purpose of this paragraph (c), signifying a person with whom a person organised or resident in the US or any other national of a Sanctions Authority would be prohibited or restricted by law from engaging in trade, business or other activities, or against whom Sanctions are otherwise directed); or
- (d) acting or purporting to act on behalf of any of the persons listed in paragraphs (a) to (c) above.

"Protected Party" has the meaning given to it in Clause 12.1 (*Definitions*).

"PSC" means port state control.

"**Qualified ECP Guarantor**" means, in respect of any Hedging Obligation, each of the Guarantor and the Hedge Guarantors that has total assets exceeding \$10,000,000 at the time the relevant guarantee or grant of the relevant security interest becomes effective with respect to such Hedging Obligation or such other person as constitutes an "eligible contract participant" under the Commodity Exchange Act or any regulations promulgated thereunder and can cause another person to qualify as an "eligible contract participant" at such time by entering into a keepwell under Section 1a(18)(A)(v)(II) of the Commodity Exchange Act.

"**Quarter End Date**" means 31 March, 30 June, 30 September and 31 December of each calendar year.

"**Quotation Day**" means, in relation to any period for which an interest rate is to be determined, two US Government Securities Business Days before the first day of that period unless market practice differs in the ~~Relevant Interbank Market~~ relevant syndicated loan market in which case the Quotation Day will be determined by the Facility Agent in accordance with that market practice ~~in the Relevant Interbank Market~~ (and if quotations would normally be given ~~by leading banks in the Relevant Interbank Market~~ on more than one day, the Quotation Day will be the last of those days).

"**Receiver**" means a receiver or receiver and manager or administrative receiver of the whole or any part of the Security Assets.

~~"Reference Bank Quotation" means any quotation supplied to the Facility Agent by a Reference Bank.~~

~~"Reference Bank Rate" means the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Facility Agent at its request by the Reference Banks:~~

~~(a) if:~~

~~(i) the Reference Bank is a contributor to the Screen Rate; and~~

~~(ii) it consists of a single figure,~~

~~as the rate (applied to the relevant Reference Bank and the relevant currency and period) which contributors to the Screen Rate are asked to submit to the relevant administrator; or~~

~~(b) in any other case, as the rate at which the relevant Reference Bank could fund itself in dollars for the relevant period with reference to the unsecured wholesale funding market.~~

~~"Reference Banks" means such entities as may be appointed by the Facility Agent in consultation with the Borrowers.~~

"Reference Rate" means in relation to the Loan or any part of the Loan:

(a) the applicable Term SOFR as of the Specified Time and for a period equal in length to the Interest Period of the Loan or that part of the Loan; or

(b) as otherwise determined pursuant to Clause 10.1 (*Unavailability of Term SOFR*).

"**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 Market" means the market for overnight cash borrowing collateralised by US Government Securities.

"Relevant Nominating Body" means any applicable central bank, regulator or other supervisory authority or a group of them, or any working group or committee sponsored or chaired by, or constituted at the request of, any of them or the Financial Stability Board.

"Relevant Percentage" has the meaning given to it in Clause 25 (*Loan to value ratio*).

"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 20 (*Representations*) except Clause 20.10 (*Insolvency*), Clause 20.11 (*No filing or stamp taxes*) and Clause 20.12 (*Deduction of Tax*) and any representation of any Transaction Obligor made in any other Finance Document that is expressed to be a "Repeating Representation" or is otherwise expressed to be repeated.

"Representative" means any delegate, agent, manager, administrator, nominee, attorney, trustee or custodian.

"Requisition" means 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; and
- (b) any capture or seizure of that Ship (including any hijacking or theft) by any person whatsoever.

"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.

"Sanctioned Country" means any country or territory whose government is the target of Sanctions or that is subject to comprehensive country-wide or territory-wide Sanctions (currently, Cuba, Iran, North Korea, Syria, Venezuela and Crimea).

"Sanctions" means any trade, economic or financial sanctions laws, regulations, embargoes, freezing provisions, prohibitions or other restrictive measures (including "secondary" or "extraterritorial" sanctions), imposed, administered, enacted or enforced from time to time by any Sanctions Authority. To the extent that any Sanctions applicable to and/or binding on a Finance Party are not applicable to and/or binding to a Transaction Obligor and/or any other member of the Group, such Sanctions shall be deemed to be applicable to and binding on such Transaction Obligor or such other member of the Group.

"Sanctions Advisory" means the Sanctions Advisory for the Maritime Industry, Energy and Metals Sectors, and Related Communities issued 14 May 2020 by the US Department of the Treasury, Department of State and Coast Guard, as may be amended or supplemented, and any similar future advisory.

"Sanctions Authority" means the US, the United Nations Security Council, the European Union or any of its member states, the United Kingdom, the respective governmental institutions and agencies of any of the foregoing, including the Office of Foreign Assets Control of the U.S. Department of the Treasury, the U.S. Department of State, the U.S. Department of Commerce, Her Majesty's Treasury of the United Kingdom, the Office of Financial Sanctions Implementation, or any other relevant sanctions authority enacting, administering or imposing Sanctions applicable by law to a Finance Party, a Transaction Obligor or any other member of the Group.

"Sanctions List" means the list of Specially Designated Nationals and Blocked Persons, the Sectoral Sanctions Identification List- [the Foreign Sanctions Evaders List, in each case, published by the Office of Foreign Assets Control of the United States Department of the Treasury](#), or any similar list maintained by a Sanctions Authority as a measure of imposing, administering, enacting or enforcing Sanctions, in each case 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.~~

"Sectoral Sanctions Identification List" means a list identifying certain countries and/or certain persons operating in certain sectors of activity which are the subject of Sanctions (e.g. the sectoral sanctions identifications list published by the Office of Foreign Assets Control of the U.S. Department of the Treasury).

"Secured Liabilities" means all present and future obligations and liabilities, (whether actual or contingent and whether owed jointly or severally or in any other capacity whatsoever) of each Transaction Obligor to any Secured Party under or in connection with each Finance Document.

"Secured Party" means each Finance Party from time to time party to this Agreement, a Receiver or any Delegate.

"Security" means a mortgage, pledge, lien, charge, assignment, hypothecation or security interest or any other agreement or arrangement having the effect of conferring security.

"Security Assets" means all of the assets of the Transaction Obligors which from time to time are, or are expressed to be, the subject of the Transaction Security.

"Security Document" means:

- (a) any Shares Security;
- (b) any Mortgage;
- (c) any Deed of Covenant;
- (d) any General Assignment;
- (e) any Account Security;
- (f) any Hedging Agreement Security;
- (g) any Subordinated Debt Security;
- (h) [any Mortgage Addendum;](#)
- (i) [any Supplemental Security Document;](#)
- (j) ~~(h)~~ any other document (whether or not it creates Security) which is executed as security for the Secured Liabilities; or
- (k) ~~(i)~~ 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.

"**Servicing Party**" means the Facility Agent or the Security Agent.

"**Shares Security**" means, in relation to a Borrower, a document creating Security over the shares or, as the case may be, the share capital in that Borrower in agreed form and, in relation to each Original Borrower, as amended and supplemented pursuant to the relevant Supplemental Shares Security.

"**Ship**" means Ship A, Ship B, Ship C, Ship D, Ship E, Ship F or Ship ~~FG~~.

"**Ship A**" means m.v. "RIVER GLOBE", details of which are set out opposite its name in Schedule 9 (*Details of the Ships*).

"**Ship B**" means m.v. "SKY GLOBE", details of which are set out opposite its name in Schedule 9 (*Details of the Ships*).

"**Ship C**" means m.v. "STAR GLOBE", details of which are set out opposite its name in Schedule 9 (*Details of the Ships*).

"**Ship D**" means m.v. "MOON GLOBE", details of which are set out opposite its name in Schedule 9 (*Details of the Ships*).

"**Ship E**" means m.v. "SUN GLOBE", details of which are set out opposite its name in Schedule 9 (*Details of the Ships*).

"**Ship F**" means m.v. "GALAXY GLOBE", details of which are set out opposite its name in Schedule 9 (*Details of the Ships*).

"**Ship G**" means m.v. "ORION GLOBE", details of which are set out opposite its name in Schedule 9 (*Details of the Ships*).

"**Shortfall**" has the meaning given to it in Clause 22.5~~(e)~~ (*Debt Service Coverage Ratio*).

"SOFR" means the secured overnight financing rate (SOFR) administered by the Federal Reserve Bank of New York (or any other person which takes over the administration of that rate).

"Specified Time" means ~~a day or time determined in accordance with Schedule 10 (Timetables)~~ in relation to when a Reference Rate is fixed, the Quotation Day.

"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 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 a Subordinated Finance Document or otherwise.

"Subordination Agreement" means a subordination agreement entered into or to be entered into by a Subordinated Creditor and the Security Agent in agreed form.

"Subsidiary" means a subsidiary within the meaning of section 1159 of the Companies Act 2006.

"Supplemental Deed of Covenant" means, in relation to Ship E, the deed of covenant, being supplemental to the Deed of Covenant, collateral to the Mortgage over Ship E and creating Security over Ship E in agreed form.

"Supplemental General Assignment" means, in relation to an Original Ship, the general assignment, being supplemental to the General Assignment relating to that Ship, creating Security over:

- (a) that Ship's Earnings, its Insurances and any Requisition Compensation in relation to that Ship; and
 - (b) any Charter and any Charter Guarantee (as each such word is therein defined) in relation to that Ship,
- in agreed form.

"Supplemental Hedging Agreement Security" means, the supplemental hedging agreement security to the Hedging Agreement Security in respect of each Original Borrower in agreed form.

"Supplemental Security Documents" means, together, the Supplemental General Assignments, the Supplemental Hedging Agreement Security, the Account Security Confirmations, the Supplemental Deed of Covenant and the Supplemental Shares Securities and, in the singular, means any of them.

"Supplemental Shares Security" means, in relation to an Original Borrower, a shares security being supplemental to the Shares Security relating to that Borrower, creating Security over the shares in that Borrower in agreed form.

"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 the Approved Technical Manager regarding the technical management of a Ship.

"Term SOFR" means the rate per annum determined by the Facility Agent as the forward-looking term rate based on SOFR as administered by CME Group Benchmark Administration Limited (or any other person which takes over the administration of that rate) for the relevant period published by CME Group Benchmark Administration Limited (or any other person which takes over the publication of that rate) and obtained by the Facility Agent through the Bloomberg Data License Service or a comparable service acceptable to the Facility Agent.

"Term SOFR Adjustment" means 0.10 per cent. per annum.

"Termination Date" means the date falling five years after the Utilisation Date of an Original Tranche.

"Third Parties Act" has the meaning given to it in Clause 1.5 (*Third party rights*).

"Total Assets" has the meaning given to it in Clause 22.1 (*Definitions*).

"Total Commitments" means the aggregate of the Commitments, ~~being which was~~ \$34,250,000 at the date of this Agreement and has been increased by \$18,000,000 to \$52,250,000 with effect from the Effective Date pursuant to and as defined in the Deed of Accession, Amendment and Restatement.

"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 60 days of such Requisition.

"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 any Original Tranche ~~A, and~~ Tranche ~~B, Tranche C, Tranche D, Tranche E or Tranche F~~ G.

"Tranche A" means that part of the Loan ~~made or to be~~ made available to the Borrowers to refinance the Existing Indebtedness secured on Ship A.

"Tranche B" means that part of the Loan ~~made or to be~~ made available to the Borrowers to refinance the Existing Indebtedness secured on Ship B.

"Tranche C" means that part of the Loan ~~made or to be~~ made available to the Borrowers to refinance the Existing Indebtedness secured on Ship C.

"Tranche D" means that part of the Loan ~~made or to be~~ made available to the Borrowers to refinance the Existing Indebtedness secured on Ship D.

"Tranche E" means that part of the Loan ~~made or to be~~ made available to the Borrowers to refinance the Existing Indebtedness secured on Ship E.

"Tranche F" means that part of the Loan made available to the Borrowers to refinance the purchase price of Ship F.

~~"Tranche F"~~ "Tranche G" means that part of the Loan made or to be made available to the Borrowers to refinance the ~~Initial Market Value of Ship F~~ purchase price of Ship G as well as for general corporate and working capital of the Obligors.

"Transaction Document" means:

- (a) a Finance Document;
- (b) a Subordinated Finance Document;
- (c) any Hedge Counterparty Guarantee; or
- (d) any other document designated as such by the Facility Agent and a Borrower.

"Transaction Obligor" means an Obligor, any Approved Manager who is a member of the Group 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 Government Securities Business Day" means any day other than:

- (a) a Saturday or a Sunday; and
- (b) a day on which the Securities Industry and Financial Markets Association (or any successor organisation) recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in US Government securities.

"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~~ a utilisation of the Facility.

"Utilisation Date" means the date of ~~the~~ a Utilisation, being ~~the date on which the Loan is to be made;~~

(a) in respect of an Original Tranche, 10 May 2021; and

(a) in respect of Tranche G, the date on which Tranche G is to be made available to the Borrowers.

"Utilisation Request" means a notice substantially in the form set out in Schedule 3 (*Utilisation Request*).

"VAT" means:

- (a) any value added tax imposed by the Value Added Tax Act 1994;
- (b) any tax imposed in compliance with the Council Directive of 28 November 2006 on the common system of value added tax (EC Directive 2006/112); and
- (c) any other tax of a similar nature, whether imposed in a member state of the European Union in substitution for, or levied in addition to, such tax referred to in paragraph (a) above, or imposed elsewhere.

"Write-down and Conversion Powers" means:

- (a) in relation to any Bail-In Legislation described in the EU Bail-In Legislation Schedule from time to time, the powers described as such in relation to that Bail-In Legislation in the EU Bail-In Legislation Schedule;
- (b) in relation to any other applicable Bail-In Legislation other than the UK Bail-In Legislation:
 - (i) any powers under that Bail-In Legislation to cancel, transfer or dilute shares issued by a person that is a bank or investment firm or other financial institution or affiliate of a bank, investment firm or other financial institution, to cancel, reduce, modify or change the form of a liability of such a person or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or any other person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that Bail-In Legislation that are related to or ancillary to any of those powers; and
 - (ii) any similar or analogous powers under that Bail-In Legislation; and
- (c) in relation to the UK Bail-In Legislation, any powers under that UK Bail-In Legislation to cancel, transfer or dilute shares issued by a person that is a bank or investment firm or other financial institution or affiliate of a bank, investment firm or other financial institution, to cancel, reduce, modify or change the form of a liability of such a person or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or any other person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that UK Bail-In Legislation that are related to or ancillary to any of those powers.

1.2 Construction

- (a) Unless a contrary indication appears, a reference in this Agreement to:
 - (i) the **"Account Bank"**, the **"Earnings Account Bank"**, the **"Facility Agent"**, any **"Finance Party"**, any **"Hedge Counterparty"**, 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) a Lender's "**cost of funds**" in relation to its participation in the Loan or any part of the Loan is a reference to the average cost (determined either on an actual or a notional basis) which that Lender would incur if it were to fund, from whatever source(s) it may reasonably select, an amount equal to the amount of that participation in the Loan or that part of the Loan for a period equal in length to the Interest Period of the Loan or that part of the Loan;
- (vi) ~~(v)~~ "**expense**" means any kind of cost, charge or expense (including all legal costs, charges and expenses) and any applicable Tax including VAT;
- (vii) ~~(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;
- (viii) ~~(vii)~~ a "**group of Lenders**" includes all the Lenders;
- (ix) ~~(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;
- (x) ~~(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;
- (xi) ~~(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;
- (xii) ~~(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);
- (xiii) ~~(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;
- (xiv) ~~(xiii)~~ a provision of law is a reference to that provision as amended or re-enacted from time to time;
- (xv) ~~(xiv)~~ a time of day is a reference to London time;
- (xvi) ~~(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;

(xvii) ~~(xvii)~~ words denoting the singular number shall include the plural and vice versa; and

(xviii) ~~(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 remedied or waived.

1.3 Construction of insurance terms

In this Agreement:

"**approved**" means, for the purposes of Clause 27 (*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 27 (*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 45.2 (*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 45.3 (*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 (e) of Clause 14.2 (*Other indemnities*), ~~Clause 31.20 (*Role of Reference Banks*)~~, ~~Clause 31.21 (*Third Party Reference Banks*)~~, or paragraph (b) of Clause 32.11 (*Exclusion of liability*) may, subject to this Clause 1.5 (*Third party rights*) and the Third Parties Act, rely on any Clause of this Agreement which expressly confers rights on it.

SECTION 2
THE FACILITY

2 THE FACILITY

2.1 The Facility

(a) The Lenders have already made available to the Borrowers the loan facility under the Original Tranches on 10 May 2021 as follows:

- (i) Tranche A in the amount of \$4,151,515.15;
- (ii) Tranche B in the amount of \$4,878,030.30;
- (iii) Tranche C in the amount of \$5,293,181.82;
- (iv) Tranche D in the amount of \$4,566,666.67;
- (v) Tranche E in the amount of \$5,189,393.94; and
- (vi) Tranche F in the amount of \$10,171,212.12.

(b) Subject to the terms of this Agreement, the Lenders shall also make available to the Borrowers a ~~dollar term loan facility in six Tranches in an aggregate amount not exceeding the Total Commitments~~ top-up loan facility (being Tranche G) in the amount of up to \$18,000,000 to be drawn in a single advance for the purpose set out in Recital (C).

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 any Utilisation Requests), to make such agreements and to effect the relevant amendments, supplements and variations capable of being given, made or effected by any Borrower notwithstanding that they may affect the Borrower, without further reference to or the consent of that Borrower; and
- (ii) each Finance Party to give any notice, demand or other communication to that Borrower pursuant to the Finance Documents to the Parent Guarantor,

and in each case the Borrower shall be bound as though the Borrower itself had given the notices and instructions (including, without limitation, any Utilisation Requests) or executed or made the agreements or effected the amendments, supplements or variations, or received the relevant notice, demand or other communication.

- (b) Every act, omission, agreement, undertaking, settlement, waiver, amendment, supplement, variation, notice or other communication given or made by the Parent Guarantor or given to the Parent Guarantor under any Finance Document on behalf of a Borrower or in connection with any Finance Document (whether or not known to any Borrower) shall be binding for all purposes on that Borrower as if that Borrower had expressly made, given or concurred with it. In the event of any conflict between any notices or other communications of the Parent Guarantor and any Borrower, those of the Parent Guarantor shall prevail.

3 PURPOSE

3.1 Purpose

Each Borrower shall apply or, in the case of the Original Tranches, have applied all amounts borrowed by it under the Facility only for the purpose stated in the preamble (*Background*) to this Agreement.

3.2 Monitoring

No Finance Party is bound to monitor or verify the application of any amount borrowed pursuant to this Agreement.

4 CONDITIONS OF UTILISATION

4.1 Initial conditions precedent

The Borrowers may not deliver ~~the~~ a Utilisation Request unless the Facility Agent has received all of the documents and other evidence listed in Part A of Schedule 2 (*Conditions Precedent*) in form and substance satisfactory to the Facility Agent.

4.2 Further conditions precedent

The Lenders will only be obliged to comply with Clause 5.4 (*Lenders' participation*) if:

- (a) on the date of the relevant Utilisation Request and on the proposed Utilisation Date and before the ~~Loan~~ relevant advance is made available:
 - (i) no Default is continuing or would result from the proposed Utilisation;

- (ii) the Repeating Representations to be made by each Transaction Obligor are true;
 - (iii) the Parent Guarantor is in compliance with Clause 22.3 (*Minimum Liquidity Amount*); and
 - (iv) no Ship has neither been sold nor become a Total Loss; and
- (b) in the case of the Advance under each Tranche, the Facility Agent has received on or before the relevant Utilisation Date, or is satisfied it will receive when the ~~Loan~~ Advance is made available, all of the documents and other evidence listed in Part B of Schedule 2 (*Conditions Precedent*) relating to that Tranche in form and substance satisfactory to the Facility Agent.

4.3 Notification of satisfaction of conditions precedent

- (a) The Facility Agent shall notify the Borrowers and the Lenders promptly upon being satisfied as to the satisfaction of the conditions precedent referred to in Clause 4.1 (*Initial conditions precedent*) and Clause 4.2 (*Further conditions precedent*).
- (b) Other than to the extent that the Majority Lenders notify the Facility Agent in writing to the contrary before the Facility Agent gives the notification described in paragraph (a) above, the Lenders authorise (but do not require) the Facility Agent to give that notification. The Facility Agent shall not be liable for any damages, costs or losses whatsoever as a result of giving any such notification.

4.4 Waiver of conditions precedent

If the Majority Lenders, at their discretion, permit the Loan to be borrowed before any of the conditions precedent referred to in Clause 4.1 (*Initial conditions precedent*) or Clause 4.2 (*Further conditions precedent*) has been satisfied, the Borrowers shall ensure that that condition is satisfied within five Business Days after the relevant Utilisation Date or such later date as the Facility Agent, acting with the authorisation of the Majority Lenders, may agree in writing with the Borrowers.

4.5 Conditions Subsequent

The Borrowers undertake to deliver or cause to be delivered to the Facility Agent the additional documents and evidence listed in Part C of Schedule 2 (*Conditions Precedent*) within the timeframe specified therein in form and substance satisfactory to the Facility Agent.

SECTION 3

UTILISATION

5 UTILISATION

5.1 Delivery of ~~the 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 ~~for the Loan~~ in respect of the Original Tranches and not more than one Utilisation Request in respect of Tranche G.
- (c) All Original Tranches shall be simultaneously drawn.

5.2 Completion of a Utilisation Request

~~5.2 Completion of the Utilisation Request~~

~~The 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 a~~ 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 ~~the a~~ Utilisation Request must be dollars.
- (b) The amount of the proposed ~~Loan~~ Advance must be an amount which is not more than ~~the lower of (i) the Total Commitments and (ii) 52.5 per cent. of the aggregate of the Initial Market Value of the Ships;~~
 - (i) in respect of the Advance under the Original Tranches, the lesser of (i) \$34,250,000 and (ii) 52.5 per cent. of the aggregate of the Initial Market Value of the Original Ships; and
 - (ii) in respect of the Advance under the Tranche G, the lesser of (i) \$18,000,000 and (ii) 62.5 per cent. of the Initial Market Value of Ship G.
- (c) The amount of the proposed ~~Loan~~ Advance must be an amount which is not more than the Available Facility.

5.4 Lenders' participation

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

- (b) The amount of each Lender's participation in the Loan will be equal to the proportion borne by its Available Commitment to the Available Facility immediately before making the Loan.
- (c) The Facility Agent shall notify each Lender of the amount of the Loan and the amount of its participation in the Loan by the Specified Time.

5.5 Cancellation of Commitments

The Commitments in respect of any Tranche which are unutilised at the end of the Availability Period shall then be cancelled.

5.6 Retentions and payment to third parties

The Borrowers irrevocably authorise the Facility Agent:

- (a) to deduct from the proceeds of the Loan any fees then payable to the Finance Parties in accordance with Clause 11 (*Fees*), any solicitors fees and disbursements together with any applicable VAT and any other items listed as deductible items in the [relevant](#) Utilisation Request and to apply them in payment of the items to which they relate; and
- (b) on the [relevant](#) Utilisation Date, to pay to, or for the account of, the Borrowers the balance (after any deduction made in accordance with paragraph (a) above) of the amounts which the Facility Agent receives from the Lenders in respect of the ~~Loan~~[relevant Advance](#). That payment shall be made in like funds as the Facility Agent received from the Lenders in respect of the Loan to the account of the Existing Facility Agent under the Existing Facility Agreement which the Borrowers specify in the [relevant](#) Utilisation Request for that part of the Loan used to refinance the Existing Indebtedness and the balance to the account of the Borrowers.

5.7 Disbursement of Advance to third party

Payment by the Facility Agent under Clause 5.6 (*Retentions and payment to third parties*) to a person other than a Borrower shall constitute the making of the Loan and the Borrowers shall at that time become indebted, as principal and direct obligors, to each Lender in an amount equal to that Lender's participation in the Loan.

5.8 Prepositioning of funds

If the Lenders, at the request of the Borrowers and on terms acceptable to all the Lenders and in their absolute discretion, preposition funds with any bank, each Borrower and the Parent Guarantor:

- (a) agree to pay interest on the amount of the funds so prepositioned at the rate described in Clause 8.1 (*Calculation of interest*) on the basis of successive interest periods of one day and so that interest shall be paid together with the first payment of interest on the Loan after the [relevant](#) Utilisation Date or, if such Utilisation Date does not occur, within three Business Days of demand by the Facility Agent; and
- (b) shall, without duplication, indemnify each Finance Party against any costs, loss or liability it may incur in connection with such arrangement.

SECTION 4

REPAYMENT, PREPAYMENT AND CANCELLATION

6 REPAYMENT

6.1 Repayment of Loan

The Borrowers shall repay the Loan as follows:

- (a) Tranche A by:
 - (i) 20 equal consecutive quarterly instalments, each in an amount of \$151,515.15 (each a "**Tranche A Amortising Instalment**" and collectively, the "**Tranche A Amortising Instalments**"); and
 - (ii) a balloon instalment in the amount of \$1,121,212.10 (the "**Balloon Instalment A**" and together with the Tranche A Amortising Instalments, shall each be a "**Repayment Instalment A**" and collectively, the "**Repayment Instalments A**");
- (b) Tranche B by:
 - (i) 20 equal consecutive quarterly instalments, each in an amount of \$178,030.30 (each a "**Tranche B Amortising Instalment**" and collectively, the "**Tranche B Amortising Instalments**"); and
 - (ii) a balloon instalment in the amount of \$1,317,424.25 (the "**Balloon Instalment B**" and together with the Tranche B Amortising Instalments, shall each be a "**Repayment Instalment B**" and collectively, the "**Repayment Instalments B**");
- (c) Tranche C by:
 - (i) 20 equal consecutive quarterly instalments, each in an amount of \$193,181.82 (each a "**Tranche C Amortising Instalment**" and collectively, the "**Tranche C Amortising Instalments**"); and
 - (ii) a balloon instalment in the amount of \$1,429,545.47 (the "**Balloon Instalment C**" and together with the Tranche C Amortising Instalments, shall each be a "**Repayment Instalment C**" and collectively, the "**Repayment Instalments C**");
- (d) Tranche D by:
 - (i) 20 equal consecutive quarterly instalments, each in an amount of \$166,666.67 (each a "**Tranche D Amortising Instalment**" and collectively, the "**Tranche D Amortising Instalments**"); and
 - (ii) a balloon instalment in the amount of \$1,233,333.32 (the "**Balloon Instalment D**" and together with the Tranche D Amortising Instalments, shall each be a "**Repayment Instalment D**" and collectively, the "**Repayment Instalments D**");

- (e) Tranche E by:
- (i) 20 equal consecutive quarterly instalments, each in an amount of \$189,393.94 (each a "Tranche E Amortising Instalment" and collectively, the "Tranche E Amortising Instalments"); and
 - (ii) a balloon instalment in the amount of \$1,401,515.14 (the "Balloon Instalment E" and together with the Tranche E Amortising Instalments, shall each be a "Repayment Instalment E" and collectively, the "Repayment Instalments E");
- (f) Tranche F by:
- (i) 20 equal consecutive quarterly instalments, each in an amount of \$371,212.12 (each a "~~Tranche F Amortising Instalment~~" and together with ~~Tranche A Amortising Instalments, Tranche B Amortising Instalments, Tranche C Amortising Instalments, Tranche D Amortising Instalments and Tranche E Amortising Instalments, the "Amortising Instalments"~~ and each an "~~Amortising Instalment~~"; and Amortising Instalment" and collectively, the "Tranche F Amortising Instalments"; and
 - (ii) a balloon instalment in the amount of \$2,746,969.72 (the "Balloon Instalment F" and together with the Tranche F Amortising Instalments, shall each be a "Repayment Instalment F" and collectively, the "Repayment Instalments F");
- (g) Tranche G by:
- (i) 15 equal consecutive quarterly instalments, each in an amount of \$375,000 (each a "Tranche G Amortising Instalment" and together with Tranche A Amortising Instalments, Tranche B Amortising Instalments, Tranche C Amortising Instalments, Tranche D Amortising Instalments, Tranche E Amortising Instalments and Tranche F Amortising Instalments, the "Amortising Instalments" and each an "Amortising Instalment"); and
 - (ii) a balloon instalment in the amount of ~~\$2,746,969.72~~ 12,375,000 (the "Balloon Instalment ~~FG~~" and together with the Tranche ~~F-G~~ Amortising Instalments, shall each be a "Repayment Instalment ~~FG~~" and together with Repayment ~~Instalment-Instalments A, Repayment Instalment-Instalments B, Repayment Instalment-Instalments C, Repayment Instalment-D-Instalments D, Repayment Instalments E, and Repayment Instalment-E-Instalments F,~~ the "Repayment Instalments");
- (h) ~~(g)~~ The first Amortizing Instalment of each Original Tranche shall be repaid on the date falling three Months after the relevant Utilisation Date and the first Amortising Instalment of Tranche G shall be repaid on the next Repayment Date in respect of the Original Tranches following the Utilisation Date of Tranche G and subsequently at three Monthly intervals thereafter with the last Amortizing Instalment of each Tranche being repayable together with the relevant Balloon Instalment of that Tranche on the Termination Date.

6.2 Effect of cancellation and prepayment on scheduled repayments

- (a) If the ~~Borrower cancels~~ Borrowers cancel the whole or any part of any Available Commitment in accordance with Clause 7.6 (*Right of repayment and cancellation in relation to a single Lender*) or if the Available Commitment of any Lender is cancelled under Clause 7.1 (*Illegality*) then the Repayment Instalments falling after that cancellation will reduce in inverse order of maturity by the amount of the Available Commitments so cancelled.

- (b) If the ~~Borrower cancels~~ Borrowers cancel the whole or any part of any Available Commitment in accordance with Clause 7.2 (*Automatic cancellation*) or if the whole or part of any Commitment is cancelled pursuant to Clause 5.5 (~~5.5 Cancellation~~ Cancellation of Commitments), the Repayment Instalments for each Repayment Date falling after that cancellation will reduce in inverse order of maturity by the amount of the Commitments so cancelled.
- (c) If any part of the Loan is repaid or prepaid in accordance with Clause 7.6 (*Right of repayment and cancellation in relation to a single Lender*) or Clause 7.1 (*Illegality*) then the Repayment Instalments for each Repayment Date falling after that repayment or prepayment will reduce in inverse order of maturity 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*), Clause 7.4 (*Mandatory prepayment on sale or Total Loss*) or Clause 7.5 (*Mandatory prepayment of Hedging Prepayment Proceeds*) then the amount of the Repayment Instalments for each Repayment Date falling after that repayment or prepayment will reduce in inverse order of maturity by the amount of the Loan repaid or prepaid.

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

- (a) If it becomes unlawful in any applicable jurisdiction for a Lender to perform any of its obligations as contemplated by this Agreement or to fund or maintain its participation in an Advance or the Loan or to determine or charge interest rates based upon Adjusted Term SOFR or Term SOFR or it becomes unlawful for any Affiliate of a Lender for that Lender to do so:
 - (i) that Lender shall promptly notify the Facility Agent upon becoming aware of that event;
 - (ii) upon the Facility Agent notifying the Borrowers, the Available Commitment of that Lender will be immediately cancelled; and
 - (iii) the Borrowers shall prepay that Lender's participation in the Loan on the last day of the Interest Period for the Loan occurring after the Facility Agent has notified the Borrowers or, if earlier, the date specified by the Lender in the notice delivered to the Facility Agent (being no earlier than the last day of any applicable grace period permitted by law) and that Lender's corresponding Commitment shall be immediately cancelled in the amount of the participation prepaid.
- (b) If it becomes unlawful for a Lender to perform any of its obligations as contemplated by this Agreement or to fund or maintain its participation in the Loan due to:

- (i) Sanctions (including in each case, without limitation, (A) the non-existence or cessation of legality, validity, binding effect or enforceability of a provision of a Finance Document and (B) the presence of any circumstances resulting in the imposition of any civil, administrative or criminal measures on a Lender) and/or contrary to, or declared by any Sanctions Authority to be contrary to, Sanctions for any Affiliate of a Lender for that Lender to do so; or
- (ii) without prejudice to the generality of the preceding paragraph, any Transaction Obligor or any other member of the Group being or becoming a Prohibited Person which would result in a breach of Sanctions by a Lender:
 - (A) to the extent permitted by applicable law, that Lender shall promptly notify the Borrowers through the Facility Agent upon becoming aware of that event;
 - (B) such Lender's Commitment will be cancelled on the date (the "**Sanctions Cancellation Date**") falling 30 days after the date on which the Facility Agent has notified the Borrowers, which it shall do promptly upon receipt of a notification from the Lender; and
 - (C) the Borrowers shall repay that Lender's participation in the Loan on the last day of the Interest Period for the Loan occurring after the Sanctions Cancellation Date or, if earlier, the date specified by the Lender in the notice delivered to the Facility Agent (being no later than the earlier of (x) the Sanctions Cancellation Date and (y) 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 Automatic cancellation

The unutilised Commitment (if any) of each Lender shall be automatically cancelled at close of business on the date on which the Loan is made available without penalty or prepayment fee.

7.3 Voluntary prepayment of Loan

- (a) Subject to paragraph (b) below, the Borrowers may, if they give the Facility Agent not less than five Business Days' (or such shorter period as the Majority Lenders may agree) prior notice, prepay the whole or any part of the Loan (but, if in part, being an amount that reduces the amount of the Loan by a minimum amount of \$1,000,000).
- (b) The Loan may only be prepaid after the last day of the [relevant](#) Availability Period (or, if earlier, the day on which the Available Facility is zero).

7.4 Mandatory prepayment on sale or Total Loss

- (a) If a Ship is sold (without prejudice to paragraph (a) of Clause 23.12 (*Disposals*)) or becomes a Total Loss, the Borrowers shall on the Relevant Date prepay the Tranche applicable to that Ship in full.
- (b) On the Relevant Date, the Borrowers shall also prepay such part of the Loan as shall eliminate any shortfall arising if the ratio set out in Clause 25 (*Loan to value ratio*) were applied immediately following the payment referred to in paragraph (a) above.

(c) Provided that no Event of Default has occurred and is continuing, any remaining proceeds of the sale or Total Loss of a Ship after the prepayments referred to in paragraph (a) and paragraph (b) above have been made together with all other amounts that are payable on any such prepayment pursuant to the Finance Documents shall be paid to the Borrower that owned the relevant Ship.

(d) In this Clause 7.4 (*Mandatory prepayment on sale or Total Loss*):

"**Relevant Date**" means:

(a) ~~(+)~~ in the case of a sale of a Ship, on the date on which the sale is completed by delivery of that Ship to the buyer of that Ship; and

(b) ~~(+)~~ in the case of a Total Loss of a Ship, on the earlier of:

(i) ~~(A)~~ the date falling 90 days after the Total Loss Date; and

(ii) ~~(B)~~ the date of receipt by the Security Agent of the proceeds of insurance relating to such Total Loss.

7.5 Mandatory prepayment of Hedging Prepayment Proceeds

Any Hedging Prepayment Proceeds arising as a result of any cancellation or prepayment under this Agreement shall, following payment into the relevant Earnings Account in accordance with Clause 26.2 (*Payment of Earnings*), be applied on the last day of the next Interest Period which ends after such payment in prepayment of the Loan.

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*),

the Borrowers may whilst the circumstance giving rise to the requirement for that increase or indemnification continues give the Facility Agent notice of cancellation of the Commitment of that Lender and its intention to procure the repayment of that Lender's participation in the Loan.

(b) On receipt of a notice of cancellation referred to in paragraph (a) above, the Commitment of that Lender shall immediately be reduced to zero.

(c) On the last day of each Interest Period which ends after the Borrowers have given notice of cancellation under paragraph (a) above in relation to a Lender (or, if earlier, the date specified by the Borrowers in that notice), the Borrowers shall repay that Lender's participation in the Loan.

7.7 Restrictions

- (a) Any notice of cancellation or prepayment given by any Party under this Clause 7 (*Prepayment and Cancellation*) shall be irrevocable and, unless a contrary indication appears in this Agreement, shall specify the date or dates upon which the relevant cancellation or prepayment is to be made, the amount of that cancellation or prepayment and, if relevant, the part of the Loan to be prepaid or cancelled.
- (b) Any prepayment under this Agreement shall be made together with accrued interest on the amount prepaid and amounts (if any) payable under the Hedging Agreements in connection with that prepayment and, subject to the fee provided for in Clause 11.3 (*Prepayment fee*) and 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 or the affected Lenders and/or Hedge Counterparties, as appropriate.
- (g) If all or part of any Lender's participation in the Loan is repaid or prepaid, an amount of that Lender's Commitment (equal to the amount of the participation which is repaid or prepaid) will be deemed to be cancelled on the date of repayment or prepayment.

7.8 Application of prepayments

Any prepayment of any part of the Loan (other than a prepayment pursuant to Clause 7.1 (*Illegality*) or Clause 7.6 (*Right of repayment and cancellation in relation to a single Lender*)) shall be applied pro rata to each Lender's participation in that part of the Loan.

SECTION 5
COSTS OF UTILISATION

8 INTEREST

8.1 Calculation of interest

The rate of interest on the Loan or any part of the Loan for each Interest Period is the percentage rate per annum which is the aggregate of:

(a) the applicable Margin; and

~~(b) LIBOR.~~

(b) Adjusted Term SOFR.

8.2 Payment of interest

The Borrowers shall pay accrued interest on the Loan or any part of the Loan quarterly in arrears (each an "**Interest Payment Date**").

8.3 Default interest

(a) If a Transaction Obligor fails to pay any amount payable by it under a Finance Document other than a Hedging Agreement 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 two 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 Obligors 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 two 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 Borrower of each Funding Rate relating to the Loan, any part of the Loan or any Unpaid Sum.~~

8.5 Hedging

- (a) On or before the relevant Utilisation Date, the Borrowers shall enter into Hedging Agreements and shall after that date maintain such Hedging Agreements in accordance with this Clause 8.5 (*Hedging*).
- (b) The aggregate notional amount of the transactions in respect of the Hedging Agreements shall be at least 100 per cent. of the aggregate amount of the Loan.
- (c) Each Hedging Agreement shall:
 - (i) be secured by *pari passu* Security with this Agreement;
 - (ii) be with a Hedge Counterparty;
 - (iii) be for a term ending on the Termination Date;
 - (iv) have settlement dates coinciding with the Interest Payment Dates;
 - (v) be based on an ISDA Master Agreement and otherwise in form and substance satisfactory to the Facility Agent; and
 - (vi) provide that the Termination Currency (as defined in the relevant Hedging Agreement) shall be dollars.
- (d) The rights of each Borrower under the Hedging Agreements and any Hedge Counterparty Guarantee shall be charged or assigned by way of security under a Hedging Agreement Security.
- (e) The parties to each Hedging Agreement must comply with the terms of that Hedging Agreement.
- (f) Neither a Hedge Counterparty nor a Borrower may amend, supplement, extend or waive the terms of any Hedging Agreement or Hedge Counterparty Guarantee without the consent of the Security Agent.
- (g) Paragraph (f) above shall not apply to an amendment, supplement or waiver that is administrative and mechanical in nature and does not give rise to a conflict with any provision of this Agreement or the Hedging Agreement Security.
- (h) If, at any time, the aggregate notional amount of the transactions in respect of the Hedging Agreements exceeds or, as a result of any repayment or prepayment under this Agreement, will exceed the Loan at that time, the Borrowers must promptly notify the Facility Agent and must, at the request of the Facility Agent, reduce the aggregate notional amount of those transactions by an amount and in a manner satisfactory to the Facility Agent so that it no longer exceeds or will not exceed the Loan then or that will be outstanding.
- (i) Any reductions in the aggregate notional amount of the transactions in respect of the Hedging Agreements in accordance with paragraph (h) above will be apportioned as between those transactions *pro rata*.

- (j) Paragraph (h) above shall not apply to any transactions in respect of any Hedging Agreement under which no Borrower has any actual or contingent indebtedness.
- (k) The Facility Agent must make a request under paragraph (h) above if so required by a Hedge Counterparty.
- (l) Neither a Hedge Counterparty nor a Borrower may terminate or close out any transactions in respect of any Hedging Agreement (in whole or in part) except:
 - (i) in accordance with paragraphs (h)-(k) above;
 - (ii) on the occurrence of an Illegality (as such expression is defined in the relevant Hedging Agreement);
 - (iii) in the case of termination or closing out by a Hedge Counterparty, if the Facility Agent serves notice under sub-paragraph (ii) of paragraph (a) of Clause 28.19 (*Acceleration*) or, having served notice under sub-paragraph (iii) of paragraph (a) of Clause 28.19 (*Acceleration*), makes a demand;
 - (iv) in the case of any other termination or closing out by a Hedge Counterparty or a Borrower, with the consent of the Facility Agent; or
 - (v) if the Secured Liabilities (other than in respect of the Hedging Agreements) have been irrevocably and unconditionally paid and discharged in full;
- (m) If a Hedge Counterparty or a Borrower terminates or closes out a transaction in respect of a Hedging Agreement (in whole or in part) in accordance with sub-paragraphs (ii), or (in the case of a Hedge Counterparty only) (iii) of paragraph (l) above, it shall promptly notify the Facility Agent of that termination or close out.
- (n) If a Hedge Counterparty is entitled to terminate or close out any transaction in respect of any Hedging Agreement under sub-paragraph (iii) of paragraph (l) above, such Hedge Counterparty shall promptly terminate or close out such transaction following a request to do so by the Security Agent.
- (o) A Hedge Counterparty may only suspend making payments under a transaction in respect of a Hedging Agreement if a Borrower is in breach of its payment obligations under any transaction in respect of that Hedging Agreement.
- (p) Each Hedge Counterparty consents to, and acknowledges notices of, the charging or assigning by way of security by each Borrower pursuant to the relevant Hedging Agreement Security of its rights under the Hedging Agreements to which it is party in favour of the Security Agent.
- (q) Any such charging or assigning by way of security is without prejudice to, and after giving effect to, the operation of any payment or close-out netting in respect of any amounts owing under any Hedging Agreement.
- (r) The Security Agent shall not be liable for the performance of any of a Borrower's obligations under a Hedging Agreement.
- (s) No Borrower or Hedge Counterparty shall assign any of its rights or transfer any of its rights or obligations under a Hedging Agreement or permit a change of Hedge Counterparty Guarantor without the consent of the Security Agent.

9 INTEREST PERIODS

9.1 Interest Periods

- (a) Each Interest Period will be three Months.
- (b) An Interest Period in respect of ~~the Loan~~ a Tranche or any part of the Loan shall not extend beyond the Termination Date.
- (c) The first Interest Period for ~~the Loan~~ each Tranche shall start on the Utilisation Date relevant to that Tranche and each subsequent Interest Period shall start on the last day of the preceding Interest Period.
- (d) ~~The Loan~~ Each Tranche shall have one Interest Period only at any time.
- (e) No Interest Period can be selected in respect of a tenor that has ceased to be available in accordance with Clause 45.4 (Benchmark Replacement setting).

9.2 Non-Business Days

If an Interest Period would otherwise end on a day which is not a Business Day, that Interest Period will instead end on the next Business Day in that calendar month (if there is one) or the preceding Business Day (if there is not).

10 CHANGES TO THE CALCULATION OF INTEREST

10.1 Unavailability of ~~Screen-Rate~~ Term SOFR

- (a) *Interpolated ~~Screen-Rate~~Term SOFR:* If no ~~Screen-Rate~~ Term SOFR is available ~~for LIBOR~~ for the Interest Period of the Loan or any part of the Loan, the applicable ~~LIBOR~~ Reference Rate shall be the Interpolated ~~Screen-Rate~~ Term SOFR for a period equal in length to the Interest Period of the Loan or that part of the Loan.
- ~~(b) *Reference Bank Rate:* If no Screen-Rate is available for LIBOR for:~~
 - ~~(i) dollars; or~~
- (b) Historic Term SOFR: If no Term SOFR is available for ~~(ii)~~ the Interest Period of the Loan or any part of the Loan and it is not possible to calculate the Interpolated ~~Screen-Rate~~ Term SOFR by 17:00 New York time on the relevant Quotation Day, the applicable ~~LIBOR~~ Reference Rate shall be the ~~Reference Bank Rate as of the Specified Time and for a period equal in length to the Interest Period of the Loan or that part of the Loan.~~ Historic Term SOFR for the Loan or that part of the Loan.
- (c) Interpolated Historic Term SOFR: If paragraph (b) above applies but no Historic Term SOFR is available for the Interest Period of the Loan or any part of the Loan, the applicable Reference Rate shall be the Interpolated Historic Term SOFR for a period equal in length to the Interest Period of the Loan or that part of the Loan.
- (d) ~~Cost of funds:~~ If paragraph (b) above applies but no Reference Bank Rate is available for dollars or the relevant Interest Period there shall be no ~~LIBOR~~ Base Rate. If paragraph (c) above applies but it is not possible to calculate the Interpolated Historic Term SOFR, there shall be no Reference Rate for the Loan or that part of the Loan (as applicable) and Clause ~~10.4~~ 10.3 ((e) Cost of funds Base Rate) shall apply to the Loan or that part of the Loan for that Interest Period.

10.2 Calculation of Reference Bank Rate

- (a) Subject to paragraph (b) below, if LIBOR is to be determined on the basis of a Reference Bank Rate but a Reference Bank does not supply a quotation by the Specified Time, the Reference Bank Rate shall be calculated on the basis of the quotations of the remaining Reference Banks.
- (b) If at or about noon on the Quotation Day none or only one of the Reference Banks supplies a quotation, there shall be no Reference Bank Rate for the relevant Interest Period.

10.2 10.3 Market disruption

If before close of business in London on the Quotation Day for the relevant Interest Period ~~the~~ the Facility Agent receives notification from a Lender or Lenders (whose participations in the Loan or the relevant part of the Loan exceed ~~50-30~~ per cent. of the Loan or ~~the relevant that~~ part of the Loan as appropriate) that ~~the its cost to it of funding of funds relating to~~ its participation in the Loan or that part of the Loan ~~from whatever source it may reasonably select~~ would be in excess of LIBOR-Adjusted Term SOFR, then Clause ~~10.4~~ 10.3 (Cost of funds Base Rate) shall apply to the Loan or that part of the Loan (as applicable) for the relevant Interest Period.

10.4 Cost of funds

10.3 Base Rate

- (a) If this Clause ~~10.4~~ 10.3 (Cost of funds Base Rate) applies, the rate of interest on the Loan or the relevant part of the Loan for the relevant Interest Period shall be the percentage rate per annum which is the sum of:
- (i) the applicable Margin; and
 - ~~(ii) the rate notified to the Facility Agent by that Lender as soon as practicable and in any event before interest is due to be paid in respect of that Interest Period to be that which expresses as a percentage rate per annum the cost to the relevant Lender of funding its participation in the Loan or that part of the Loan from whatever source it may reasonably select.~~
 - (ii) the Base Rate from time to time.
- (b) If this Clause ~~10.4~~ 10.3 (Cost of funds Base Rate) applies and, ~~subject to Clause 45.4 (Benchmark Replacement setting),~~ the Facility Agent or the Borrowers so require, the Facility Agent and the Borrowers shall enter into negotiations (for a period of not more than 30 days) with a view to agreeing a substitute basis for determining the rate of interest or (as the case may be) an alternative basis for funding.
- (c) Subject to Clause 45.4 *(Benchmark Replacement setting)*, any substitute or alternative basis agreed pursuant to paragraph (b) above shall, with the prior consent of all the Lenders and the Borrowers, be binding on all Parties.

- (d) ~~If paragraph (c) below does not apply and any rate notified to the Facility Agent under sub-paragraph (ii) of paragraph (a) above is less than zero, the relevant rate shall be deemed to be zero.~~
- (e) ~~If this Clause 10.4 (Cost of funds) applies pursuant to Clause 10.3 (Market disruption) and:~~
- (i) ~~a Lender's Funding Rate is less than LIBOR; or~~
- (ii) ~~a Lender does not supply a quotation by the time specified in sub-paragraph (ii) of paragraph (a) above;~~
- ~~the cost to that Lender of funding its participation in the Loan or the relevant part of the Loan for that Interest Period shall be deemed, for the purposes of paragraph (a) above, to be LIBOR.~~

10.4 ~~10.5~~ Break Costs

- (a) The Borrowers shall, within three Business Days of demand by a Finance Party, pay to that Finance Party its Break Costs attributable to all or any part of the Loan or Unpaid Sum being paid by a Borrower on a day ~~other than~~ prior to 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 respect of which they ~~accrete~~ become, or may become payable.

11 FEES

11.1 Commitment fee

- (a) The Borrowers shall pay quarterly in arrears to the Facility Agent (for the account of each Lender) a fee equal to one per cent. of any unutilised Lender's Available Commitment ~~commencing on the date of this Agreement and ending on the earlier of (i) the Utilisation Date and (ii) the expiry of the Availability Period;~~
- (i) in relation to the Commitments in respect of each Original Tranche, commencing on the original date of this Agreement and ending on the earlier of (a) the Utilisation Date of each Original Tranche and (b) the expiry of the Availability Period; and
- (ii) in relation to the Commitments in respect of Tranche G, commencing on the date of the Deed of Accession, Amendment and Restatement and ending on the earlier of (a) the Utilisation Date in respect of Tranche G and (b) the expiry of the Availability Period.
- (b) Paragraph (a) shall not apply if the relevant Utilisation Date in respect of an Original Tranche occurs within seven days of the date of this Agreement or, in respect of Tranche G, within seven days of the Effective Date.

11.2 Upfront fee

- (a) The Borrowers have paid to the Facility Agent an upfront fee in the amount equal to 1.25 per cent. of the aggregate Total Commitments in respect of the Original Tranches.
- (b) ~~(a)~~ The Borrowers shall pay to the Facility Agent an upfront fee in the amount equal to ~~1.25~~ 1.00 per cent. of the Total Commitments in respect of Tranche G.

(c) ~~(b)~~ The upfront fee in each of paragraph (a) and (b) above shall be payable on the earlier of (i) the relevant Utilisation Date and (ii) the expiry of the relevant Availability Period.

11.3 Prepayment fee

- (a) Subject to paragraph (c) below, the Borrowers must pay to the Facility Agent for each Lender a prepayment fee on the date of prepayment of all or any part of the Loan.
- (b) The amount of the prepayment fee is:
 - (i) if the prepayment occurs on or before the first anniversary of the Utilisation Date of a Tranche, two per cent. of the amount prepaid;
 - (ii) if the prepayment occurs after the first anniversary but on or before the second anniversary of the Utilisation Date of a Tranche, one per cent. of the amount prepaid.
- (c) No prepayment fee shall be payable under this Clause if the prepayment is made under Clause 7.1 (*Illegality*), Clause 7.4 (*Mandatory prepayment on sale or Total Loss*), Clause 7.5 (*Mandatory prepayment of Hedging Prepayment Proceeds*), Clause 7.6 (*Right of repayment and cancellation in relation to a single Lender*), sub-paragraph (i) of paragraph (c) of Clause 22.5 (*Debt Service Coverage Ratio*), sub-paragraph (iv) of paragraph (b) of Clause 23.18 (*Dividends*), Clause 25.6 (*Prepayment Mechanism*) and 29.2 (*Conditions of assignment or transfer*).

SECTION 6

ADDITIONAL PAYMENT OBLIGATIONS

12 TAX GROSS UP AND INDEMNITIES

12.1 Definitions

- (a) In this Agreement:

"Protected Party" means a Finance Party which is or will be subject to any liability, or required to make any payment, for or on account of Tax in relation to a sum received or receivable (or any sum deemed for the purposes of Tax to be received or receivable) under a Finance Document.

"Tax Credit" means a credit against, relief or remission for, or repayment of any Tax.

"Tax Deduction" means a deduction or withholding for or on account of Tax from a payment under a Finance Document, other than a FATCA Deduction.

"Tax Payment" means either the increase in a payment made by an Obligor to a Finance Party under Clause 12.2 (*Tax gross-up*) or a payment under Clause 12.3 (*Tax indemnity*).

- (b) Unless a contrary indication appears, in this Clause 12 (*Tax Gross Up and Indemnities*) reference to "determines" or "determined" means a determination made in the absolute discretion of the person making the determination.
- (c) This Clause 12 (*Tax Gross Up and Indemnities*) shall not apply to any Hedging Agreement.

12.2 Tax gross-up

- (a) Each Obligor shall make all payments to be made by it without any Tax Deduction, unless a Tax Deduction is required by law.
- (b) The Borrowers shall promptly upon becoming aware that an Obligor must make a Tax Deduction (or that there is any change in the rate or the basis of a Tax Deduction) notify the Facility Agent accordingly. Similarly, a Lender shall notify the Facility Agent on becoming so aware in respect of a payment payable to that Lender. If the Facility Agent receives such notification from a Lender it shall notify the Borrowers and that Obligor.
- (c) If a Tax Deduction is required by law to be made by an Obligor, the amount of the payment due from that Obligor shall be increased to an amount which (after making any Tax Deduction) leaves an amount equal to the payment which would have been due if no Tax Deduction had been required.
- (d) If an Obligor is required to make a Tax Deduction, that Obligor shall make that Tax Deduction and any payment required in connection with that Tax Deduction within the time allowed and in the minimum amount required by law.
- (e) Within 30 days of making either a Tax Deduction or any payment required in connection with that Tax Deduction, the Obligor making that Tax Deduction shall deliver to the Facility Agent for the Finance Party entitled to the payment evidence reasonably satisfactory to that Finance Party that the Tax Deduction has been made or (as applicable) any appropriate payment paid to the relevant taxing authority.

12.3 Tax indemnity

- (a) The Obligors shall (within three Business Days of demand by the Facility Agent) pay to a Protected Party an amount equal to the loss, liability or cost which that Protected Party determines will be or has been (directly or indirectly) suffered for or on account of Tax by that Protected Party in respect of a Finance Document.
- (b) Paragraph (a) above shall not apply:
 - (i) with respect to any Tax assessed on a Finance Party:
 - (A) under the law of the jurisdiction in which that Finance Party is incorporated or, if different, the jurisdiction (or jurisdictions) in which that Finance Party is treated as resident for tax purposes; or
 - (B) under the law of the jurisdiction in which that Finance Party's Facility Office is located in respect of amounts received or receivable in that jurisdiction,

if that Tax is imposed on or calculated by reference to the net income received or receivable (but not any sum deemed to be received or receivable) by that Finance Party; or
 - (ii) to the extent a loss, liability or cost:
 - (A) is compensated for by an increased payment under Clause 12.2 (*Tax gross-up*); or
 - (B) relates to a FATCA Deduction required to be made by a Party.
- (c) A Protected Party making, or intending to make, a claim under paragraph (a) above shall promptly notify the Facility Agent of the event which will give, or has given, rise to the claim, following which the Facility Agent shall notify the Obligors.
- (d) A Protected Party shall, on receiving a payment from an Obligor under this Clause 12.3 (*Tax indemnity*), notify the Facility Agent.

12.4 Tax Credit

If an Obligor makes a Tax Payment and the relevant Finance Party determines that:

- (a) a Tax Credit is attributable to an increased payment of which that Tax Payment forms part, to that Tax Payment or to a Tax Deduction in consequence of which that Tax Payment was received; and
 - (b) that Finance Party has obtained and utilised that Tax Credit,
- the Finance Party shall pay an amount to the Obligor which that Finance Party determines will leave it (after that payment) in the same after-Tax position as it would have been in had the Tax Payment not been required to be made by the Obligor.

12.5 Stamp taxes

The Obligors shall pay and, within three Business Days of demand, indemnify each Secured Party against any cost, loss or liability which that Secured Party incurs in relation to all stamp duty, registration and other similar Taxes payable in respect of any Finance Document.

12.6 VAT

- (a) All amounts expressed to be payable under a Finance Document by any Party to a Finance 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 subparagraph (i) applies) promptly pay to the Relevant Party an amount equal to any credit or repayment the Recipient receives from the relevant tax authority which the Recipient reasonably determines relates to the VAT chargeable on that supply; and
 - (ii) (where the Recipient is the person required to account to the relevant tax authority for the VAT) the Relevant Party must promptly, following demand from the Recipient, pay to the Recipient an amount equal to the VAT chargeable on that supply but only to the extent that the Recipient reasonably determines that it is not entitled to credit or repayment from the relevant tax authority in respect of that VAT.
- (c) Where a Finance Document requires any Party to reimburse or indemnify a Finance Party for any cost or expense, that Party shall reimburse or indemnify (as the case may be) such Finance Party for the full amount of such cost or expense, including such part of it as represents VAT, save to the extent that such Finance Party reasonably determines that it is entitled to credit or repayment in respect of such VAT from the relevant tax authority.
- (d) Any reference in this Clause 12.6 (*VAT*) to any Party shall, at any time when that Party is treated as a member of a group or unity (or fiscal unity) for VAT purposes, include (where appropriate and unless the context otherwise requires) a reference to the person who is treated at that time as making the supply, or (as appropriate) receiving the supply, under the grouping rules provided for in Article 11 of Council Directive 2006/112/EC (or as implemented by the relevant member state of the European Union or equivalent provisions imposed elsewhere) so that a reference to a Party shall be construed as a reference to that Party or the relevant group or unity (or fiscal unity) of which that Party is a member for VAT purposes at the relevant time or the relevant representative member (or representative or head) of that group or unity at the relevant time (as the case may be).

- (e) In relation to any supply made by a Finance Party to any Party under a Finance Document, if reasonably requested by such Finance Party, that Party must promptly provide such Finance Party with details of that Party's VAT registration and such other information as is reasonably requested in connection with such Finance Party's VAT reporting requirements in relation to such supply.

12.7 FATCA Information

- (a) Subject to paragraph (c) below, each Party shall, within ten Business Days of a reasonable request by another Party:
 - (i) confirm to that other Party whether it is:
 - (A) a FATCA Exempt Party; or
 - (B) not a FATCA Exempt Party; and
 - (ii) supply to that other Party such forms, documentation and other information relating to its status under FATCA as that other Party reasonably requests for the purposes of that other Party's compliance with FATCA; and
 - (iii) supply to that other Party such forms, documentation and other information relating to its status as that other Party reasonably requests for the purposes of that other Party's compliance with any other law, regulation or exchange of information regime.
- (b) If a Party confirms to another Party pursuant to sub-paragraph (i) of paragraph (a) above that it is a FATCA Exempt Party and it subsequently becomes aware that it is not, or has ceased to be a FATCA Exempt Party, that Party shall notify that other Party reasonably promptly.
- (c) Paragraph (a) above shall not oblige any Finance Party to do anything and sub-paragraph (iii) of paragraph (a) above shall not oblige any other Party to do anything which would or might in its reasonable opinion constitute a breach of:
 - (i) any law or regulation;
 - (ii) any fiduciary duty; or
 - (iii) any duty of confidentiality.
- (d) If a Party fails to confirm whether or not it is a FATCA Exempt Party or to supply forms, documentation or other information requested in accordance with sub-paragraphs (i) or (ii) of paragraph (a) above (including, for the avoidance of doubt, where paragraph (c) above applies), then such Party shall be treated for the purposes of the Finance Documents (and payments under them) as if it is not a FATCA Exempt Party until such time as the Party in question provides the requested confirmation, forms, documentation or other information.

12.8 Withholding certificate etc.

- (a) Each Lender shall:
- (i) where that Lender is an Original Lender, on the date of this Agreement;
 - (ii) where that Lender is a New Lender (as defined in Clause 29.1 (*Assignments and transfers by the Lenders*)), on the relevant Transfer Date; or
 - (iii) within ten Business Days of the date of a request from the Facility Agent,
- supply to the Facility Agent:
- (A) a withholding certificate on Form W-8, IRS Form W-9 or any other relevant form (including, for the avoidance of doubt, forms required in connection with tax laws other than in the US); or
 - (B) 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.
- (b) The Facility Agent shall provide any withholding certificate, withholding statement, document, authorisation or waiver it receives from a Lender pursuant to paragraph (a) above to the Borrowers.
- (c) If any withholding certificate, withholding statement, document, authorisation or waiver provided to the Facility Agent by a Lender pursuant to paragraph (a) 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.
- (d) The Facility Agent may rely on any withholding certificate, withholding statement, document, authorisation or waiver it receives from a Lender pursuant to paragraph (a) or (c) above without further verification. The Facility Agent shall not be liable for any action taken by it under or in connection with paragraphs (a), (b) or (c) above.

12.9 FATCA Deduction

- (a) Each Party may make any FATCA Deduction it is required to make by FATCA, and any payment required in connection with that FATCA Deduction, and no Party shall be required to increase any payment in respect of which it makes such a FATCA Deduction or otherwise compensate the recipient of the payment for that FATCA Deduction.
- (b) Each Party shall promptly, upon becoming aware that it must make a FATCA Deduction (or that there is any change in the rate or the basis of such FATCA Deduction), notify the Party to whom it is making the payment and, in addition, shall notify each Obligor and the Facility Agent and the Facility Agent shall notify the other Finance Parties.

13 INCREASED COSTS

13.1 Increased costs

- (a) Subject to Clause 13.3 (*Exceptions*), the Borrowers shall, within three Business Days of a demand by the Facility Agent, pay for the account of a Finance Party the amount of any Increased Costs incurred by that Finance Party or any of its Affiliates as a result of:
- (i) the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation; or
 - (ii) compliance with any law or regulation made,
- in each case after the date of this Agreement; or
- (iii) the implementation, application of or compliance with Basel III or CRD IV or any law or regulation that implements or applies Basel III or CRD IV.
- (b) In this Agreement:
- (i) **"Basel III"** means:
 - (A) the agreements on capital requirements, a leverage ratio and liquidity standards contained in "Basel III: A global regulatory framework for more resilient banks and banking systems", "Basel III: International framework for liquidity risk measurement, standards and monitoring" and "Guidance for national authorities operating the countercyclical capital buffer" published by the Basel Committee on Banking Supervision in December 2010, each as amended, supplemented or restated;
 - (B) the rules for global systemically important banks contained in "Global systemically important banks: assessment methodology and the additional loss absorbency requirement - Rules text" published by the Basel Committee on Banking Supervision in November 2011, as amended, supplemented or restated; and
 - (C) any further guidance or standards published by the Basel Committee on Banking Supervision relating to "Basel III".
 - (ii) **"CRD IV"** means:
 - (A) Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending regulation (EU) No. 648/2012, as amended by Regulation (EU) 2019/876;
 - (B) Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC, as amended by Directive (EU) 2019/878; and
 - (C) any other law or regulation which implements Basel III.

(iii) **"Increased Costs"** means:

- (A) a reduction in the rate of return from the Facility or on 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.

- (c) Notwithstanding anything in this Clause above to the contrary, the Dodd-Frank Wall Street Reform and Consumer Protection Act, and all requests, rules, guidelines and directives promulgated thereunder, are deemed to have been introduced or adopted after the date of this Agreement, regardless of the date enacted or adopted.

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) attributable to the wilful breach by the relevant Finance Party or its Affiliates of any law or regulation; or
- (e) incurred by a Hedge Counterparty in its capacity as such.

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.
- (c) This Clause 14.1 (*Currency indemnity*) does not apply to any sum due to a Hedge Counterparty in its capacity as such.

14.2 Other indemnities

- (a) Each Obligor shall, on demand, indemnify each Secured Party against any cost, loss or liability incurred by it (acting reasonably) as a result of:
 - (i) the occurrence of any Event of Default;
 - (ii) a failure by a Transaction Obligor to pay any amount due under a Finance Document on its due date, including without limitation, any cost, loss or liability arising as a result of Clause 34 (*Sharing among the Finance Parties*);
 - (iii) funding, or making arrangements to fund, its participation in an Advance requested by the Borrowers in a Utilisation Request but not made by reason of the operation of any one or more of the provisions of this Agreement (other than by reason of default or negligence by that Secured Party alone); or
 - (iv) the Loan (or part of the Loan) not being prepaid in accordance with a notice of prepayment given by the Borrowers.
- (b) Each Obligor shall, on demand, indemnify each Finance Party, each Affiliate of a Finance Party and each officer or employee of a Finance Party or its Affiliate (each such person for the purposes of this Clause 14.2 (*Other indemnities*) an "**Indemnified Person**"), against any cost, loss or liability (including, without limitation, for negligence or any other category of liability whatsoever) 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) Each Obligor agrees that no Finance Party shall have any liability to any Obligor whether in tort, contract or otherwise for losses suffered by any Obligor in connection with, arising out of or in any way related to the transactions contemplated and the relationship established by any of the Finance Documents, or any act, omission or event occurring in connection therewith, unless it is determined in a final non-appealable judgment by a court of a competent jurisdiction that such losses resulted from the gross negligence or wilful misconduct of the party from which recovery is sought. No Finance Party shall be liable for any damages arising from the use of others of any information or other materials obtained through 'intralinks' or other similar information transmission systems in connection with any of the Finance Documents and in no event shall any Finance Party 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 that Finance Party has been advised of the possibility of such loss or damages.
- (e) 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 Indemnity to the Facility Agent

Each Obligor shall, on 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 (including, without limitation, for negligence or any other category of liability whatsoever) 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 35.11 (*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.

14.4 Indemnity to the Security Agent

- (a) Each Obligor shall, on demand, indemnify the Security Agent and every Receiver and Delegate against any cost, loss or liability (including, without limitation, for negligence or any other category of liability whatsoever) 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 14.4 (*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 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, on demand, pay the Facility Agent and the Security Agent the amount of all documented costs and expenses (including legal fees) incurred by any Secured Party, and approved the Borrowers in advance, 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 35.9 (*Change of currency*) or as contemplated in Clause 45.4 (*Benchmark Replacement setting*); 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, on demand, reimburse each of the Facility Agent and the Security Agent for the amount of all costs and expenses (including legal fees) reasonably incurred by each Secured Party in responding to, evaluating, negotiating or complying with that request or requirement.

16.3 Enforcement and preservation costs

The Obligors shall, on demand, pay to each Secured Party the amount of all costs and expenses (including legal fees) incurred by that Secured Party in connection with the enforcement of, or the preservation of any rights (in which case, such costs and expenses (including legal fees) shall be documented) 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 Transaction Obligor other than the Parent Guarantor of all such other Transaction Obligor's obligations under the Finance Documents provided that such guarantee shall not include any Excluded Hedging Obligations of the Parent Guarantor;
- (b) undertakes with each Finance Party that whenever a Transaction Obligor other than the Parent Guarantor 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 Transaction Obligor other than the Parent Guarantor 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 any Transaction Obligor under the Finance Documents, regardless of any intermediate payment or discharge in whole or in part.

17.3 Reinstatement

If any discharge, release or arrangement (whether in respect of the obligations of any Transaction Obligor or any security for those obligations or otherwise) is made by a Secured Party in whole or in part on the basis of any payment, security or other disposition which is avoided or must be restored in insolvency, liquidation, administration or otherwise, without limitation, then the liability of 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

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.

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 35 (*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.

19 GUARANTEE AND INDEMNITY – HEDGE GUARANTORS

19.1 Guarantee and indemnity

Each Hedge Guarantor irrevocably and unconditionally jointly and severally:

- (a) guarantees to each Hedge Counterparty punctual performance by each Borrower of all that Borrower's obligations under the Hedging Agreements provided that such guarantee shall not include any Excluded Hedging Obligations of such Hedge Guarantor;
- (b) undertakes with each Hedge Counterparty that whenever a Borrower does not pay any amount when due under or in connection with any Hedging Agreement, that Hedge Guarantor shall immediately on demand pay that amount as if it were the principal obligor; and
- (c) agrees with each Hedge Counterparty that if any obligation guaranteed by it is or becomes unenforceable, invalid or illegal, it will, as an independent and primary obligation, indemnify that Hedge Counterparty 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 Hedging Agreement on the date when it would have been due. The amount payable by a Hedge Guarantor under this indemnity will not exceed the amount it would have had to pay under this Clause 19 (*Guarantee and Indemnity – Hedge Guarantors*) if the amount claimed had been recoverable on the basis of a guarantee.

19.2 Continuing guarantee

This guarantee is a continuing guarantee and will extend to the ultimate balance of sums payable by any Borrower under the Hedging Agreements, regardless of any intermediate payment or discharge in whole or in part.

19.3 Reinstatement

If any discharge, release or arrangement (whether in respect of the obligations of any Borrower or any security for those obligations or otherwise) is made by a Secured Party in whole or in part on the basis of any payment, security or other disposition which is avoided or must be restored in insolvency, liquidation, administration or otherwise, without limitation, then the liability of each Hedge Guarantor under this Clause 19 (*Guarantee and Indemnity – Hedge Guarantors*) will continue or be reinstated as if the discharge, release or arrangement had not occurred.

19.4 Waiver of defences

The obligations of each Hedge Guarantor under this Clause 19 (*Guarantee and Indemnity – Hedge Guarantors*) 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 19.4 (*Waiver of defences*), would reduce, release or prejudice any of its obligations under this Clause 19 (*Guarantee and Indemnity – Hedge Guarantors*) 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.

19.5 Immediate recourse

Each Hedge 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 19 (*Guarantee and Indemnity – Hedge Guarantors*). This waiver applies irrespective of any law or any provision of a Finance Document to the contrary.

19.6 Appropriations

Until all amounts which may be or become payable by the Borrowers under or in connection with the Hedging Agreements have been irrevocably paid in full, each Secured Party (or any trustee or agent on its behalf) may:

- (a) refrain from applying or enforcing any other moneys, security or rights held or received by that Secured Party (or any trustee or agent on its behalf) in respect of those amounts, or apply and enforce the same in such manner and order as it sees fit (whether against those amounts or otherwise) and no Hedge Guarantor shall be entitled to the benefit of the same; and
- (b) hold in an interest-bearing suspense account any moneys received from any Hedge Guarantor or on account of any Hedge Guarantor's liability under this Clause 19 (*Guarantee and Indemnity – Hedge Guarantors*).

19.7 Deferral of Hedge Guarantors' rights

All rights which each Hedge Guarantor at any time has (whether in respect of this guarantee, a mortgage or any other transaction) against any Borrower, any other Transaction Obligor or their respective assets shall be fully subordinated to the rights of the Secured Parties under the Finance Documents and until the end of the Security Period and unless the Facility Agent otherwise directs, no Hedge Guarantor will exercise any rights which it may have (whether in respect of any Finance Document to which it is a Party or any other transaction) by reason of performance by it of its obligations under the Finance Documents or by reason of any amount being payable, or liability arising, under this Clause 19 (*Guarantee and Indemnity – Hedge Guarantors*):

- (a) to be indemnified by a Transaction Obligor;
- (b) to claim any contribution from any third party providing security for, or any other guarantor of, any Transaction Obligor's obligations under the Finance Documents;
- (c) to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Secured Parties under the Finance Documents or of any other guarantee or security taken pursuant to, or in connection with, the Finance Documents by any Secured Party;

- (d) to bring legal or other proceedings for an order requiring any Transaction Obligor to make any payment, or perform any obligation, in respect of which any Hedge Guarantor has given a guarantee, undertaking or indemnity under Clause 19 (*Guarantee and Indemnity – Hedge Guarantors*);
- (e) to exercise any right of set-off against any Transaction Obligor; and/or
- (f) to claim or prove as a creditor of any Transaction Obligor in competition with any Secured Party.

If a Hedge 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 35 (*Payment Mechanics*).

19.8 Additional security

This guarantee and any other Security given by a Hedge 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.

19.9 Keepwell

Each Obligor that is a Qualified ECP Guarantor hereby jointly and severally absolutely, unconditionally and irrevocably undertakes to provide such funds or other support as may be needed from time to time by each other Obligor to honor all of such other Obligor's obligations under this Clause 19 (*Guarantee and Indemnity – Hedge Guarantors*), or (as the case may be) Clause 17 (*Guarantee and Indemnity – Parent Guarantor*), in respect of the Hedging Obligations guaranteed hereby (provided that each Obligor that provides such undertaking shall be liable under this Clause 19.11 (*Applicability of provisions of Guarantee to other Security*) only for the maximum amount of such liability that can be hereby incurred without rendering its obligations under this Clause 19.11 (*Applicability of provisions of Guarantee to other Security*), or otherwise under Clause 19 (*Guarantee and Indemnity – Hedge Guarantors*) or (as the case may be) Clause 17 (*Guarantee and Indemnity – Parent Guarantor*), voidable under applicable law relating to fraudulent conveyance or fraudulent transfer, and not for any greater amount). Each Obligor intends that this Clause 19.9 (*Keepwell*) constitutes, and this Clause 19.9 (*Keepwell*) shall be deemed to constitute, a "keepwell, support, or other agreement" for the benefit of each other Obligor for all purposes of Section 1a(18)(A)(v)(II) of the Commodity Exchange Act.

19.10 Acknowledgement regarding any supported QFCs

- (a) To the extent that the Finance Documents provide support, through a guarantee or otherwise, for Hedging Agreements or any other agreement or instrument that is a QFC (such support, "**QFC Credit Support**" and each such QFC a "**Supported QFC**"), the Parties acknowledge and agree as follows with respect to the resolution power of the Federal Deposit Insurance Corporation under the Federal Deposit Insurance Act and Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act (together with the regulations promulgated thereunder, the "**U.S. Special Resolution Regimes**") in respect of such Supported QFC and QFC Credit Support (with the provisions below applicable notwithstanding that the Finance Documents and any Supported QFC may in fact be stated to be governed by the laws of the State of New York and/or of the United States or any other state of the United States):
- (i) In the event a Covered Entity that is party to a Supported QFC (each, a "**Covered Party**") becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer of such Supported QFC and the benefit of such QFC Credit Support (and any interest and obligation in or under such Supported QFC and such QFC Credit Support, and any rights in property securing such Supported QFC or such QFC Credit Support) from such Covered Party will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if the Supported QFC and such QFC Credit Support (and any such interest, obligation and rights in property) were governed by the laws of the United States or a state of the United States. In the event a Covered Party or a BHC Act Affiliate of a Covered Party becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights under the Finance Documents that might otherwise apply to such Supported QFC or any QFC Credit Support that may be exercised against such Covered Party are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if the Supported QFC and the Finance Documents were governed by the laws of the United States or a state of the United States.
- (b) ~~(b)~~ For the purposes of this Clause 19.10 (*Acknowledgement regarding any supported QFCs*) the following terms have the following meanings:
- (i) ~~(A)~~ "**BHC Act Affiliate**" of a party means an "affiliate" (as such term is defined under, and interpreted in accordance with, 12 U.S.C. 1841(k)) of such party.
- (ii) ~~(B)~~ "**Covered Entity**" means any of the following:
- (A) ~~(A)~~ "covered entity" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b);
- (B) ~~(B)~~ a "covered bank" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or
- (C) ~~(C)~~ a "covered FSI" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).
- (iii) ~~(C)~~ "**Default Right**" has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.
- (iv) ~~(D)~~ "**QFC**" has the meaning assigned to the term "qualified financial contract" in, and shall be interpreted in accordance with, 12 U.S.C. 5390(c)(8)(D).

19.11 Applicability of provisions of Guarantee to other Security

Clauses 19.2 (*Continuing guarantee*), 19.3 (*Reinstatement*), 19.4 (*Waiver of defences*), 19.5 (*Immediate recourse*), 19.6 (*Appropriations*), 19.7 (*Deferral of Hedge Guarantors' rights*) and 19.8 (*Additional security*) shall apply, with any necessary modifications, to any Security which a Hedge Guarantor creates (whether at the time at which it signs this Agreement or at any later time) to secure the Secured Liabilities or any part of them.

SECTION 8

REPRESENTATIONS, UNDERTAKINGS AND EVENTS OF DEFAULT

20 REPRESENTATIONS

20.1 General

Each respective Obligor makes the representations and warranties set out in this Clause 20 (*Representations*) to each Finance Party on the date of this Agreement, or as the case may be in respect of Borrower G, on the Effective Date.

20.2 Status

- (a) It is a limited liability company (in the case of Borrower E) or corporation (in the case of Borrower A, Borrower B, Borrower C, Borrower D, Borrower F, Borrower G and the Parent Guarantor), duly incorporated and validly existing in good standing under the law of its Original Jurisdiction.
- (b) It and each Transaction Obligor has the power to own its assets and carry on its business as it is being conducted.

20.3 Share capital and ownership

- (a) Borrower A is authorised to issue 500 bearer and/or registered shares with no par value, all of which have been issued in registered form and are fully paid and non-assessable.
- (b) Borrower B is authorised to issue 500 bearer and/or registered shares with no par value, all of which have been issued in registered form and are fully paid and non-assessable.
- (c) Borrower C is authorised to issue 500 bearer and/or registered shares with no par value, all of which have been issued in registered form and are fully paid and non-assessable.
- (d) Borrower D is authorised to issue 500 bearer and/or registered shares with no par value, all of which have been issued in registered form and are fully paid and non-assessable.
- (e) Borrower E has an authorised share capital divided into 1,200 shares of Euro 1.00 each, all of which shares have been issued fully paid.
- (f) Borrower F is authorised to issue 500 registered shares with no par value, all of which have been issued in registered form and are fully paid and non-assessable.
- (g) Borrower G is authorised to issue 500 registered shares with no par value, all of which have been issued in registered form and are fully paid and non-assessable.
- (h) ~~(g)~~ The legal title to and beneficial interest in the shares in each Borrower is held by the Parent Guarantor free of any Security (other than Permitted Security) or any other claim.
- (i) ~~(h)~~ None of the shares in any Borrower is subject to any option to purchase, pre-emption rights or similar rights.

20.4 Binding obligations

Subject to the Legal Reservations, the obligations expressed to be assumed by it in each Transaction Document to which it is a party are legal, valid, binding and enforceable obligations.

20.5 Validity, effectiveness and ranking of Security

- (a) Each Finance Document to which it is a party does now or, as the case may be, will upon execution and delivery create, subject to the Legal Reservations and the Perfection Requirements, the Security it purports to create over any assets to which such Security, by its terms, relates, and such Security will, when created or intended to be created, be valid and effective.
- (b) No third party has or will have any Security (except for Permitted Security) over any assets that are the subject of any Transaction Security granted by it.
- (c) Subject to the Legal Reservations and 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.

20.6 Non-conflict with other obligations

The entry into and performance by it of, and the transactions contemplated by, each Transaction Document to which it is a party do not and will not conflict with:

- (a) any law or regulation applicable to it;
- (b) the constitutional documents of any Transaction Obligor; or
- (c) any agreement or instrument binding upon any Transaction Obligor or any Transaction Obligor's assets or constitute a default or termination event (however described) under any such agreement or instrument.

20.7 Power and authority

- (a) It has or, as the case may be, will have by the [relevant](#) Utilisation Date the power to enter into, perform and deliver, and has taken or, as the case may be will take by the [relevant](#) Utilisation Date, all necessary action to authorise:
 - (i) its entry into, performance and delivery of, each Transaction Document to which it is or will be a party and the transactions contemplated by those Transaction Documents;
 - (ii) in the case of Borrower A, its registration of Ship A under its Approved Flag;
 - (iii) in the case of Borrower B, its registration of Ship B under its Approved Flag;
 - (iv) in the case of Borrower C, its registration of Ship C under its Approved Flag;
 - (v) in the case of Borrower D, its registration of Ship D under its Approved Flag;

(vi) in the case of Borrower E, its registration of Ship E under its Approved Flag;~~and~~

(vii) in the case of Borrower F, its registration of Ship F under its Approved Flag;and

(viii) in the case of Borrower G, its registration of Ship G under its Approved Flag.

- (b) No limit on its powers will be exceeded as a result of the borrowing, granting of security or giving of guarantees or indemnities contemplated by the Transaction Documents to which it is a party.

20.8 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.

20.9 Governing law and enforcement

- (a) Subject to the Legal Reservations, the choice of governing law of each Transaction Document to which it is a party will be recognised and enforced in its Relevant Jurisdictions.
- (b) Subject to the Legal Reservations, any judgment obtained in relation to a Transaction Document to which it is a party in the jurisdiction of the governing law of that Transaction Document will be recognised and enforced in its Relevant Jurisdictions.

20.10 Insolvency

No:

- (a) corporate action, legal proceeding or other procedure or step described in paragraph (a) of Clause 28.8 (*Insolvency proceedings*); or
- (b) creditors' process described in Clause 28.9 (*Creditors' process*),

has been taken or, to its knowledge, threatened in relation to a member of the Group; and none of the circumstances described in Clause 28.7 (*Insolvency*) applies to a member of the Group.

20.11 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:

- (a) registration of each Mortgage and each Mortgage Addendum (as applicable) at the registry of the Approved Flag applicable to the relevant Ship; and

- (b) registration of the [Shares Security and the Supplemental](#) Shares Security of Borrower E at the Malta Business Registry pursuant to Regulation 37 (2) (Form G).

which registration, filings and taxes and fees (if any) will be made and paid promptly after the date of the relevant Finance Documents.

20.12 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.

20.13 No default

- (a) No Event of Default and, on the date of this Agreement and on the [relevant](#) Utilisation Date, no Default is continuing or is reasonably 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 which might have a Material Adverse Effect.

20.14 No misleading information

- (a) Any factual information provided by any Transaction Obligor for the purposes of this Agreement was true and accurate in all material respects as at the date it was provided or as at the date (if any) at which it is stated.
- (b) The financial projections contained in any such information have been prepared on the basis of recent historical information and on the basis of reasonable assumptions.
- (c) Nothing has occurred or been omitted from any such information and no information has been given or withheld that results in any such information being untrue or misleading in any material respect.

20.15 Financial Statements

- (a) Its Original Financial Statements were prepared in accordance with IFRS consistently applied.
- (b) Its Original Financial Statements fairly present of its financial condition as at the end of the relevant financial year and its results of operations during the relevant financial year (consolidated in the case of the Parent Guarantor).
- (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, in the case of the Parent Guarantor) since 30 December 2020.
- (d) Its most recent financial statements delivered pursuant to Clause 21.2 (*Financial statements*):
- (i) have been prepared in accordance with Clause 21.4 (*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 21.2 (*Financial statements*) there has been no material adverse change in its business, assets or financial condition (or the business or consolidated financial condition of the Group, in the case of the Guarantor).

20.16 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.

20.17 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 Approved Manager.
- (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 Approved Manager.

20.18 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.

20.19 No breach of laws

It has not (and no other Transaction Obligor has) breached any law or regulation which breach has or is reasonably likely to have a Material Adverse Effect.

20.20 No Charter

No Ship is subject to any Charter other than a Permitted Charter.

20.21 Compliance with Environmental Laws

All Environmental Laws relating to the ownership, operation and management of each Ship and the business of each 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.

20.22 No Environmental Claim

No Environmental Claim has been made or threatened against any Transaction Obligor or any Ship.

20.23 No Environmental Incident

No Environmental Incident has occurred and no person has claimed that an Environmental Incident has occurred.

20.24 ISM and ISPS Code compliance

All requirements of the ISM Code and the ISPS Code as they relate to each Borrower, each Approved Manager and each Ship have been complied with.

20.25 Taxes paid

- (a) It is not materially overdue in the filing of any Tax returns and it is not overdue in the payment of any amount in respect of Tax.
- (b) No claims or investigations are being, or are reasonably likely to be, made or conducted against it with respect to Taxes.

20.26 Financial Indebtedness

No Borrower has any Financial Indebtedness outstanding other than Permitted Financial Indebtedness.

20.27 Overseas companies

No Transaction Obligor has delivered particulars, whether in its name stated in the Finance Documents or any other name, of any UK Establishment to the Registrar of Companies as required under the Overseas Regulations or, if it has so registered, it has provided to the Facility Agent sufficient details to enable an accurate search against it to be undertaken by the Lenders at the Companies Registry.

20.28 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.

20.29 Ownership

- (a) On the relevant Utilisation Date, each Borrower will be the sole legal and beneficial owner of its 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 shares of the Borrowers on creation or enforcement of the security conferred by the Security Documents.

20.30 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.

20.31 Place of business

No Transaction Obligor has a place of business in any country other than Greece and its head office functions are carried out at 128 Vouliagmenis Avenue, 166 74 Glyfada, Greece.

20.32 No employee or pension arrangements

- (a) No Borrower has any employees or any liabilities under any pension scheme.
- (b) Within the last six years, no Transaction Obligor nor any ERISA Affiliate has sponsored, maintained or was obligated to contribute to any Plan.
- (c) No Transaction Obligor is deemed to be an entity whose underlying assets constitute "plan assets" within the meaning of 29 C.F.R. Section 2510.3-101, as modified by Section 3(42) of ERISA.
- (d) The execution and delivery of this Agreement and the consummation of the transactions hereunder will not involve any non-exempt "prohibited transaction" for purposes of Section 406 of ERISA or Section 4975 of the Code.

20.33 Sanctions

- (a) Neither any Transaction Obligor nor any other member of the Group nor any of their respective Subsidiaries, directors or officers (nor to the Borrowers' best knowledge, none of any such person's employees or agents):
 - (i) is a Prohibited Person;
 - (ii) has violated or is violating any Sanctions;
 - (iii) has received notice of or is aware of any claim, action, suit, proceeding or investigation against it with respect to Sanctions by any Sanctions Authority; or
 - (iv) is knowingly engaged in any activity that would reasonably be expected to result in such person being designated as a Prohibited Person
- (b) Each of the Transaction Obligors has implemented and maintains in effect a Sanctions compliance policy which, in accordance with the recommendations of the Sanctions Advisory, is designed to ensure compliance by each such Transaction Obligor, its Subsidiaries and their respective directors, officers, employees and agents with Sanctions.

20.34 US Tax Obligor

No Transaction Obligor is a US Tax Obligor.

20.35 Margin Regulations; Investment Company Act

- (a) No Obligor is engaged, nor will it engage in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulation U issued by the Board of Governors of the Federal Reserve System of the United States), and no proceeds of any Advance will be used to buy or carry any margin stock or to extend credit to others for the purpose of buying or carrying any margin stock.
- (b) No Transaction Obligor is nor is it required to be registered as an "investment company" under the United States of America Investment Company Act of 1940.

20.36 Anti-bribery

No part of the proceeds of the Loan will be used, directly or indirectly, for any payments to any government official or employee, political party, official of a political party, candidate for political office, or anyone else acting in an official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of the United States Foreign Corrupt Practices Act of 1977, as amended.

20.37 Eligible Contract Participant

If it is a party to a Hedging Agreement, it is an "eligible contract participant" under the Commodity Exchange Act or any regulations promulgated thereunder.

20.38 Patriot Act

To the extent applicable each Obligor is in compliance with (i) the Trading with the Enemy Act, and each of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V) and any other enabling legislation or executive order relating thereto and (ii) the PATRIOT Act.

20.39 Repetition

The Repeating Representations are deemed to be made by each Obligor by reference to the facts and circumstances then existing on the date of the [relevant](#) Utilisation Request and the first day of each Interest Period.

21 INFORMATION UNDERTAKINGS

21.1 General

The undertakings in this Clause 21 (*Information Undertakings*) remain in force throughout the Security Period [or as the case may be in respect of Borrower G, as and from the Effective Date](#), unless the Facility Agent, acting with the authorisation of the Majority Lenders (or, where specified, all the Lenders), may otherwise permit.

21.2 Financial statements

The respective Obligors shall supply to the Facility Agent in sufficient copies for all the Lenders:

- (a) as soon as they become available, but in any event within 120 days after the end of each of the Parent Guarantor's financial years, the audited consolidated financial statements of the Parent Guarantor for that financial year;
- (b) as soon as they become available, but in any event within 90 days after the end of the Borrowers' Fiscal Quarter their respective unaudited balance sheet, income statement and cash flow statements presented on an aggregate basis;
- (c) as soon as they become available, but in any event within 75 days after the end of the Parent Guarantor's Fiscal Quarter, the consolidated unaudited financial statements for that Fiscal Quarter of the Parent Guarantor;
- (d) as soon as possible, but in any event within 30 days after the end of each financial year of each Borrower, a budget in a format approved by the Facility Agent which shows all anticipated income and expenditure in respect of each Ship during the next financial year of that Borrower; and
- (e) after the end of each Fiscal Quarter, the bank account statements in relation to each of the Greek Accounts.

21.3 Compliance Certificate and DSCR Certificate

- (a) The Parent Guarantor shall supply to the Facility Agent, with each set of financial statements delivered pursuant to paragraphs (a) and (c) of Clause 21.2 (*Financial statements*):
 - (i) a Compliance Certificate, setting out (in reasonable detail) computations as to compliance with Clause 22 (*Financial Covenants*) as at the date as at which those financial statements were drawn up and the balance standing to the credit of each Greek Account; and
 - (ii) if a Distribution is made pursuant to Clause 22.5 (*Debt Service Coverage Ratio*), a DSCR Certificate, setting out (in reasonable detail) computations as to compliance with Clauses 22.5 (*Debt Service Coverage Ratio*) and 23.18 (*Dividends*) as at the date at which those financial statements were drawn up.
- (b) Each Compliance Certificate and each DSCR Certificate shall be signed by one director or, as the case may be, officer of the Parent Guarantor.

21.4 Requirements as to financial statements

- (a) Each set of financial statements delivered by an Obligor pursuant to Clause 21.2 (*Financial statements*) shall be certified by a director of the relevant company as giving a true and fair view (if audited) or fairly presenting (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 21.2 (*Financial statements*) is prepared using IFRS, accounting practices and financial reference periods consistent with those applied in the preparation of the Original Financial Statements for the Parent Guarantor unless, in relation to any set of financial statements, it notifies the Facility Agent that there has been a change in IFRS, the accounting practices or reference periods and its auditors (or, if appropriate, the auditors of that Obligor) deliver to the Facility Agent:
- (i) a description of any change necessary for those financial statements to reflect the IFRS, accounting practices and reference periods upon which the Parent Guarantor's ~~Financial Statements~~ 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 22 (*Financial Covenants*) has been complied with and make an accurate comparison between the financial position indicated in those financial statements and the Parent Guarantor's Original Financial Statements.

Any reference in this Agreement to those financial statements shall be construed as a reference to those financial statements as adjusted to reflect the basis upon which the Original Financial Statements were prepared.

21.5 DAC6

- (a) In this Clause 21.5 (*DAC6*), "**DAC6**" means the Council Directive of 25 May 2018 (2018/822/EU) amending Directive 2011/16/EU or any replacement legislation applicable in the United Kingdom.
- (b) The Borrowers shall supply to the Facility Agent (in sufficient copies for all the Lenders, if the Facility Agent so requests):
- (i) promptly upon the making of such analysis or the obtaining of such advice, any analysis made or advice obtained on whether any transaction contemplated by the Transaction Documents or any transaction carried out (or to be carried out) in connection with any transaction contemplated by the Transaction Documents contains a hallmark as set out in Annex IV of DAC6; and
 - (ii) promptly upon the making of such reporting and to the extent permitted by applicable law and regulation, any reporting made to any governmental or taxation authority by or on behalf of any member of the Group or by any adviser to such member of the Group in relation to DAC6 or any law or regulation which implements DAC6 and any unique identification number issued by any governmental or taxation authority to which any such report has been made (if available).

21.6 Information: miscellaneous

Each Obligor shall supply to the Facility Agent (in sufficient copies for all the Lenders, if the Facility Agent so requests):

- (a) promptly after the Facility Agent's demand all documents dispatched by it to its shareholders (or any class of them) or its creditors generally at the same time as they are dispatched;
- (b) promptly upon becoming aware of them, the details of any litigation, arbitration or administrative proceedings or investigations (including proceedings or investigations relating to any actual breach of the ISM Code or of the ISPS Code) which are current or pending against any Transaction Obligor, and which might, if adversely determined, have a Material Adverse Effect;

- (c) as soon as practicable upon becoming aware of any fact indicating that it or any other Transaction Obligor or any other member of the Group may be in breach, or be exposed to a breach, of Sanctions, provided that the notification as such does not constitute a breach of mandatory law applicable to it;
- (d) 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;
- (e) promptly, its constitutional documents where these have been amended or varied;
- (f) 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 member of the Group; and
 - (v) the Greek Accounts,
 as any Finance Party (through the Facility Agent) may reasonably request; and
- (g) 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.

21.7 Notification of Default

- (a) Each Obligor shall notify the Facility Agent of any Default (and the steps, if any, being taken to remedy it) promptly upon becoming aware of its occurrence (unless that Obligor is aware that a notification has already been provided by another Obligor).
- (b) Promptly upon a request by the Facility Agent, each Borrower shall supply to the Facility Agent a certificate signed by two of its directors or senior officers 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).

21.8 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.

(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.

21.9 "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, including without limitation Sanctions, pursuant to the transactions contemplated in the Finance Documents including, without limitation, obtaining, verifying and recording certain information and documentation that will allow the Facility Agent and each of the Lenders to identify each Transaction Obligor in accordance with the requirements of the PATRIOT Act.

- (b) Each Lender shall promptly upon the request of a Servicing Party supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Servicing Party (for itself) in order for that Servicing Party to carry out and be satisfied it has complied with all necessary "know your customer" or other similar checks under all applicable laws and regulations, including without limitation Sanctions, pursuant to the transactions contemplated in the Finance Documents including, without limitation, obtaining, verifying and recording certain information and documentation that will allow the Facility Agent and each of the Lenders to identify each Transaction Obligor in accordance with the requirements of the PATRIOT Act.

22 FINANCIAL COVENANTS

22.1 Definitions

In this Clause 22 (*Financial Covenants*):

"Consolidated Funded Debt" means, in respect of the Parent Guarantor, on a consolidated basis, all Financial Indebtedness for the relevant accounting period and in accordance with IFRS consistently applied.

"Debt Service" means, for any period, an amount equal to the sum of:

- (a) the aggregate amount of the cash portion of Interest Expense of the Parent Guarantor during that period; plus
- (b) any fixed dividend (whether in cash or in kind) paid on or in respect of its preferred shares (other than any Management Preferred Dividends); plus
- (c) the aggregate amount of any repayment instalments at the Parent Guarantor level during that period.

"Debt Service Coverage Ratio" means, for any period, the ratio of:

- (a) the aggregate EBITDA of the Parent Guarantor for that period; to
- (b) the Debt Service for such period.

"DSCR Testing Date" has the meaning given to it in Clause 22.5 (*Debt Service Coverage Ratio*).

"**EBITDA**" means, in relation to the Parent Guarantor for any period, an amount equal to:

- (a) the net income of the Parent Guarantor for such period as determined in accordance with IFRS;
minus
- (b) the sum of (without double counting):
 - (i) any income tax credit for such period;
 - (ii) any interest income for such period;
 - (iii) any gain from any extraordinary item for such period;
 - (iv) the aggregate net gain or loss during such period arising from the sale, exchange or other disposition of any capital asset by the Parent Guarantor (including any fixed assets, whether tangible or intangible, all inventory sold in conjunction with the disposition of fixed assets and all securities); and
 - (v) any other non-cash gains that have been added in determining the net income of the Parent Guarantor for such period,in each case to the extent included in the calculation of the net income of the Parent Guarantor for such period as determined in accordance with IFRS; plus
- (c) the sum of (without double counting):
 - (i) any provision for income taxes during such period;
 - (ii) Interest Expense for such period;
 - (iii) any loss from any extraordinary item for such period; and
 - (iv) depreciation and amortization for such period,in each case to the extent included in the calculation of the net income of the Parent Guarantor for such period as determined in accordance with IFRS,

and, for the purposes of this definition, the following items shall be excluded in determining the net income of the Parent Guarantor:

- (i) any restoration to income of any contingency reserve, except to the extent that provision for such reserve was made out of income accrued during such period;
- (ii) any write-up of any asset; and
- (iii) any net gain arising from the acquisition of any securities, or the extinguishment, under IFRS, of any Financial Indebtedness of the Parent Guarantor.

"**Group Vessel**" means each vessel which is owned by a member of the Group.

"**Interest Expense**" means, in relation to the Parent Guarantor for any period, the aggregate interest expense (whether cash or non-cash) of the Parent Guarantor determined in accordance with IFRS for that period, including interest expense with respect to the Consolidated Funded Debt of the Parent Guarantor.

"**Market Value Adjusted Total Assets**" means, in respect of the Parent Guarantor at any period, the Total Assets adjusted to reflect the Market Value of all Group Vessels (by substituting the book value of each Group Vessel as specified in the relevant ~~Accounting Information~~ accounting information most recently provided pursuant to the terms of this Agreement with the Market Value of that Group Vessel) as of the relevant testing date in the relevant Compliance ~~Date~~ Certificate.

"**Maximum Leverage Ratio**" means, as at any date, the ratio of:

- (a) the sum of Consolidated Funded Debt and Short-Term Liabilities; to
- (b) Market Value Adjusted Total Assets.

"**Short-Term Liabilities**" means, at any date, the value of short-term liabilities of the Parent Guarantor and its Subsidiaries, on a consolidated basis, calculated on the basis of IFRS;

"**Total Assets**" means, as at any date, the value of the total assets of the Parent Guarantor and its Subsidiaries, on a consolidated basis, calculated on the basis of IFRS.

22.2 Minimum Cash Reserve

The Borrowers shall maintain in the Cash Reserve Account, on and from the relevant Utilisation Date and at all times thereafter during the Security Period, a credit balance of not less than \$500,000 for each Mortgaged Ship (the "**Minimum Cash Reserve**").

22.3 Minimum Liquidity Amount

At all times during the Security Period from and after the relevant Utilisation Date:

- (a) the Borrowers shall ensure that the aggregate amount of all cash on deposit in the Earnings Accounts which in each case is legally and beneficially owned by the Borrower free of any restriction on withdrawal or transfer and unencumbered by any Security other than pursuant to the Finance Documents is equal to at least \$150,000 in respect of each Mortgaged Ship then subject to a Mortgage; and
- (b) the Parent Guarantor shall at all times maintain, on a consolidated basis, cash in an amount of not less than \$150,000 for each Group Vessel (other than the Ships), which for the avoidance of doubt, excludes any amounts standing to the credit of the Maintenance Reserve Account and the minimum liquidity amount set out in paragraph (a) above, to be legally and beneficially owned by the owner of that Group Vessel (other than the Ships), such cash to be free of any restriction or withdrawal or transfer and unencumbered by any Security.

22.4 Maximum Leverage Ratio

- (a) The Parent Guarantor shall ensure that, at all times during the Security Period, the Maximum Leverage Ratio is 0.75:1.
- (b) The financial covenant set out in paragraph (a) above shall be tested semi-annually commencing on the Fiscal Quarter ending 30 June 2021 and by reference to the financial statements of the Parent Guarantor delivered pursuant to paragraph (a) and (c) of Clause 21.2 (*Financial Statements*) and each Compliance Certificate delivered pursuant to Clause 21.3 (*Compliance Certificate and DSCR Certificate*).

22.5 Debt Service Coverage Ratio

- (a) In the event that the Parent Guarantor makes a Distribution (other than, for the avoidance of doubt, a Management Preferred Dividend which is permitted pursuant to the provisions of paragraph (c) of Clause 23.18 (*Dividends*)) and subject to this Clause 22.5 (*Debt Service Coverage Ratio*), the Obligors shall ensure that, on or after such Distribution and throughout the remainder of the Security Period, the Debt Service Coverage Ratio shall be at least 1.15:1.
- (b) The financial covenant set out in paragraph (a) above shall be tested:
 - (i) commencing at the time a Distribution is to be made (if such Distribution is made within the first calendar year of ~~the~~ any Utilisation Date) on an aggregate basis of the Fiscal Quarter to date; and
 - (ii) thereafter, at the end of each Period,by reference to the financial statements of the Borrowers and/or the Parent Guarantor delivered pursuant to paragraphs (a) (c) of Clause 21.2 (*Financial Statements*) for the relevant Fiscal Quarter or, as the case may be, for the relevant preceding Period (each a "**DSCR Testing Date**") provided that such Declaration can only be made at the end of a Fiscal Quarter (together to the provision of the DSCR Certificate delivered pursuant to Clause 21.3 (*Compliance Certificate and DSCR Certificate*)).
- (c) If any determination of the Debt Service Coverage Ratio requirement set out in this Clause 22.5 (*Debt Service Coverage Ratio*) shows that the minimum Debt Service Coverage Ratio has not been maintained (the "**Shortfall**") the Parent Guarantor shall be entitled to rectify such Shortfall, within 7 Business Days after the delivery of the relevant DSCR Certificate and the determination of the Shortfall (if any) (the "**Final Cure Date**"), by making a cash payment:
 - (i) to be applied by the Borrowers in prepayment of the Loan (the "**Loan Principle Cure Amount**") in inverse order of maturity first against Balloon Instalment and thereafter against the then outstanding Repayment Instalments and provide the Facility Agent on the Business Day immediately following such prepayment with DSCR Certificate setting out (in reasonable detail) computations evidencing compliance with the Debt Service Coverage Ratio as at the Quarter End Date such covenant was breached and recalculated on the same basis; or
 - (ii) to be deposited in the Cash Reserve Account (the "**Deposit Cure Amount**") and the Borrowers shall provide the Facility Agent on the Business Day immediately following such deposit with a DSCR Certificate setting out (in reasonable detail) computations evidencing compliance as at that date with the Debt Service Coverage Ratio as at the relevant Quarter End Date such covenant was breached and recalculated on the same basis,

in each case in a total amount sufficient to eliminate the Shortfall (the "**Cure Option**").

Any Loan Principle Cure Amount or Deposit Cure Amount shall be deemed to increase EBITDA on a dollar for dollar basis in respect of the Fiscal Quarter in which the Shortfall occurred only for the purpose of ensuring compliance with the minimum Debt Service Coverage Ratio.

Any failure for any reason to cure in accordance with this sub-paragraphs (i) or (ii) above by the Final Cure Date shall constitute an immediate Event of Default.

- (d) The Borrowers and/or the Parent Guarantor may only exercise the Cure Option no more than twice in any 12- month period and no more than five times in aggregate during the Security Period.
- (e) If, after giving effect to the foregoing re-calculations, the Parent Guarantor is in compliance with the financial covenant set out in this Clause 22.5 (*Debt Service Coverage Ratio*), the Borrowers and the Parent Guarantor shall be deemed to have satisfied such financial covenant as at the relevant date of determination and the Shortfall shall be deemed to be rectified. If, on any subsequent date on which the Debt Service Coverage Ratio is tested pursuant to this Clause 22.5 (*Debt Service Coverage Ratio*), the minimum Debt Service Coverage Ratio has been maintained, any Deposit Cure Amount may be released to the Parent Guarantor twelve months after the relevant Final Cure Date if, and in a maximum amount that would ensure that, the minimum Debt Service Coverage Ratio would still be maintained when re-calculated for the same period after giving effect to the release of such Deposit Cure Amount **Provided that** no Default has occurred and is continuing at any relevant time or will result from such release.

23 GENERAL UNDERTAKINGS

23.1 General

The undertakings in this Clause 23 (*General Undertakings*) remain in force throughout the Security Period or as the case may be in respect of Borrower G, as and from the Effective Date, except as the Facility Agent, acting with the authorisation of the Majority Lenders (or, where specified, all the Lenders) may otherwise permit (and in relation to paragraph (c) of Clause 23.18 (*Dividends*) the Facility Agent's consent shall not to be unreasonably withheld).

23.2 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).

23.3 Compliance with laws

Each Obligor shall, and shall procure that each other Transaction Obligor will, comply in all respects with all laws and regulations to which it may be subject, if failure so to comply has or is reasonably likely to have a Material Adverse Effect including (i) the Trading with the Enemy Act and each of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V) and any other enabling legislation or executive order thereto and (ii) the PATRIOT Act.

23.4 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 or is reasonably likely to have a Material Adverse Effect.

23.5 Environmental Claims

Each Obligor shall, and shall procure that each other Transaction Obligor will, (through the Parent Guarantor) 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 or is reasonably likely to have a Material Adverse Effect.

23.6 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 21.2 (*Financial statements*); and

(iii) such payment can be lawfully withheld.

(b) No Obligor change its residence for Tax purposes.

23.7 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.

23.8 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 20.30 (*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.

23.9 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.

23.10 Title

- (a) From the relevant Utilisation Date, each Borrower shall hold the legal title to, and own the entire beneficial interest in its Ship, its Earnings and its Insurances.
- (b) With effect on and from its creation or intended creation, each Obligor shall hold the legal title to, and own the entire beneficial interest in any other assets the subject of any Transaction Security created or intended to be created by such Obligor.

23.11 Negative pledge

- (a) No Obligor shall, and the Obligors shall procure that no other Transaction Obligor will, create or permit to subsist any Security over any of its assets which are, in the case of Transaction Obligors other than the Borrowers, 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 an 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.

23.12 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 24.16 (*Restrictions on chartering, appointment of managers etc.*).

23.13 Merger

No Obligor shall, and the Obligors shall procure that no other Transaction Obligor will, enter into any amalgamation, demerger, merger, consolidation or corporate reconstruction except for, in respect of the Parent Guarantor only, any amalgamation, demerger, merger, consolidation or corporate reconstruction which results in the Parent Guarantor being the surviving entity and which does not have or is not reasonably likely to have a Material Adverse Effect. For the avoidance of doubt a stock split or a reverse stock split pertaining to the share capital of the Parent Guarantor is permissible without the consent of any of the Secured Parties.

23.14 Change of business

- (a) The Parent Guarantor shall procure that no substantial change is made to the general nature of the business of the Parent Guarantor or of any Transaction Obligor 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.

23.15 Financial Indebtedness

No Borrower shall incur or permit to be outstanding any Financial Indebtedness except Permitted Financial Indebtedness.

23.16 Expenditure

No Borrower shall incur any expenditure, except for expenditure reasonably incurred in the ordinary course of owning, operating, insuring, maintaining and repairing its Ship and the administration of the Borrowers.

23.17 Share capital

No Borrower shall:

- (a) purchase, cancel, redeem or retire its issued shares or share capital, as the case may be;
- (b) increase or reduce its authorised share capital or increase or reduce the number of shares that it is authorised to issue or change the par value of such shares or create any new class of shares;

- (c) issue any further shares except to the Parent Guarantor and provided such new shares are made subject to the terms of the Shares Security applicable to that Borrower immediately upon the issue of such new shares in a manner satisfactory to the Security Agent and the terms of that Shares Security are complied with;
- (d) appoint any further director, officer or secretary of that Borrower (unless the provisions of the Shares Security applicable to that Borrower are complied with).

23.18 Dividends

- (a) The Parent Guarantor shall not:
 - (i) declare, repay, distribute, make or pay any dividend (in cash) on or in respect of its common share capital (or any class of its common share capital);
 - (ii) redeem, repurchase, defease, retire or repay any of its common share capital or resolve to do so,
(each a "**Distribution**").
- (b) Paragraph (a) above shall not apply provided that:
 - (i) no Event of Default has occurred or the making of the Distribution would result in the occurrence of an Event of Default;
 - (ii) the Net LTV is less than 60 per cent. before the making of the Distribution;
 - (iii) the Parent Guarantor is in compliance with Clause 22.5 (*Debt Service Coverage Ratio*); and
 - (iv) for each dollar amount of the Distribution the Borrowers prepay the Loan in such equal amount to be applied against the Repayment Instalments falling after that prepayment in inverse order of maturity by the amount of the Loan prepaid.
- (c) Notwithstanding paragraphs (a) and (b) of this Clause 23.18 (*Dividends*), the Parent Guarantor shall be entitled to declare, make or pay any Management Preferred Dividends in an amount of up to \$500,000 per annum **Provided that** no Event of Default has occurred or the declaration, making or payment of such Management Preferred Dividends would result in the occurrence of an Event of Default.
- (d) The Borrowers shall be permitted to:
 - (i) make Distributions or declare, repay, distribute, make or pay any charge, fee or other distribution (or interest on any unpaid dividend, charge, fee or other distribution);
 - (ii) pay any management, advisory or other fee to or to the order of any of its shareholders; and
 - (iii) repay or distribute any share premium reserve,
(collectively, the "**Borrower's Distribution**"),

in, each case, **Provided that** no Event of Default has occurred and is continuing or would result from such Borrower's Distribution.

23.19 Other transactions

No Borrower shall:

- (a) be the creditor in respect of any loan or any form of credit to any person other than another Transaction Obligor and where such loan or form of credit 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 any guarantee or indemnity given under the Finance Documents.
- (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 (including, without limitation, in respect of any Permitted Financial Indebtedness); and
- (d) enter into any transaction on terms which are, in any respect, less favourable to that Obligor 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.

23.20 Unlawfulness, invalidity and ranking; Security imperilled

No Obligor shall, and the Obligors shall procure that no other Transaction Obligor will, do (or fail to do) or cause or permit another person to do (or omit to do) anything which is likely to:

- (a) make it unlawful for a Transaction Obligor to perform any of its obligations under the Transaction Documents;
- (b) cause any obligation of a Transaction Obligor under the Transaction Documents to cease to be legal, valid, binding or enforceable;
- (c) cause any Transaction Document to cease to be in full force and effect;
- (d) cause any Transaction Security to rank after, or lose its priority to, any other Security; and
- (e) imperil or jeopardise the Transaction Security.

23.21 Employees and ERISA compliance

No Borrower shall employ any individuals (other than the master and crew members of the Ship owned or to be owned by it). No Obligor nor any ERISA Affiliate shall sponsor, maintain or become obligated to contribute to any Plan. Each Borrower shall provide prompt written notice to the Facility Agent in the event that that Borrower becomes aware that any Obligor or any ERISA Affiliate has incurred or is reasonably likely to incur any liability with respect to any Plan, that, individually or in the aggregate with any other such liability, would be reasonably expected to have a Material Adverse Effect.

23.22 Books and records

Each Obligor will keep proper books of record and account which will be accurate in all material respects and in which full, true and correct entries in accordance with IFRS will be made of all dealings or transactions in relation to its business and activities.

23.23 Sanctions

- (a) No Obligor shall, and shall not suffer, permit or authorize any other Transaction Obligor or any other member of the Group to, directly or indirectly, use, lend, make payments of, contribute or otherwise make available, all or any part of the proceeds of the Loan or other transaction(s) contemplated by this Agreement to fund any trade, business or other activities:
 - (i) involving or for the benefit of any Prohibited Person or any subsidiary or joint venture partner of any Prohibited Person (whether at the time of such funding or otherwise);
 - (ii) in any country or territory, that at the time of such funding is a Sanctioned Country; or
 - (iii) in any other manner that would result in a violation of Sanctions by any Transaction Obligor, any other member of the Group or any Finance Party.
- (b) Each Obligor will, and will ensure that any other Transaction Obligor and any other member of the Group will:
 - (i) ensure that no person that is a Prohibited Person will have any legal or beneficial interest in any funds repaid or remitted by any Transaction Obligor to a Lender in connection with the Loan or any part of the Loan;
 - (ii) not fund all or any part of any payment or repayment under the Loan out of proceeds derived from any activity with a Prohibited Person or in or with a Sanctioned Country;
 - (iii) not fund all or any part of any payment or repayment under the Loan out of proceeds derived from transactions which would be prohibited by Sanctions or would otherwise cause any Finance Party, any Transaction Obligor or any other member of the Group to be in breach of Sanctions; and
 - (iv) procure that no proceeds from activities or business with a Prohibited Person or in or with a Sanctioned Country are credited to any Earnings Account or any other Account.
- (c) Each Obligor shall (and shall procure that each other Transaction Obligor and each other member of the Group shall) maintain in effect a Sanctions compliance policy which, in accordance with the recommendations of the Sanctions Advisory, is designed to ensure compliance by each such person and their respective directors, officers, employees and agents with Sanctions. Without limitation on the foregoing, such Sanctions compliance policy shall procure that each Transaction Obligor, each other member of the Group and their respective directors, officers, employees and agents shall, where applicable:
 - (i) conduct their activities in a manner consistent with Sanctions;
 - (ii) have sufficient resources in place to ensure execution of and compliance with their own Sanctions policies by their personnel, e.g., direct hires, contractors, and staff;
 - (iii) ensure Subsidiaries and Affiliates comply with the relevant policies, as applicable;

- (iv) have relevant controls in place to monitor automatic identification system (AIS) transponders;
 - (v) have controls in place to screen and assess onboarding or offloading cargo in areas they determine to present a high risk;
 - (vi) have controls to assess authenticity of bills of lading, as necessary; and
 - (vii) have controls in place consistent with the Sanctions Advisory.
- (d) Each Obligor shall procure that each other Transaction Obligor and each other member of the Group will comply in all respects with Sanctions.
- (e) No Obligor nor any other Transaction Obligor nor any other member of the Group shall be a Prohibited Person.
- (f) The representations and covenants in Clause 23.23 (*Sanctions*), paragraphs (a) through (e) of this Clause 23.23 (*Sanctions*), Clause 24.10 (*Compliance with laws etc.*) (solely as relates to Sanctions) and Clause 24.12 (*Sanctions and Ship trading*) (collectively, the "**Sanctions Clauses**") shall not apply to any Lender that informs the Facility Agent that it is subject to Council Regulation (EC) No. 2271/96 of 22 November 1996 ("**EU Blocking Regulation**") or Section 7 of the German Foreign Trade Ordinance (§ 7 Außenwirtschaftsverordnung) or a similar applicable anti-boycott statute (together with the EU Blocking Regulation and Section 7 of the of the German Foreign Trade Ordinance, and any similar successor EU law, the "**Anti Boycott Regulations**"), to the extent that compliance with the Sanctions Clauses would violate some or all of the Anti Boycott Regulations.
- (g) Restricted Lender:
- (i) In connection with any amendment, waiver, determination or direction relating to the Sanctions Clauses of which a Lender does not have the benefit because such benefit would result in a violation by the lender of any Anti Boycott Regulations (each a "**Restricted Lender**"), the Commitment or participation in the Loan, as applicable, of that Restricted Lender will, subject to paragraph (ii) below, be excluded for the purpose of determining whether the consent of the Majority Lenders has been obtained or whether the determination or direction by the Majority Lenders has been made or given.
 - (ii) The Facility Agent is only permitted to exclude the Commitment or participation in the Loan of a Lender pursuant to paragraph (i) above for the purpose of determining whether the consent of the Majority Lenders has been obtained or whether the determination or direction by the Majority Lenders has been made, if following the Facility Agent's request for such consent, determination or direction by the Majority Lenders the respective Lender notifies the Facility Agent that it is a Restricted Lender for such purpose.

23.24 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 23.24 (*Further assurance*), that Obligor shall deliver, or shall procure that such other Transaction Obligor will deliver, to the Security Agent a certificate signed by two of that Obligor's or Transaction Obligor's directors or officers which shall:
- (i) set out the text of a resolution of that Obligor's or Transaction Obligor's directors 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 validly convened and held, throughout which a quorum of directors entitled to vote on the resolution was present, or that the resolution has been signed by all the directors or officers and is valid under that Obligor's or Transaction Obligor's articles of association or other constitutional documents.

23.25 Subordination of liabilities under a Permitted Inter-Company Loan

- (a) Each Borrower and the Parent Guarantor agree that the Permitted Inter-Company Loan Liabilities are postponed and subordinated to the Secured Liabilities.

- (b) A Borrower or the Parent Guarantor may make any Payments in respect of the Permitted Inter-Company Loan Liabilities then due **Provided that** no Event of Default has occurred and is continuing or would result from such Payment.

24 GENERAL SHIP UNDERTAKINGS

24.1 General

The undertakings in this Clause 24 (*General Ship Undertakings*) remain in force on and from the date of this Agreement- or as the case may be in respect of Borrower G, as and from the Effective Date, and throughout the rest of the Security Period except as the Facility Agent, acting with the authorisation of the Majority Lenders (or, where specified, all the Lenders) may otherwise permit.

24.2 Ships' names 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 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 (including the Permitted Re-flagging) 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 (if applicable) related Deed of Covenant and on such other terms and in such other form as the Facility Agent, acting with the authorisation of the Lenders, shall approve or require; and
- (ii) the execution of such other documentation amending and supplementing the Finance Documents as the Facility Agent, acting with the authorisation of the Lenders, shall approve or require.

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 major recommendations and conditions affecting that Ship's class.

24.4 Classification society undertaking

If required by the Facility Agent in writing each Borrower shall, in respect of the Ship owned by it, instruct the relevant Approved Classification Society (and procure that the Approved Classification Society undertakes with the Security Agent):

- (a) to send to the Security Agent (with a copy to the Borrowers), following receipt of a written request from the Security Agent, certified true copies of all original class records held by the Approved Classification Society in relation to that Ship;
- (b) to allow the Security Agent (or its agents), at any time and from time to time, to inspect the original class and related records of that Borrower and that Ship at the offices of the Approved Classification Society and to take copies of them;
- (c) to notify the Security Agent promptly in writing if the Approved Classification Society:
 - (i) receives notification from that Borrower or any person that that Ship's Approved Classification Society is to be changed; or
 - (ii) becomes aware of any facts or matters which may result in or have resulted in a change, suspension, discontinuance, withdrawal or expiry of that Ship's class under the rules or terms and conditions of that Borrower or that Ship's membership of the Approved Classification Society;
- (d) following receipt of a written request from the Security Agent:
 - (i) to confirm that that Borrower is not in default of any of its contractual obligations or liabilities to the Approved Classification Society, including confirmation that it has paid in full all fees or other charges due and payable to the Approved Classification Society; or
 - (ii) to confirm that that Borrower is in default of any of its contractual obligations or liabilities to the Approved Classification Society, to specify to the Security Agent in reasonable detail the facts and circumstances of such default, the consequences of such default, and any remedy period agreed or allowed by the Approved Classification Society.

24.5 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 alter the structure, type or performance characteristics of that Ship or materially reduce its value.

24.6 Removal and installation of parts

- (a) Subject to paragraph (b) below, no Borrower shall remove any material part of any Ship, or any item of equipment installed on any Ship unless:
 - (i) the part or item so removed is forthwith replaced by a suitable part or item which is in the same condition as or better condition than the part or item removed;
 - (ii) the replacement part or item is free from any Security in favour of any person other than the Security Agent; and

- (iii) the replacement part or item becomes, on installation on that Ship, the property of that Borrower and subject to the security constituted by the Mortgage on that Ship and (if applicable) the related Deed of Covenant.

(b) A Borrower may install:

- (i) equipment owned by a third party if the equipment can be removed without any risk of damage to the Ship owned by that Borrower; and
- (ii) scrubbers or other equipment installed to comply with regulatory requirements applicable to the Ship owned by that Borrower.

24.7 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 acting on the instructions of the Majority Lenders, provide the Facility Agent, with copies of all survey reports.

24.8 Inspection

Each Borrower shall, at its own reasonable cost and expense, permit the Security Agent (acting through surveyors or other persons appointed by it for that purpose) to board the Ship owned by it with reasonable advance notice by the Security Agent at all reasonable times, but in any event without delaying or interfering with that Ship's operation, loading or unloading, to inspect its condition or to satisfy themselves about proposed or executed repairs and shall afford all proper facilities for such inspections, **provided that** so long as (i) no Event of Default or (ii) any casualty to that Ship which is or is likely to be or to become a Major Casualty has occurred, each Borrower shall not be obliged to pay any costs and expenses in respect of more than one inspection of its Ship in any calendar year.

24.9 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 immediately upon receiving notice of the arrest of the Ship owned by it or of its detention in exercise or purported exercise of any lien or claim, initiate and subsequently take all steps necessary to procure its release by providing bail or otherwise as the circumstances may require.

24.10 Compliance with laws etc.

Each Borrower shall:

- (a) comply, or procure compliance with all laws or regulations:
 - (i) relating to its business generally; and

(ii) relating to the Ship owned by it, its ownership, employment, operation, management and registration,

including, but not limited to, the ISM Code, the ISPS Code, all Environmental Laws, all Sanctions and the laws of the Approved Flag;

- (b) obtain, comply with and do all that is necessary to maintain in full force and effect any Environmental Approvals; and
- (c) without limiting paragraph (a) above, not employ the Ship owned by it nor allow its employment, operation or management in any manner contrary to any law or regulation including but not limited to the ISM Code, the ISPS Code, all Environmental Laws and Sanctions (or which would be contrary to Sanctions if Sanctions were binding on each Transaction Obligor).

24.11 ISPS Code

Without limiting paragraph (a) of Clause 24.10 (*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 promptly in writing of any actual or threatened withdrawal, suspension, cancellation or modification of the ISSC.

24.12 Sanctions and Ship trading

Without limiting Clause 24.10 (*Compliance with laws etc.*), each Borrower shall procure:

- (a) that the Ship owned by it shall not be used by or for the benefit of a Prohibited Person;
- (b) that such Ship shall not be used in trading to or from a Sanctioned Country or otherwise in any manner contrary to Sanctions (or which could be contrary to Sanctions if Sanctions were binding on each Transaction Obligor); and
- (c) that such Ship shall not be traded in any manner which would trigger the operation of any sanctions limitation or exclusion clause (or similar) in the Insurances.

24.13 Trading in war zones or excluded areas

No Borrower shall cause or permit any Ship to enter or trade to any zone which is declared a war zone by any government or by that Ship's war risks insurers or which is otherwise excluded from the scope of coverage of the obligatory insurances unless:

- (a) the prior written consent of the Security Agent acting on the instructions of the Majority Lenders has been given; and

- (b) that Borrower has (at its expense) effected any special, additional or modified insurance cover which the relevant Ship's war risk insurers may require **provided that** such insurance cover is also acceptable to the Security Agent.

24.14 Provision of information

Without prejudice to 21.6 (*Information: miscellaneous*) each Borrower shall, in respect of the Ship owned by it, promptly provide the Facility Agent with any written 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.

24.15 Notification of certain events

Each Borrower shall, in respect of the Ship owned by it, promptly notify the Facility Agent by fax, confirmed forthwith by letter, of:

- (a) any casualty to that Ship which is or is likely to be or to become a Major Casualty;
- (b) any occurrence as a result of which that Ship has become or is, by the passing of time or otherwise, likely to become a Total Loss;
- (c) any requisition of that Ship for hire;
- (d) any requirement, condition or recommendation made in relation to that Ship by any insurer, classification society, Approved Flag or PSC or by any competent authority which is not immediately complied with;
- (e) any arrest or detention of that Ship or any exercise or purported exercise of any lien on that Ship or the Earnings;
- (f) any intended dry docking of that Ship;
- (g) any Environmental Claim made against that 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.

24.16 Restrictions on chartering, appointment of managers etc.

- (a) No Borrower shall, in relation to the Ship owned by it:
 - (i) let that Ship on demise charter for any period;
 - (ii) enter into any time, voyage or consecutive voyage charter in respect of that Ship other than a Permitted Charter;
 - (iii) make material amendments or supplements to a Management Agreement or terminate a Management Agreement;
 - (iv) appoint a manager of that Ship other than the Approved Commercial Manager and the Approved Technical Manager or agree to any material alteration to the terms of an Approved Manager's appointment;
 - (v) de activate or lay up that Ship; or
 - (vi) 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 \$750,000 (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.
- (b) For the purposes of sub-paragraph (iii) and (iv) of paragraph (a) of this Clause 24.16 (*Restrictions on chartering, appointment of managers etc.*), "material amendments or supplements" and "material alteration" shall include, without limitation, a change to (i) the management fee, (ii) the parties to the Management Agreement, (iii) the duration, the scope of the services provided under the Management Agreement and the terms of its termination and (iv) the governing law and jurisdiction provision.

24.17 Notice of Mortgage

Each Borrower shall keep the relevant Mortgage registered against the Ship owned by it as a valid first priority or preferred (as the case may be) mortgage, carry on board that Ship a certified copy of the relevant Mortgage and place and maintain in a conspicuous place in the navigation room and the master's cabin of that Ship a framed printed notice stating that that Ship is mortgaged by that Borrower to the Security Agent.

24.18 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.

24.19 Ship tracking

Each Borrower hereby acknowledges the Finance Parties' right to use any means (including utilising commercial ship-tracking software) that are reasonably necessary or appropriate to track each Ship

24.20 Notification of compliance

Each Borrower shall promptly provide the Facility Agent upon its request with evidence (in such form as the Facility Agent requires) that it is complying with this Clause 24 (*General Ship Undertakings*).

25 LOAN TO VALUE RATIO

25.1 Maximum allowed required loan to value ratio

- (a) Clause 25.2 (*Provision of additional security; prepayment*) applies if the Facility Agent notifies the Borrowers that the Net LTV is above the Relevant Percentage.
- (b) In this Clause 25.1 (*Maximum allowed required loan to value ratio*), "**Relevant Percentage**" means:
- (i) on and from the [relevant](#) Utilisation Date until the date falling 18 months after the [relevant](#) Utilisation Date, 75 per cent.; and
 - (ii) at all times thereafter during the Security Period, 70 per cent,
- in each case, expressed as a percentage of the aggregate of the Loan and any exposure under the Hedging Agreement.

25.2 Provision of additional security; prepayment

- (a) If the Facility Agent serves a notice on the Borrowers under Clause 25.1 (*Maximum allowed required loan to value ratio*), the Borrowers shall, on or before the date falling 15 Business 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) A Borrower may, instead of making a prepayment as described in paragraph (a) above, provide, or ensure that a third party has provided, additional security which, in the opinion of the Facility Agent acting on the instructions of the Majority Lenders:
- (i) has a net realisable value at least equal to the shortfall; and
 - (ii) is documented in such terms as the Facility Agent may approve or require,
- before the Prepayment Date; and conditional upon such security being provided in such manner, it shall satisfy such prepayment obligation.

25.3 Value of additional vessel security

The net realisable value of any additional security which is provided under Clause 25.2 (*Provision of additional security; prepayment*) and which consists of Security over a vessel shall be the Market Value of the vessel concerned.

25.4 Valuations binding

Any valuation under this Clause 25 (*Loan to value ratio*) shall be binding and conclusive as regards each Borrower.

25.5 Provision of information

- (a) Each Borrower shall promptly provide the Facility Agent and any shipbroker acting under this Clause 25 (*Loan to value ratio*) with any information which the Facility Agent or the shipbroker 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 shipbroker 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*) without the application of any prepayment fee.

25.7 Provision of valuations

- (a) The Facility Agent may, at the Borrowers' cost and expense, obtain a valuation 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*), from an Approved Valuer selected by the Facility Agent, to enable the Facility Agent to determine the Market Value of that Ship not more than 10 days before the relevant Utilisation Date and, for the purposes of Clause 25.1 (~~*Minimum Required Loan*~~ *Maximum allowed required loan* *to value ratio*) on two occasions in each year on 30 June and 31 December at the same time as the relevant Compliance Certificate is provided in accordance with Clause 21.3 (*Compliance Certificate* and DSCR Certificate).
- (b) Upon the occurrence of an Event of Default or at any time where a prepayment is to be made pursuant to Clause 7.4 (*Mandatory Prepayment on sale or Total Loss*) or on a Distribution of the Parent Guarantor pursuant to Clause 23.18 (*Dividends*), the Facility Agent shall be entitled to obtain (acting on the instructions of the Majority Lenders) at any time at that Borrower's expense valuations of a Ship and any other vessel over which additional Security has been created in accordance with Clause 25.2 (*Provision of additional security; prepayment*), from Approved Valuers selected by the Facility Agent (acting on the instructions of the Majority Lenders), showing the Market Value of that Ship and each such vessel.

25.8 Release of additionally security

If the Net LTV set out in Clause 25.1 (*Maximum allowed required loan to value ratio*) at any relevant time exceeds the Relevant Percentage and the Borrowers have previously provided additional security pursuant to this Clause 25 (*Loan to value ratio*), the Facility Agent will, after receiving a notice from the Borrower to do so and so long as the financial statements provided pursuant to Clause 21.2 (*Financial statements*) reflect that the Relevant Percentage has been maintained for a consecutive period of at least 6 Months, subject to being indemnified to its satisfaction against the cost of doing so, release any such additional security to the Borrowers **Provided that** (i) no Event of Default has occurred or will result from such release and (ii) the relevant ratio shall continue to be no more than the Relevant Percentage at the relevant time immediately following such release.

26 ACCOUNTS, APPLICATION OF EARNINGS AND HEDGE RECEIPTS

26.1 Accounts

- (a) Each Borrower shall open and maintain throughout the Security Period its Earnings Account with the [relevant](#) Earnings Account Bank.
- (b) The Parent Guarantor shall open and maintain throughout the Security Period the Maintenance Reserve Account and the Cash Reserve Account with the Account Bank.
- (c) On or after the [relevant](#) Utilisation Date, no Borrower may, without the prior consent of the Facility Agent (such consent not to be unreasonably withheld), maintain any bank account other than (i) its Earnings Account and (ii) in the case of Borrower A, Borrower C and Borrower F, its Greek Account.
- (d) The Borrowers further undertake that the amounts:
 - (i) transferred or to be transferred to the Greek Accounts on a monthly basis shall not exceed \$30,000, in aggregate, in respect of all Greek Accounts; and
 - (ii) standing to the credit of the Greek Accounts at the end of the relevant Fiscal Quarter shall not exceed the amount of \$50,000, in aggregate, at any given time.

26.2 Payment of Earnings

Each Borrower shall ensure that:

- (a) subject only to the provisions of the [General Assignment and the Supplemental](#) 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; and
- (b) all Hedge Receipts are paid in to its Earnings Account.

26.3 Dry Docking and Special Survey Reserves

- (a) On the [relevant](#) Utilisation Date, each Borrower shall deposit in its Maintenance Reserve Account the relevant Maintenance Reserve Amount. Thereafter, each Borrower shall deposit the relevant Maintenance Reserve Amount on the last day of each Fiscal Quarter as set out in Schedule 7 (*Dry Docking and Special Reserves Table*), for the purpose of building-up a maintenance reserve amount relating to forthcoming dry dock and for special or intermediate survey (the "**Dry-Dock**") and the installation of BWTS on the Ship owned by it as outlined in the financial projections delivered by the Borrower which is the owner of that Ship pursuant to paragraph (d) of Clause 21.2 (*Financial Statements*).
- (b) Each Borrower shall provide the Facility Agent, at the time of arrival at the relevant shipyard, written notice of its Ship's arrival at the relevant shipyard for the forthcoming Dry-Dock together with a budget and an estimate of the costs anticipated to be incurred by that Borrower in relation to its Ship. Such notice shall provide that the Dry Docking and Special Survey Fees to be released to that Borrower and/or the Parent Guarantor in full by no later than five days after the arrival of that Ship in the relevant shipyard for application towards payment of the Dry-Dock costs and expenses as specified in the budget and estimate provided by the relevant Borrower. The Facility Agent shall release the Dry Docking and Special Reserve Fees in accordance with this Clause 26.3 **provided that** no Event of Default has occurred and is continuing or will result from such release.

- (c) Following application by each Borrower of the relevant Dry Docking and Special Survey Fees, the relevant Borrower shall provide the Facility Agent with evidence of payment of the Dry-Dock costs together with any invoices relating to the Ship owned by it as soon as they become available.

In this Clause 26.3, "**Dry Docking and Special Survey Fees**" means, in relation to a Borrower, the aggregate amount standing to the credit of the Maintenance Reserve Account at any time.

26.4 Interest accrued on Cash Reserve Account and Maintenance Reserve Accounts

Any credit balance on the Cash Reserve Account or a Maintenance Reserve Account shall bear interest at the rate from time to time offered by the Account Bank to its customers for dollar deposits of similar amounts and for periods similar to those for which such balances appear to the Account Bank likely to remain on the Cash Reserve Account or that Maintenance Reserve Account.

26.5 Release of accrued interest

Interest accruing under Clause 26.4 (*Interest accrued on Cash Reserve Account and Maintenance Reserve Accounts*) shall be credited to the relevant Account and shall be released to the Parent Guarantor or relevant Borrower (as applicable) at the end of the Security Period.

26.6 Location of Accounts

Each Obligor shall promptly:

- (a) comply with any requirement of the Facility Agent as to the location or relocation of its any 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) any Account.

27 INSURANCE UNDERTAKINGS

27.1 General

The undertakings in this Clause 27 (*Insurance Undertakings*) remain in force from the date of this Agreement ~~-, or as the case may be in respect of Borrower G and Ship G, as and from the Effective Date,~~ 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.

27.2 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; 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.

27.3 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) 120 per cent. of the Tranche relating to the Ship owned by it; 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 and in the international marine insurance market;
- (d) in the case of protection and indemnity risks, in respect of the full tonnage of its Ship;
- (e) on approved terms customary in major marine insurance markets; and
- (f) through insurance brokers and insurance companies with current rating by A.M. Best Company or S&P of at least "A-", "VII" including protection and indemnity risks associations or war risks association of recognized reputation and responsibility in the industry.

27.4 Further protections for the Finance Parties

In addition to the terms set out in Clause 27.3 (*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;

- (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.

27.5 Renewal of obligatory insurances

Each Borrower shall:

- (a) at least 14 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 14 days before the expiry of any obligatory insurance, renew that obligatory insurance in accordance with the Facility Agent's approval pursuant to paragraph (a) above; and
- (c) procure that the Approved Brokers and/or the approved war risks and protection and indemnity associations with which such a renewal is effected shall promptly after the renewal notify the Facility Agent in writing of the terms and conditions of the renewal.

27.6 Copies of policies; letters of undertaking

Each Borrower shall ensure that the Approved Brokers provide the Security Agent upon its request with:

- (a) *pro forma* copies of all policies relating to the obligatory insurances which they are to effect or renew; and

- (b) a letter or letters or undertaking in 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 27.4 (*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 and notify the Security Agent 14 days prior to policy cancellation for non-payment;
 - (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; and
 - (vii) 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.

27.7 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 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.

27.8 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.

27.9 Payment of premiums

Each Borrower shall punctually pay all premiums or other sums payable in respect of the obligatory insurances effected by it and produce all relevant receipts when so required by the Facility Agent or the Security Agent.

27.10 Guarantees

Each Borrower shall ensure that any guarantees required by a protection and indemnity or war risks association are promptly issued and remain in full force and effect.

27.11 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 27.6 (*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.

27.12 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.

27.13 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.

27.14 Provision of copies of communications

Each Borrower shall provide the Security Agent, at the time of each such communication, 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.

27.15 Provision of information

Each Borrower shall promptly provide the Facility Agent (or any persons which it may designate) with any information which the Facility Agent (or any such designated person) requests 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 27.16 (*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.

27.16 Mortgagee's interest and additional perils insurances

- (a) The Security Agent shall be entitled from time to time to effect, maintain and renew a mortgagee's interest marine insurance and a mortgagee's interest additional perils insurance in such amounts, on such terms, through such insurers and generally in such manner as the Security Agent may from time to time consider appropriate.
- (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.

28 EVENTS OF DEFAULT

28.1 General

Each of the events or circumstances set out in this Clause 28 (*Events of Default*) is an Event of Default except for Clause 28.19 (*Acceleration*) and Clause 28.20 (*Enforcement of security*).

28.2 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 five Business Days of its due date.

28.3 Specific obligations

A breach occurs of Clause 4.4 (*Waiver of conditions precedent*), Clause 22 (*Financial Covenants*), Clause 23.10 (*Title*), Clause 23.11 (*Negative pledge*), Clause 23.20 (*Unlawfulness, invalidity and ranking; Security imperilled*), Clause 23.23 (*Sanctions*), Clause 24.12 (*Sanctions and Ship trading*), Clause 27.2 (*Maintenance of obligatory insurances*), Clause 27.3 (*Terms of obligatory insurances*), Clause 27.5 (*Renewal of obligatory insurances*) or, save to the extent such breach is a failure to pay and therefore subject to Clause 28.2 (*Non-payment*), Clause 25 (*Loan to value ratio*), Clause 24.3 (*Repair and Classification*).

28.4 Other obligations

- (a) A Transaction Obligor does not comply with any provision of the Finance Documents (other than those referred to in Clause 28.2 (*Non-payment*) and Clause 28.3 (*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 five Business Days of the Facility Agent giving notice to the Borrowers or (if earlier) any Transaction Obligor becoming aware of the failure to comply.

28.5 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 the relevant representation or statement can be repeated within five Business Days of the date on which the Facility Agent notifies the Borrower of it not being true and accurate and on the date of such repetition it is not incorrect or misleading in any respect.

28.6 Cross default

- (a) Any Financial Indebtedness of any Transaction Obligor is not paid when due nor within any originally applicable grace period.

- (b) Any Financial Indebtedness of any Transaction Obligor is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described).
- (c) Any commitment for any Financial Indebtedness of any Transaction Obligor is cancelled or suspended by a creditor of any Transaction Obligor as a result of an event of default (however described).
- (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 28.6 (*Cross default*) in respect of a person other than a Borrower if the aggregate amount of Financial Indebtedness or commitment for Financial Indebtedness falling within paragraphs (a) to (d) above is less than \$1,000,000 (or its equivalent in any other currency).
- (f) No Event of Default will occur under paragraph (a) of this Clause 28.6 (*Cross default*) in respect of a Borrower if the Financial Indebtedness is Permitted Trade Debt.

28.7 Insolvency

- (a) An Obligor:
 - (i) is unable or admits inability to pay its debts as they fall due;
 - (ii) is deemed to, or is declared to, be unable to pay its debts under applicable law;
 - (iii) suspends or threatens to suspend making payments on any of its debts; 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.
- (b) The value of the assets of any Obligor is less than its liabilities (taking into account contingent and prospective liabilities).
- (c) A moratorium is declared in respect of any indebtedness of any Obligor. If a moratorium occurs, the ending of the moratorium will not remedy any Event of Default caused by that moratorium.

28.8 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 Obligor;
 - (ii) a composition, compromise, assignment or arrangement with any creditor of any Obligor;

- (iii) the appointment of a liquidator, receiver, administrator, administrative receiver, compulsory manager or other similar officer in respect of any Obligor or any of its assets; or
 - (iv) enforcement of any Security over any assets of any Obligor,
- or any analogous procedure or step is taken in any jurisdiction.

- (b) Paragraph (a) above shall not apply to any winding-up petition which is frivolous or vexatious and is discharged, stayed or dismissed within 14 days of commencement.

28.9 Creditors' process

Any expropriation, attachment, sequestration, distress or execution (or any analogous process in any jurisdiction) affects any asset or assets of an Obligor (other than an arrest or detention of a Ship referred to in Clause 28.14 (*Arrest*)).

28.10 Change of Control

- (a) The shares (or any part thereof) of the Parent Guarantor cease to be quoted on the Nasdaq Capital Market or any other Nasdaq Market Tier or any other internationally recognised stock exchange acceptable to the Facility Agent (acting on the instructions of the Majority Lenders).
- (b) Each Borrower is not or ceases to be a 100 per cent. directly owned Subsidiary of the Parent Guarantor.
- (c) After the date of this Agreement any person or group of persons acting in concert gains control of the Parent Guarantor other than the Disclosed Persons.
- (d) For the purpose of paragraph (c) above "control" means the power (whether by way of ownership of shares, proxy, contract, agency or otherwise) to:
 - (i) cast, or control the casting of, more than 50 per cent. of the maximum number of votes that might be cast at a general meeting of the Parent Guarantor; or
 - (ii) appoint or remove all, or the majority, of the directors or other equivalent officers of the Parent Guarantor; or
 - (iii) give directions with respect to the operating and financial policies of the Parent Guarantor with which the directors or other equivalent officers of the Parent Guarantor are obliged to comply.

For the purpose of paragraph (c) above "**acting in concert**" means a group of persons who, pursuant to an agreement or understanding (whether formal or informal), actively co-operate, through the acquisition directly or indirectly of shares in the Parent Guarantor by any of them, either directly or indirectly, to obtain or consolidate control of the Parent Guarantor.

28.11 Unlawfulness, invalidity and ranking

- (a) It is or becomes unlawful for a Transaction Obligor to perform any of its obligations under the Finance Documents.
- (b) Any obligation of a Transaction Obligor under the Finance Documents is not or ceases to be legal, valid, binding or enforceable.
- (c) Any Finance Document ceases to be in full force and effect or to be continuing or is or purports to be determined or any Transaction Security is alleged by a party to it (other than a Finance Party) to be ineffective.
- (d) Any Transaction Security proves to have ranked after, or loses its priority to, any other Security.

28.12 Security imperilled

Any Security created or intended to be created by a Finance Document is in any way imperilled or in jeopardy.

28.13 Cessation of business

Any Transaction suspends or ceases to carry on (or threatens to suspend or cease to carry on) all or a material part of its business.

28.14 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:

- (a) 30 days if that Ship is off-hire; or
 - (b) 45 days of that Ship is on-hire,
- of such arrest or detention.

28.15 Expropriation

The authority or ability of any member of the Group to conduct its business is limited or wholly or substantially curtailed by any seizure, expropriation, nationalisation, intervention, restriction or other action by or on behalf of any governmental, regulatory or other authority or other person in relation to any member of the Group or any of its assets other than:

- (a) an arrest or detention of a Ship referred to in Clause 28.14 (*Arrest*); or
- (b) any Requisition.

28.16 Repudiation and rescission of agreements

A Transaction Obligor (or any other relevant party) rescinds or purports to rescind or repudiates or purports to repudiate a Transaction Document or any of the Transaction Security or evidences an intention to rescind or repudiate a Transaction Document or any Transaction Security.

28.17 Litigation

Any litigation, arbitration or administrative proceedings or investigations of, or before, any court, arbitral body or agency are started 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 Transaction Obligor or its assets which has or is reasonably likely to have a Material Adverse Effect.

28.18 Material adverse change

Any event or circumstance occurs which has or is reasonably likely to have a Material Adverse Effect.

28.19 Acceleration

On and at any time after the occurrence of an Event of Default which is continuing the Facility Agent may, and shall if so directed by the Majority Lenders:

- (a) by notice to the Borrowers:
 - (i) cancel the Available Commitment of each Lender, whereupon they shall immediately be cancelled;
 - (ii) declare that all or part of the Loan, together with accrued interest, and all other amounts accrued or outstanding under the Finance Documents be immediately due and payable, whereupon it shall become immediately due and payable; and/or
 - (iii) declare that all or part of the Loan be payable on demand, whereupon it shall immediately become payable on demand by the Facility Agent acting on the instructions of the Majority Lenders; and/or
 - (b) exercise or direct the Security Agent to exercise any or all of its rights, remedies, powers or discretions under the Finance Documents,
- and the Facility Agent may serve notices under sub-paragraphs (i), (ii) or (iii) of paragraph (a) above simultaneously or on different dates and any Servicing Party may take any action referred to in paragraph (b) above or Clause 28.20 (*Enforcement of security*) if no such notice is served or simultaneously with or at any time after the service of any of such notice.

28.20 Enforcement of security

On and at any time after the occurrence of an Event of Default which is continuing the Security Agent may, and shall if so directed by the Majority Lenders, take any action which, as a result of the Event of Default or any notice served under Clause 28.19 (*Acceleration*), the Security Agent is entitled to take under any Finance Document or any applicable law or regulation.

SECTION 9

CHANGES TO PARTIES

29 CHANGES TO THE LENDERS

29.1 Assignments and transfers by the Lenders

Subject to this Clause 29 (*Changes to the Lenders*), a Lender (the "**Existing Lender**") may:

- (a) assign any of its rights; or
- (b) transfer by novation any of its rights and obligations,

under the Finance Documents to another bank or financial institution or to a trust, fund or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities or other financial assets (the "**New Lender**") without the Borrowers consent and at no cost of the Borrowers unless an Event of Default has occurred and is continuing.

29.2 Conditions of assignment or transfer

- (a) Prior notice of assignment or transfer pursuant to Clause 29.1 (*Assignments and transfers by the Lenders*) stating the assignment or transfer consideration agreed between the Existing Lender and the New Lender (the "**Loan Transfer Price**"), shall be given by the relevant Existing Lender to the Borrowers and the Obligors shall have the right to prepay within 30 days of such notification to the Facility Agent an amount equal to the Loan Transfer Price and following such prepayment shall extinguish the Obligors' obligations with respect to such part of the Loan.
- (b) Unless otherwise provided in this Clause 29.2 (*Conditions of assignment or transfer*), any prepayment made pursuant to paragraph (a) above 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*). For the avoidance of doubt, paragraph (b) of Clause 7.3 (*Voluntary prepayment of Loan*) shall not apply and there will be no prepayment fee for such prepayment.
- (c) Should the Obligors not make the prepayment in accordance with paragraph (a) above then the remaining provisions of this Clause 29 (*Changes to the Lenders*) shall apply.
- (d) 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.
- (e) 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.

- (f) A transfer will only be effective if the procedure set out in Clause 29.5 (*Procedure for transfer*) is complied with.
- (g) 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 (g) shall not apply in respect of an assignment or transfer made in the ordinary course of the primary syndication of the Facility.
- (h) 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.

29.3 Assignment or transfer fee

The New Lender shall, on the date upon which an assignment or transfer takes effect, pay to the Facility Agent (for its own account) a fee of \$5,000.

29.4 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 29 (*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.

29.5 Procedure for transfer

- (a) Subject to the conditions set out in Clause 29.2 (*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 29.9 (*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".

29.6 Procedure for assignment

- (a) Subject to the conditions set out in Clause 29.2 (*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 29.9 (*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 29.6 (*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 29.5 (*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 29.2 (*Conditions of assignment or transfer*).

29.7 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.

29.8 Security over Lenders' rights

In addition to the other rights provided to Lenders under this Clause 29 (*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.

29.9 Pro rata interest settlement

- (a) If the Facility Agent has notified the Lenders that it is able to distribute interest payments on a "*pro rata* basis" to Existing Lenders and New Lenders then (in respect of any transfer pursuant to Clause 29.5 (*Procedure for transfer*) or any assignment pursuant to Clause 29.6 (*Procedure for assignment*) the Transfer Date of which, in each case, is after the date of such notification and is not on the last day of an Interest Period):
 - (i) any interest or fees in respect of the relevant participation which are expressed to accrue by reference to the lapse of time shall continue to accrue in favour of the Existing Lender up to but excluding the Transfer Date ("**Accrued Amounts**") and shall become due and payable to the Existing Lender (without further interest accruing on them) on the last day of the current Interest Period (or, if the Interest Period is longer than six Months, on the next of the dates which falls at six Monthly intervals after the first day of that Interest Period); and

(ii) the rights assigned or transferred by the Existing Lender will not include the right to the Accrued Amounts, so that, for the avoidance of doubt:

(A) when the Accrued Amounts become payable, those Accrued Amounts will be payable to the Existing Lender; and

(B) the amount payable to the New Lender on that date will be the amount which would, but for the application of this Clause 29.9 (*Pro rata interest settlement*), have been payable to it on that date, but after deduction of the Accrued Amounts.

(b) In this Clause 29.9 (*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 29.9 (*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.

30 CHANGES TO THE TRANSACTION OBLIGORS

30.1 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.

30.2 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 30.2 (*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.

30.3 Additional Subordinated Creditors

- (a) The Borrowers may request that any person becomes a Subordinated Creditor, with the prior approval of the Facility Agent, by delivering to the Facility Agent:
 - (i) a duly executed Subordination Agreement;
 - (ii) a duly executed Subordinated Debt Security; and
 - (iii) such constitutional documents, corporate authorisations and other documents and matters as the Facility Agent may reasonably require, in form and substance satisfactory to the Facility Agent, to verify that the person's obligations are legally binding, valid and enforceable and to satisfy any applicable legal and regulatory requirements.
- (b) A person referred to in paragraph (a) above will become a Subordinated Creditor on the date the Security Agent enters into the Subordination Agreement and the Subordinated Debt Security delivered under paragraph (a) above.

SECTION 10

THE FINANCE PARTIES

31 ~~THE FACILITY AGENT AND THE REFERENCE BANKS~~

31.1 Appointment of the Facility Agent

- (a) Each of the Lenders and the Hedge Counterparties appoints the Facility Agent to act as its agent under and in connection with the Finance Documents.
- (b) Each of the Lenders and the Hedge Counterparties 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.

31.2 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 45 (*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 31.2 (*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.

31.3 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 29.7 (*Copy of Transfer Certificate or Assignment Agreement to ~~Borrower~~ Borrowers*), paragraph (b) above shall not apply to any Transfer Certificate or any Assignment Agreement.
- (d) Except where a Finance Document specifically provides otherwise, the Facility Agent is not obliged to review or check the adequacy, accuracy or completeness of any document it forwards to another Party.
- (e) If the Facility Agent receives notice from a Party referring to any Finance Document, describing a Default and stating that the circumstance described is a Default, it shall promptly notify the other Finance Parties.

- (f) If the Facility Agent is aware of the non-payment of any principal, interest, commitment fee or other fee payable to a Finance Party (other than the Facility Agent or the Security Agent) under this Agreement, it shall promptly notify the other Finance Parties.
- (g) The Facility Agent shall have only those duties, obligations and responsibilities expressly specified in the Finance Documents to which it is expressed to be a party (and no others shall be implied).

31.4 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.

31.5 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 35.5 (*Application of receipts; partial payments*).

31.6 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.

31.7 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 28.2 (*Non-payment*));
 - (ii) any right, power, authority or discretion vested in any Party or any group of Finance Parties has not been exercised; and
 - (iii) any notice or request made by any Borrower (other than the relevant Utilisation Request) 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.

31.8 Responsibility for documentation

The Facility Agent is not responsible nor 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.

31.9 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.

31.10 Exclusion of liability

- (a) Without limiting paragraph (b) below (and without prejudice to paragraph (e) of Clause 35.11 (*Disruption to Payment Systems etc.*) or any other provision of any Finance Document excluding or limiting the liability of the Facility Agent), the Facility Agent will not be liable (including, without limitation, for negligence or any other category of liability whatsoever) for:
 - (i) any damages, costs or losses to any person, any diminution in value, or any liability whatsoever arising as a result of taking or not taking any action under or in connection with any 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) any damages, costs or losses to any person, any diminution in value, or any other liability whatsoever arising as a result of:
 - (A) any Benchmark Replacement implemented pursuant to Clause 45.4 (*Benchmark Replacement setting*); or
 - (B) the selection and implementation of any Conforming Changes,

(v) including, without limitation, whether the composition or characteristics of any Benchmark Replacement will be similar to, or produce the same value or economic equivalence of the relevant Benchmark or have the same volume or liquidity as did the relevant Benchmark before its discontinuance or unavailability; or

(vi) ~~(iv)~~ without prejudice to the generality of paragraphs (i) to ~~(iii)~~(iv) 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 paragraph (b) 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 (including, without limitation, for negligence or any other category of liability whatsoever) 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.

- (f) The Facility Agent may select information sources or services in its reasonable discretion to ascertain the Base Rate, Adjusted Term SOFR, Term SOFR, or any other Benchmark, in each case pursuant to the terms of this Agreement, and shall have no liability to the Borrowers, any Lender or any other person or entity for damages of any kind, including direct or indirect, special, punitive, incidental or consequential damages, costs, losses or expenses (whether in tort, contract or otherwise and whether at law or in equity), for any error or calculation of any such rate (or component thereof) provided by any such information source or service, unless directly caused by the Facility Agent's gross negligence or wilful misconduct.

31.11 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 (including, without limitation, for negligence or any other category of liability whatsoever) 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 35.11 (*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.

31.12 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 31 (*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 14.3 (*Indemnity to the Facility Agent*) and this Clause 31 (*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.
- (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.

31.13 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.

31.14 Relationship with the other Finance Parties

(a) Subject to Clause 29.9 (*Pro rata interest settlement*), the Facility Agent may treat the person shown in its records as Lender or Hedge Counterparty 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 or, as the case may be, the Hedge Counterparty:

- (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 or Hedge Counterparty 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, fax number and (where communication by electronic mail or other electronic means is permitted under Clause 38.5 (*Electronic communication*)) electronic mail address and/or any other information required to enable the transmission of information by that means (and, in each case, the department or officer, if any, for whose attention communication is to be made) and be treated as a notification of a substitute address, fax number, electronic mail address (or such other information), department and officer by that Lender for the purposes of Clause 38.2 (*Addresses*) and sub-paragraph (ii) of paragraph (a) of Clause 38.5 (*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.

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 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.

31.16 Facility Agent's management time

Any amount payable to the Facility Agent under Clause 14.3 (*Indemnity to the Facility Agent*), Clause 16 (*Costs and Expenses*) and Clause 31.11 (*Lenders' indemnity to the Facility Agent*) shall include the cost of utilising the Facility Agent's management time or other resources and will be calculated on the basis of such reasonable daily or hourly rates as the Facility Agent may notify to the Borrowers and the other Finance Parties, and is in addition to any fee paid or payable to the Facility Agent under Clause 11 (*Fees*).

31.17 Deduction from amounts payable by the Facility Agent

If any Party owes an amount to the Facility Agent under the Finance Documents, the Facility Agent may, after giving notice to that Party, deduct an amount not exceeding that amount from any payment to that Party which the Facility Agent would otherwise be obliged to make under the Finance Documents and apply the amount deducted in or towards satisfaction of the amount owed. For the purposes of the Finance Documents that Party shall be regarded as having received any amount so deducted.

31.18 Reliance and engagement letters

Each Secured Party confirms that the Facility Agent has authority to accept on its behalf (and ratifies the acceptance on its behalf of any letters or reports already accepted by the Facility Agent) the terms of any reliance letter or engagement letters or any reports or letters provided by accountants, auditors or providers of due diligence reports in connection with the Finance Documents or the transactions contemplated in the Finance Documents and to bind it in respect of those, reports or letters and to sign such letters on its behalf and further confirms that it accepts the terms and qualifications set out in such letters.

31.19 Full freedom to enter into transactions

Without prejudice to Clause 31.6 (*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
- (d) to engage in transactions that may affect the calculation of any Benchmark Replacement and/or any relevant adjustments to it without any consideration of the interests of, or liability to, any Transaction Obligor or any other Party,

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), (c) and (d)e above, to use (subject only to insider dealing legislation) any information or opportunity, howsoever acquired by it, to pursue its own interests exclusively, to refrain from disclosing such dealings, transactions or other matters or any information acquired in connection with them and to retain for its sole benefit all profits and benefits derived from the dealings transactions or other matters.

31.20 Role of Reference Banks

- ~~(a) No Reference Bank is under any obligation to provide a quotation or any other information to the Facility Agent.~~
- ~~(b) No Reference Bank will be liable for any action taken by it under or in connection with any Finance Document, or for any Reference Bank Quotation, unless directly caused by its gross negligence or wilful misconduct.~~
- ~~(c) No Party (other than the relevant Reference Bank) may take any proceedings against any officer, employee or agent of any Reference Bank in respect of any claim it might have against that Reference Bank or in respect of any act or omission of any kind by that officer, employee or agent in relation to any Finance Document, or to any Reference Bank Quotation, and any officer, employee or agent of each Reference Bank may rely on this Clause 31.20 (Role of Reference Banks) subject to Clause 1.5 (Third party rights) and the provisions of the Third Parties Act.~~

31.21 Third Party Reference Banks

~~A Reference Bank which is not a Party may rely on Clause 31.20 (Role of Reference Banks), Clause 45.3 (Other exceptions) and Clause 47 (Confidentiality of Funding Rates and Reference Bank Quotations) subject to Clause 1.5 (Third party rights) and the provisions of the Third Parties Act.~~

32 THE SECURITY AGENT

32.1 Trust

- (a) ~~The Subject to Clause~~ 32.37 (Swiss security agreement matters) 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 32 (*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.

32.2 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 32.2 (*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 32.2 (*Parallel Debt (Covenant to pay the Security Agent)*) to the extent permitted by applicable law, shall be applied in accordance with Clause 35.5 (*Application of receipts; partial payments*).
- (f) This Clause 32.2 (*Parallel Debt (Covenant to pay the Security Agent)*) shall apply, with any necessary modifications, to each Finance Document.

32.3 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.

32.4 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 32.28 (*Application of receipts*);
 - (B) Clause 32.29 (*Permitted Deductions*); and
 - (C) Clause 32.30 (*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 45 (*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 32.4 (*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.

32.5 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).

32.6 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.

32.7 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.

32.8 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 [relevant](#) Utilisation Request) 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.

32.9 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; or
- (c) any determination as to whether any information provided or to be provided to any Secured Party is non-public information the use of which may be regulated or prohibited by applicable law or regulation relating to insider dealing or otherwise.

32.10 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.

32.11 Exclusion of liability

- (a) Without limiting paragraph (b) below (and without prejudice to any other provision of any Finance Document excluding or limiting the liability of the Security Agent or any Receiver or Delegate), none of the Security Agent nor any Receiver or Delegate will be liable (including, without limitation, for negligence or any other category of liability whatsoever) for:
 - (i) any damages, costs or losses to any person, any diminution in value, or any liability whatsoever arising as a result of taking or not taking any action under or in connection with any 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 paragraph (b) subject to Clause 1.5 (*Third party rights*) and the provisions of the Third Parties Act.
- (c) The Security Agent will not be liable for any delay (or any related consequences) in crediting an account with an amount required under the Finance Documents to be paid by the Security Agent if the Security Agent has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognised clearing or settlement system used by the Security Agent for that purpose.
- (d) Nothing in this Agreement shall oblige the Security Agent to carry out:
 - (i) any "know your customer" or other checks in relation to any person; or
 - (ii) any check on the extent to which any transaction contemplated by this Agreement might be unlawful for any Finance Party,

on behalf of any Finance Party and each Finance Party confirms to the Security Agent that it is solely responsible for any such checks it is required to carry out and that it may not rely on any statement in relation to such checks made by the Security Agent.

- (e) Without prejudice to any provision of any Finance Document excluding or limiting the liability of the Security Agent or any Receiver or Delegate, any liability (including, without limitation, for negligence or any other category of liability whatsoever) 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.

32.12 Lenders' indemnity to the Security Agent

- (a) Each Lender shall (in proportion to its share of the Total Commitments or, if the Total Commitments are then zero, to its share of the Total Commitments immediately prior to their reduction to zero) indemnify the Security Agent and every Receiver, within three Business Days of demand, against any cost, loss or liability (including, without limitation, for negligence or any other category of liability whatsoever) 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 immediately on demand reimburse any Lender for any payment that Lender makes to the Security Agent pursuant to paragraph (a) above.
- (c) Paragraph (b) above shall not apply to the extent that the indemnity payment in respect of which the Lender claims reimbursement relates to a liability of the Security Agent to an Obligor.

32.13 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 32.25 (*Winding up of trust*) and paragraph (d) above) but shall remain entitled to the benefit of Clause 14.4 (*Indemnity to the Security Agent*) and this Clause 32 (*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.
- (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.

32.14 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.

32.15 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 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.

32.16 Security Agent's management time

- (a) Any amount payable to the Security Agent under Clause 14.4 (*Indemnity to the Security Agent*), Clause 16 (*Costs and Expenses*) and Clause 32.12 (*Lenders' indemnity to the Security Agent*) shall include the cost of utilising the Security Agent's management time or other resources and will be calculated on the basis of such reasonable daily or hourly rates as the Security Agent may notify to the Borrowers and the other Finance Parties, and is in addition to any fee paid or payable to the Security Agent under Clause 11 (*Fees*).
- (b) Without prejudice to paragraph (a) above, in the event of:
 - (i) a Default;
 - (ii) the Security Agent being requested by a Transaction Obligor or the Majority Lenders to undertake duties which the Security Agent and the Borrowers agree to be of an exceptional nature or outside the scope of the normal duties of the Security Agent under the Finance Documents; or
 - (iii) the Security Agent and the Borrowers agreeing that it is otherwise appropriate in the circumstances,

the Borrowers shall pay to the Security Agent any additional remuneration (together with any applicable VAT) that may be agreed between them or determined pursuant to paragraph (c) below.

- (c) If the Security Agent and the Borrowers fail to agree upon the nature of the duties, or upon the additional remuneration referred to in paragraph (b) above or whether additional remuneration is appropriate in the circumstances, any dispute shall be determined by an investment bank (acting as an expert and not as an arbitrator) selected by the Security Agent and approved by the Borrowers or, failing approval, nominated (on the application of the Security Agent) by the President for the time being of the Law Society of England and Wales (the costs of the nomination and of the investment bank being payable by the Borrowers) and the determination of any investment bank shall be final and binding upon the Parties.

32.17 Reliance and engagement letters

Each Secured Party confirms that the Security Agent has authority to accept on its behalf (and ratifies the acceptance on its behalf of any letters or reports already accepted by the Security Agent) the terms of any reliance letter or engagement letters or any reports or letters provided by accountants, auditors or providers of due diligence reports in connection with the Finance Documents or the transactions contemplated in the Finance Documents and to bind it in respect of those, reports or letters and to sign such letters on its behalf and further confirms that it accepts the terms and qualifications set out in such letters.

32.18 No responsibility to perfect Transaction Security

The Security Agent shall not be liable for any failure to:

- (a) require the deposit with it of any deed or document certifying, representing or constituting the title of any Transaction Obligor to any of the Security Assets;
- (b) obtain any licence, consent or other authority for the execution, delivery, legality, validity, enforceability or admissibility in evidence of any Finance Document or the Transaction Security;
- (c) register, file or record or otherwise protect any of the Transaction Security (or the priority of any of the Transaction Security) under any law or regulation or to give notice to any person of the execution of any Finance Document or of the Transaction Security;
- (d) take, or to require any Transaction Obligor to take, any step to perfect its title to any of the Security Assets or to render the Transaction Security effective or to secure the creation of any ancillary Security under any law or regulation; or
- (e) require any further assurance in relation to any Finance Document.

32.19 Insurance by Security Agent

- (a) The Security Agent shall not be obliged:
 - (i) to insure any of the Security Assets;
 - (ii) to require any other person to maintain any insurance; or
 - (iii) to verify any obligation to arrange or maintain insurance contained in any Finance Document,
 - (iv) and the Security Agent shall not be liable for any damages, costs or losses to any person as a result of the lack of, or inadequacy of, any such insurance.
- (b) Where the Security Agent is named on any insurance policy as an insured party, it shall not be liable for any damages, costs or losses to any person as a result of its failure to notify the insurers of any material fact relating to the risk assumed by such insurers or any other information of any kind, unless the Majority Lenders request it to do so in writing and the Security Agent fails to do so within 14 days after receipt of that request.

32.20 Custodians and nominees

The Security Agent may appoint and pay any person to act as a custodian or nominee on any terms in relation to any asset of the trust as the Security Agent may determine, including for the purpose of depositing with a custodian this Agreement or any document relating to the trust created under this Agreement and the Security Agent shall not be responsible for any loss, liability, expense, demand, cost, claim or proceedings incurred by reason of the misconduct, omission or default on the part of any person appointed by it under this Agreement or be bound to supervise the proceedings or acts of any person.

32.21 Delegation by the Security Agent

- (a) Each of the Security Agent, any Receiver and any Delegate may, at any time, delegate by power of attorney or otherwise to any person for any period, all or any right, power, authority or discretion vested in it in its capacity as such.
- (b) That delegation may be made upon any terms and conditions (including the power to sub delegate) and subject to any restrictions that the Security Agent, that Receiver or that Delegate (as the case may be) may, in its discretion, think fit in the interests of the Secured Parties.
- (c) No Security Agent, Receiver or Delegate shall be bound to supervise, or be in any way responsible for any damages, costs or losses incurred by reason of any misconduct, omission or default on the part of any such delegate or sub delegate.

32.22 Additional Security Agents

- (a) The Security Agent may at any time appoint (and subsequently remove) any person to act as a separate trustee or as a co-trustee jointly with it:
 - (i) if it considers that appointment to be in the interests of the Secured Parties; or
 - (ii) for the purposes of conforming to any legal requirement, restriction or condition which the Security Agent deems to be relevant; or
 - (iii) for obtaining or enforcing any judgment in any jurisdiction,and the Security Agent shall give prior notice to the Borrowers and the Finance Parties of that appointment.
- (b) Any person so appointed shall have the rights, powers, authorities and discretions (not exceeding those given to the Security Agent under or in connection with the Finance Documents) and the duties, obligations and responsibilities that are given or imposed by the instrument of appointment.
- (c) The remuneration that the Security Agent may pay to that person, and any costs and expenses (together with any applicable VAT) incurred by that person in performing its functions pursuant to that appointment shall, for the purposes of this Agreement, be treated as costs and expenses incurred by the Security Agent.

32.23 Acceptance of title

The Security Agent shall be entitled to accept without enquiry, and shall not be obliged to investigate, any right and title that any Transaction Obligor may have to any of the Security Assets and shall not be liable for or bound to require any Transaction Obligor to remedy any defect in its right or title.

32.24 Releases

Upon a disposal of any of the Security Assets pursuant to the enforcement of the Transaction Security by a Receiver, a Delegate or the Security Agent, the Security Agent is irrevocably authorised (at the cost of the Obligors and without any consent, sanction, authority or further confirmation from any other Secured Party) to release, without recourse or warranty, that property from the Transaction Security and to execute any release of the Transaction Security or other claim over that asset and to issue any certificates of non-crystallisation of floating charges that may be required or desirable.

32.25 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 32.13 (*Resignation of the Security Agent*) shall release, without recourse or warranty, all of its rights under each Security Document.

32.26 Powers supplemental to Trustee Acts

The rights, powers, authorities and discretions given to the Security Agent under or in connection with the Finance Documents shall be supplemental to the Trustee Act 1925 and the Trustee Act 2000 and in addition to any which may be vested in the Security Agent by law or regulation or otherwise.

32.27 Disapplication of Trustee Acts

Section 1 of the Trustee Act 2000 shall not apply to the duties of the Security Agent in relation to the trusts constituted by this Agreement and the other Finance Documents. Where there are any inconsistencies between (i) the Trustee Acts 1925 and 2000 and (ii) the provisions of this Agreement and any other Finance Document, the provisions of this Agreement and any other Finance Document shall, to the extent permitted by law and regulation, prevail and, in the case of any inconsistency with the Trustee Act 2000, the provisions of this Agreement and any other Finance Document shall constitute a restriction or exclusion for the purposes of the Trustee Act 2000.

32.28 Application of receipts

All amounts from time to time received or recovered by the Security Agent pursuant to the terms of any Finance Document, under Clause 32.2 (*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 32 (*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 32 (*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 32.2 (*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 35.5 (*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.

32.29 Permitted Deductions

The Security Agent may, in its discretion:

- (a) set aside by way of reserve amounts required to meet, and to make and pay, any deductions and withholdings (on account of Taxes or otherwise) which it is or may be required by any applicable law to make from any distribution or payment made by it under this Agreement; and
- (b) pay all Taxes which may be assessed against it in respect of any of the Security Property, or as a consequence of performing its duties, or by virtue of its capacity as Security Agent under any of the Finance Documents or otherwise (other than in connection with its remuneration for performing its duties under this Agreement).

32.30 Prospective liabilities

Following enforcement of any of the Transaction Security, the Security Agent may, in its discretion, or at the request of the Facility Agent, hold any Recoveries in an interest bearing suspense or impersonal account(s) in the name of the Security Agent with such financial institution (including itself) and for so long as the Security Agent shall think fit (the interest being credited to the relevant account) for later payment to the Facility Agent for application in accordance with Clause 32.28 (*Application of receipts*) in respect of:

- (a) any sum to the Security Agent, any Receiver or any Delegate; and
- (b) any part of the Secured Liabilities,

that the Security Agent or, in the case of paragraph (b) only, the Facility Agent, reasonably considers, in each case, might become due or owing at any time in the future.

32.31 Investment of proceeds

Prior to the payment of the proceeds of the Recoveries to the Facility Agent for application in accordance with Clause 32.28 (*Application of receipts*) the Security Agent may, in its discretion, hold all or part of those proceeds in an interest bearing suspense or impersonal account(s) in the name of the Security Agent with such financial institution (including itself) and for so long as the Security Agent shall think fit (the interest being credited to the relevant account) pending the payment from time to time of those moneys in the Security Agent's discretion in accordance with the provisions of Clause 32.28 (*Application of receipts*).

32.32 Currency conversion

- (a) For the purpose of, or pending the discharge of, any of the Secured Liabilities the Security Agent may convert any moneys received or recovered by the Security Agent from one currency to another, at a market rate of exchange.
- (b) The obligations of any Transaction Obligor to pay in the due currency shall only be satisfied to the extent of the amount of the due currency purchased after deducting the costs of conversion.

32.33 Good discharge

- (a) Any payment to be made in respect of the Secured Liabilities by the Security Agent may be made to the Facility Agent on behalf of the Secured Parties and any payment made in that way shall be a good discharge, to the extent of that payment, by the Security Agent.
- (b) The Security Agent is under no obligation to make the payments to the Facility Agent under paragraph (a) above in the same currency as that in which the obligations and liabilities owing to the relevant Finance Party are denominated.

32.34 Amounts received by Obligors

If any of the Obligors receives or recovers any amount which, under the terms of any of the Finance Documents, should have been paid to the Security Agent, that Obligor will hold the amount received or recovered on trust for the Security Agent and promptly pay that amount to the Security Agent for application in accordance with the terms of this Agreement.

32.35 Application and consideration

In consideration for the covenants given to the Security Agent by each Obligor in relation to Clause 32.2 (*Parallel Debt (Covenant to pay the Security Agent)*), the Security Agent agrees with each Obligor to apply all moneys from time to time paid by such Obligor to the Security Agent in accordance with the foregoing provisions of this Clause 32 (*The Security Agent*).

32.36 Full freedom to enter into transactions

Without prejudice to Clause 32.7 (*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.

32.37 Swiss security agreement matters

Without limiting any other rights of the Security Agent under this Agreement or any other Finance Document:

- (a) with respect to the Swiss law governed account pledges and with respect to any other Swiss law governed pledge or any other Swiss law governed security agreement accessory (*akzessorische*) in nature, each present and future Secured Party hereby authorizes the Security ~~Trustee~~ Agent (i) acting for itself and in the name and for the account of such Secured Party to accept as its direct representative (*direkter Stellvertreter*) any Swiss law pledge or any other Swiss law governed security accessory (*akzessorische*) in nature made or expressed to be made to such Secured Party, to hold, administer and, if necessary, enforce any such pledge or other security on behalf of each relevant Secured Party which has the benefit of such security, (ii) to agree as its direct representative (*direkter Stellvertreter*) to amendments and alterations to the Swiss law governed account pledge agreements or any other Swiss law governed security agreement accessory (*akzessorisch*) in nature, (iii) to effect as its direct representative (*direkter Stellvertreter*) any release of a security created under the Swiss law governed account pledges or any other Swiss law governed security agreement accessory (*akzessorisch*) in nature in accordance with this Agreement, and (iv) to exercise as its direct representative (*direkter Stellvertreter*) such other rights granted to the Security Agent under this Agreement or under the Swiss law governed account pledges or any other Swiss law governed security agreement accessory (*akzessorisch*) in nature; and
- (b) the Security Agent shall hold (i) any security interest over security constituted by a Swiss law governed security agreement (other than the Swiss law governed account pledges and only with respect to an assignment or any other non-accessory (*nicht akzessorische*) security) and any proceeds of such security as fiduciary (*treuhänderisch*) in its own name but for the account of all relevant Secured Parties.

33 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.

34 SHARING AMONG THE FINANCE PARTIES

34.1 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 35 (*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 35 (*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 35.5 (*Application of receipts; partial payments*).

34.2 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 35.5 (*Application of receipts; partial payments*) towards the obligations of that Transaction Obligor to the Sharing Finance Parties.

34.3 Recovering Finance Party's rights

On a distribution by the Facility Agent under Clause 34.2 (*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.

34.4 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.

34.5 Exceptions

- (a) This Clause 34 (*Sharing among the Finance Parties*) shall not apply to the extent that the Recovering Finance Party would not, after making any payment pursuant to this Clause, have a valid and enforceable claim against the relevant Transaction Obligor.
- (b) A Recovering Finance Party is not obliged to share with any other Finance Party any amount which the Recovering Finance Party has received or recovered as a result of taking legal or arbitration proceedings, if:
 - (i) it notified that other Finance Party of the legal or arbitration proceedings; and
 - (II) that other Finance Party had an opportunity to participate in those legal or arbitration proceedings but did not do so as soon as reasonably practicable having received notice and did not take separate legal or arbitration proceedings.

SECTION 11

ADMINISTRATION

35 PAYMENT MECHANICS

35.1 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.

35.2 Distributions by the Facility Agent

Each payment received by the Facility Agent under the Finance Documents for another Party shall, subject to Clause 35.3 (*Distributions to a Transaction Obligor*) and Clause 35.4 (*Clawback and pre-funding*) be made available by the Facility Agent as soon as practicable after receipt to the Party entitled to receive payment in accordance with this Agreement (in the case of a Lender, for the account of its Facility Office), to such account as that Party may notify to the Facility Agent by not less than five Business Days' notice with a bank specified by that Party in the principal financial centre of the country of that currency (or, in relation to euro, in the principal financial centre of a Participating Member State or London), as specified by that Party or, in the case of an Advance, to such account of such person as may be specified by the Borrowers in a Utilisation Request.

35.3 Distributions to a Transaction Obligor

The Facility Agent may (with the consent of a Transaction Obligor or in accordance with Clause 36 (*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.

35.4 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 Borrowers shall on demand refund it to the Facility Agent; and
 - (ii) the Lender by whom those funds should have been made available or, if the Lender fails to do so, the Borrowers shall on demand pay to the Facility Agent the amount (as certified by the Facility Agent) which will indemnify the Facility Agent against any funding cost incurred by it as a result of paying out that sum before receiving those funds from that Lender.

35.5 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; and
 - (B) any periodical payments (not being payments as a result of termination or closing out) due but unpaid to the Hedge Counterparties under the Hedging Agreements;
 - (iii) **thirdly**, in or towards payment *pro rata* of:
 - (A) any principal due but unpaid to the Lenders under this Agreement; and
 - (B) any payments as a result of termination or closing out due but unpaid to the Hedge Counterparties under the Hedging Agreements; and
 - (iv) **fourthly**, in or towards payment *pro rata* of any other sum due but unpaid under the Finance Documents.
- (b) The Facility Agent shall, if so directed by the Majority Lenders and the Hedge Counterparties, vary, or instruct the Security Agent to vary (as applicable), the order set out in sub-paragraphs (ii) to (iv) of paragraph (a) above.
- (c) Paragraphs (a) and (b) above will override any appropriation made by a Transaction Obligor.

- (d) Notwithstanding the foregoing, no amount received from a Hedge Guarantor or the Parent Guarantor in respect of obligations under Clauses 17 (*Guarantee and Indemnity – Parent Guarantor*) and 19 (*Guarantee and Indemnity – Hedge Guarantors*) shall be applied to any Excluded Hedging Obligations.

35.6 No set-off by Transaction Obligors

- (a) 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.
- (b) Paragraph (a) above shall not affect the operation of any payment or close-out netting in respect of any amounts owing under any Hedging Agreement.

35.7 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.

35.8 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.

35.9 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.

35.10 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.

35.11 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 and any Transaction Obligors as an amendment to (or, as the case may be, waiver of) the terms of the Finance Documents notwithstanding the provisions of Clause 45 (*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 35.11 (*Disruption to Payment Systems etc.*); and
- (f) the Facility Agent shall notify the Finance Parties of all changes agreed pursuant to paragraph (d) above.

36 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 and the Finance Party shall notify the Borrowers after any set-off as soon as possible.

37 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.

38 NOTICES

38.1 Communications in writing

Any communication to be made under or in connection with the Finance Documents shall be made in writing and, unless otherwise stated, may be made by fax or letter or, subject to Clause 38.5 (*Electronic communication*), email.

38.2 Addresses

The address and fax number (and the department or officer, if any, for whose attention the communication is to be made) of each Party for any communication or document to be made or delivered under or in connection with the Finance Documents are:

- (a) in the case of the Borrowers, that specified in Schedule 1 (*The Parties*);
- (b) in the case of each Lender, each Hedge Counterparty or any other Obligor, that specified in Schedule 1 (*The Parties*) or, if it becomes a Party after the date of this Agreement, that notified in writing to the Facility Agent on or before the date on which it becomes a Party;
- (c) in the case of the Facility Agent, that specified in Schedule 1 (*The Parties*); and
- (d) in the case of the Security Agent, that specified in Schedule 1 (*The Parties*),

or any substitute address, fax number or department or officer as the Party may notify to the Facility Agent (or the Facility Agent may notify to the other Parties, if a change is made by the Facility Agent) by not less than five Business Days' notice.

38.3 Delivery

- (a) Any communication or document made or delivered by one person to another under or in connection with the Finance Documents will only be effective:
- (i) if by way of fax, when received in legible form; or
 - (ii) if by way of letter, when it has been left at the relevant address or five Business Days after being deposited in the post postage prepaid in an envelope addressed to it at that address,
- and, if a particular department or officer is specified as part of its address details provided under Clause 38.2 (*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.

38.4 Notification of address and fax number

Promptly upon receipt of notification of an address and fax number or change of address or fax number pursuant to Clause 38.2 (*Addresses*) or changing its own address or fax number, the Facility Agent shall notify the other Parties.

38.5 Electronic communication

- (a) Any communication to be made or document to be delivered by one Party to another under or in connection with the Finance Documents may be made or delivered by electronic mail or other electronic means (including, without limitation, by way of posting to a secure website) if those two Parties:
- (i) notify each other in writing of their electronic mail address and/or any other information required to enable the transmission of information by that means; and
 - (ii) notify each other of any change to their address or any other such information supplied by them by not less than five Business Days' notice.
- (b) Any such electronic communication or delivery 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 or delivery.

- (c) Any such electronic communication or document as specified in paragraph (a) above made or delivered by one Party to another will be effective only when actually received (or made available) in readable form and in the case of any electronic communication or document made or delivered by a Party to the 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 or document 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 or document 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 or a document being delivered shall be construed to include that communication or document being made available in accordance with this Clause 38.5 (*Electronic communication*).

38.6 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.

38.7 Hedging Agreement

Notwithstanding anything in Clause 1.1 (*Definitions*), references to the Finance Documents or a Finance Document in this Clause do not include any Hedging Agreement entered into by a Borrower with a Hedge Counterparty in connection with the Facility.

39 CALCULATIONS AND CERTIFICATES

39.1 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.

39.2 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.

39.3 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.

40 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.

41 REMEDIES AND WAIVERS

- (a) 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.
- (b) No variation or amendment of a Finance Document shall be valid unless in writing and signed by or on behalf of all the relevant Finance Parties in accordance with the provisions of Clause 45 (*Amendments and waivers*).

42 ENTIRE AGREEMENT

- (a) This Agreement, in conjunction with the other Finance Documents, constitutes the entire agreement between the Parties and supersedes all previous agreements, understandings and arrangements between them, whether in writing or oral, in respect of its subject matter.
- (b) Each Obligor acknowledges that it has not entered into this Agreement or any other Finance Document in reliance on, and shall have no remedies in respect of, any representation or warranty that is not expressly set out in this Agreement or in any other Finance Document.

43 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.

44 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.

45 AMENDMENTS AND WAIVERS

45.1 Required consents

- (a) Subject to Clause 45.2 (*All Lender matters*) and Clause 45.3 (*Other exceptions*) any term of the Finance Documents may be amended or waived only with the consent of the Majority Lenders and, in the case of an amendment, the Obligors and any such amendment or waiver will be binding on all Parties.
- (b) The Facility Agent may effect, on behalf of any Finance Party, any amendment or waiver permitted by this Clause 45 (*Amendments and Waivers*).
- (c) Without prejudice to the generality of Clause 31.7 (*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 29.9 (*Pro rata interest settlement*) shall apply to this Clause 45 (*Amendments and Waivers*).

45.2 All Lender matters

Subject to Clause 45.4 (*Benchmark Replacement setting*), an amendment of or waiver or consent in relation to any term of any Finance Document that has the effect of changing or which relates to:

- (a) the definition of "Majority Lenders" in Clause 1.1 (*Definitions*);
- (b) a postponement to or extension of the date of payment of any amount under the Finance Documents;
- (c) a reduction in the Margin or the amount of any payment of principal, interest, fees or commission payable;
- (d) a change in currency of payment of any amount under the Finance Documents;
- (e) an increase in any Commitment or the Total Commitments, an extension of any Availability Period or any requirement that a cancellation of Commitments reduces the Commitments rateably under the Facility;
- (f) a change to any Transaction Obligor other than in accordance with Clause 30 (*Changes to the Transaction Obligors*);
- (g) any provision which expressly requires the consent of all the Lenders;
- (h) this Clause 45 (*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*) or Clause 7.5 (*Mandatory prepayment of Hedging Prepayment Proceeds*), Clause 8 (*Interest*), Clause 24.10 (*Compliance with laws etc.*), Clause 24.12 (*Sanctions and Ship trading*), Clause 26 (*Accounts, application of Earnings and Hedge Receipts*), Clause 29 (*Changes to the Lenders*), Clause 34 (*Sharing among the Finance Parties*), Clause ~~49-48~~ (*Governing Law*) or Clause ~~50-49~~ (*Enforcement*);

- (j) (other than as expressly permitted by the provisions of any Finance Document), the nature or scope of:
- (i) the guarantees and indemnities granted under any of Clause 17 (*Guarantee and Indemnity – Parent Guarantor*) or Clause 19 (*Guarantee and Indemnity – Hedge Guarantors*) or any other guarantee and indemnity forming part of the Finance Documents;
 - (ii) the joint and several liability of the Borrowers under Clause 18 (*Joint and Several Liability of the Borrowers*);
 - (iii) the Security Assets; or
 - (iv) the manner in which the proceeds of enforcement of the Transaction Security are distributed,
- (except in the case of sub-paragraphs (iii) and (iv) above, insofar as it relates to a sale or disposal of an asset which is the subject of the Transaction Security where such sale or disposal is expressly permitted under this Agreement or any other Finance Document); or
- (k) the release or any material variation of the guarantees and indemnities granted under Clause 17 (*Guarantee and Indemnity – Parent Guarantor*) or Clause 19 (*Guarantee and Indemnity – Hedge Guarantors*), the joint and several liability of the Borrowers under Clause 18 (*Joint and Several Liability of the Borrowers*) or of any Transaction Security or any guarantee, indemnity or subordination arrangement set out in a Finance Document 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.

45.3 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; ~~that Reference Bank, as the case may be.~~
- (b) An amendment or waiver which relates to and would adversely affect the rights or obligations of a Hedge Counterparty (in its capacity as such) may not be effected without the consent of that Hedge Counterparty.
- (c) 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.
- (d) The Hedge Counterparty and the relevant Borrower may amend, supplement or waive the terms of any Hedging Agreement or Hedge Counterparty Guarantee if permitted by paragraph (g) of Clause 8.5 (*Hedging*).

45.4 Benchmark Replacement setting

- (a) **Benchmark Replacement:** Notwithstanding anything to the contrary herein or in any other Finance Document ~~(and any Hedging Agreement shall be deemed not to be a "Finance Document" for purposes of this Clause:-)~~ upon the occurrence of a Benchmark Transition Event, the Facility Agent and the Borrower may amend this Agreement to replace the then-current Benchmark with a Benchmark Replacement. Any such amendment with respect to a Benchmark Transition Event will become effective at 5:00 p.m. (New York City time) on the fifth (5th) Business Day after the date notice of such Benchmark Replacement is provided to the Lenders and the Borrower so long as the Facility Agent has not received, by such time, written notice of objection to such amendment from Lenders comprising the Majority Lenders. No replacement of a Benchmark with a Benchmark Replacement pursuant to this paragraph will occur prior to the applicable Benchmark Transition Start Date.

- (a) ~~Replacing the Screen Rate: On 5th March 2021 the Financial Conduct Authority ("FCA") (the regulatory supervisor of the administrator of the Screen Rate, ICE Benchmark Association Limited ("IBA")) announced in a public statement the future cessation or loss of representativeness of overnight/Spot Next, 1-month, 3-month, 6-month and 12-month Screen Rate tenor settings. On the earlier of:~~
- ~~(i) the date that all Available Tenors of the Screen Rate have either permanently or indefinitely ceased to be provided by IBA or have been announced by the FCA pursuant to public statement or publication of information to be no longer representative; and~~
 - ~~(ii) the Early Opt-in Effective Date;~~
- ~~if the then-current Benchmark is the Screen Rate, the Benchmark Replacement will replace such Benchmark for all purposes hereunder and under any Finance Document in respect of any setting of such Benchmark on such day and all subsequent settings without any amendment to, or further action or consent of any other party to this Agreement or any other Finance Document. If the Benchmark Replacement is Daily Simple SOFR, all interest payments will be payable on a quarterly basis.~~
- (b) ~~Replacing Future Benchmarks: Upon the occurrence of a Benchmark Transition Event, the Benchmark Replacement will replace the then-current Benchmark for all purposes hereunder and under any Finance Document in respect of Interest Period for the Loan or any part of the Loan at or after 5:00 p.m. on the fifth Business Day after the date notice of such Benchmark Replacement is provided to the Lenders without any amendment to, or further action or consent of any other party to, this Agreement or any other Finance Document so long as the Facility Agent has not received, by such time, written notice of objection to such Benchmark Replacement from Lenders comprising the Majority Lenders. At any time that the administrator of the then-current Benchmark has permanently or indefinitely ceased to provide such Benchmark or such Benchmark has been announced by the regulatory supervisor for the administrator of such Benchmark pursuant to public statement or publication of information to be no longer representative of the underlying market and economic reality that such Benchmark is intended to measure and that representativeness will not be restored:~~
- ~~(i) the Borrowers may revoke any request for a borrowing of any Advance to be made until the Borrowers' receipt of notice from the Facility Agent that a Benchmark Replacement has replaced such Benchmark; and~~
 - ~~(ii) Clause 10.4 (Cost of funds) shall apply in respect of any Interest Period of the Loan or any part of the Loan commencing on or after such occurrence but before the Borrowers' receipt of notice from the Facility Agent that a Benchmark Replacement has replaced such Benchmark.~~

- (b) ~~Benchmark Replacement~~-Conforming Changes: In connection with the use or administration of Term SOFR, or the use, administration, adoption or implementation and administration of a Benchmark Replacement, the Facility Agent will have the right to make ~~Benchmark Replacement~~ Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Finance Document, any amendments implementing such ~~(e) Benchmark Replacement~~ Conforming Changes will become effective without any further action or consent of any other ~~Party~~ party to this Agreement or any other Finance Document.
- (c) ~~(d)~~Notices; Standards for Decisions and Determinations: The Facility Agent will promptly notify the ~~Borrowers~~ Borrower and the Lenders of: (i) the implementation of any Benchmark Replacement and (ii) the effectiveness of any Conforming Changes. The Facility Agent will promptly notify the Borrower of the removal or reinstatement of any tenor of a Benchmark pursuant to paragraph (d) below. Any determination, decision or election that may be made by the Facility Agent or, if applicable, any Lender (or group of Lenders) pursuant to this Clause 45.4 (Benchmark Replacement setting), including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error and may be made in its or their sole discretion and without consent from any other party to this Agreement or any other Finance Document, except, in each case, as expressly required pursuant to this Clause 45.4 (Benchmark Replacement setting).
- (d) Unavailability of Tenor of Benchmark: Notwithstanding anything to the contrary herein or in any other Finance Document, at any time (including in connection with the implementation of a Benchmark Replacement), (i) if the then-current Benchmark is a term rate (including Term SOFR) and either (A) any tenor for such Benchmark is not displayed on a screen or other information service that publishes such rate from time to time as selected by the Facility Agent in its reasonable discretion or (B) the administrator of such Benchmark or the regulatory supervisor for the administrator of such Benchmark has provided a public statement or publication of information announcing that any tenor for such Benchmark is not or will not be representative or in compliance with or aligned with the International Organization of Securities Commissions (IOSCO) Principles for Financial Benchmarks, then the Facility Agent may modify the definition of "Interest Period" (or any similar or analogous definition or related provisions) for any Benchmark settings at or after such time to remove such unavailable, non-representative, non-compliant or non-aligned tenor and (ii) if a tenor that was removed pursuant to clause (i) above either (A) is subsequently displayed on a screen or information service for a Benchmark (including a Benchmark Replacement) or (B) is not, or is no longer, subject to an announcement that it is not or will not be representative or in compliance with or aligned with the International Organization of Securities Commissions (IOSCO) Principles for Financial Benchmarks for a Benchmark (including a Benchmark Replacement), then the Facility Agent may modify the definition of "Interest Period" (or any similar or analogous definition or related provisions) for all Benchmark settings at or after such time to reinstate such previously removed tenor.
- (e) Benchmark Unavailability Period: Upon the Borrower's receipt of notice of the commencement of a Benchmark Unavailability Period, the Borrower may revoke any pending request for a borrowing of any Advance to be made during any Benchmark Unavailability Period.
- (f) The following terms shall have the following meanings:
- (i) ~~the implementation of any Benchmark Replacement; and~~

- (ii) ~~the effectiveness of any Benchmark Replacement Conforming Changes.~~

~~Any determination, decision or election that may be made by the Facility Agent or, if applicable, any Lender (or group of Lenders) pursuant to this Clause 45.4 (Benchmark Replacement setting), including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action, will be conclusive and binding absent manifest error and may be made in its or their sole discretion and without consent from any other Party, except, in each case, as expressly required pursuant to this Clause 45.4 (Benchmark Replacement setting).~~

- (e) ~~Unavailability of Tenor of Benchmark: At any time (including in connection with the implementation of a Benchmark Replacement):~~

- (i) ~~if the then current Benchmark is a term rate (including Term SOFR or the Screen Rate), then the Facility Agent may remove any tenor of such Benchmark that is unavailable or non-representative for Benchmark (including Benchmark Replacement) settings; and~~

- (ii) ~~the Facility Agent may reinstate any such previously removed tenor for Benchmark (including Benchmark Replacement) settings.~~

- (f) ~~Further action: If required by the Facility Agent, the Borrowers shall (and shall procure that each other Transaction Obligor shall) promptly enter into such confirmation or supplemental agreement to any Finance Document as the Facility Agent may specify to be necessary or desirable to reflect the effect of any of the amendments referred to in this Clause 45.4 (Benchmark Replacement setting) on such Finance Document.~~

- (g) ~~Benchmark replacement definitions: For the purposes of this Clause 45.4 (Benchmark Replacement setting):~~

~~"Available Tenor" means, as of any date of determination and with respect to the then-current Benchmark, as applicable, (i) if such Benchmark is a term rate, any tenor for such Benchmark (or component thereof) that is or may be used for determining the length of an interest period pursuant to this Agreement or (ii) otherwise, any payment period for interest calculated with reference to such Benchmark (or component thereof) that is or may be used for determining any frequency of making payments of interest calculated with reference to such Benchmark, in each case, as of such date and not including, for the avoidance of doubt, any tenor for such Benchmark that is then-removed from the definition of "Interest Period" or related provisions pursuant to paragraph (d) of this Clause 45.4 (Benchmark Replacement setting).~~

- (a) ~~if the then current Benchmark is a term rate, any tenor for such Benchmark that is or may be used for determining the length of an Interest Period; or~~

- (b) ~~otherwise, any payment period for interest calculated with reference to such Benchmark, as applicable, pursuant to this Agreement as at such date.~~

~~"Benchmark" means, initially, the Screen Rate, provided that if a replacement of the Benchmark has occurred pursuant to this Clause 45.4 (Benchmark Replacement setting) Term SOFR; provided that if a Benchmark Transition Event has occurred with respect to Term SOFR or the then-current Benchmark, then "Benchmark" means the applicable Benchmark Replacement to the extent that such Benchmark Replacement has replaced such prior benchmark rate~~

~~Any reference to "Benchmark" shall include, as applicable, the published component used in the calculation thereof. "Benchmark Replacement" means, for any Available Tenor:~~

~~(a) for purposes of pursuant to paragraph (a) of this Clause 45.4 (Benchmark Replacement setting), the first alternative set forth below that can be determined by the Facility Agent:~~

~~(i) the sum of:~~

~~(A) Term SOFR; and~~

~~(B) 0.11448% (11.448 basis points) for an Available Tenor of one month's duration, 0.26161% (26.161 basis points) for an Available Tenor of three months' duration, and 0.42826% (42.826 basis points) for an Available Tenor of six months' duration; or~~

"Benchmark Replacement" means with respect to any Benchmark Transition Event, the sum of:

~~(A) Daily Simple SOFR; and~~

~~(B) the spread adjustment selected or recommended by the Relevant Governmental Body for the replacement of the tenor of the Screen Rate with a SOFR-based rate having approximately the same length as the interest payment period specified in paragraph (a) of this Clause 45.4 (Benchmark Replacement setting); and~~

~~(b) for purposes of paragraph (b) of this Clause 45.4 (Benchmark Replacement setting), the sum of:~~

~~(i) the alternate benchmark rate; and~~

~~(a) (ii) an adjustment (which may be a positive or negative value or zero), in each case, the alternate benchmark rate that has been selected by the Facility Agent and the Borrowers as the replacement for such Available Tenor of such Benchmark Borrower giving due consideration to (i) any selection or recommendation of a replacement benchmark rate or the mechanism for determining such a rate by the Relevant Governmental Body or (ii) any evolving or then-prevailing market convention, including any applicable recommendations made by the Relevant Governmental Body, for U.S. dollar-denominated for determining a benchmark rate as a replacement to the then-current Benchmark for Dollar-denominated syndicated credit facilities at such time; and~~

~~(b) the related Benchmark Replacement Adjustment;~~

provided that, if ~~the such~~ Benchmark Replacement as ~~so~~ determined ~~pursuant to paragraph (a) or (b) above~~ would be less than ~~the Floor zero~~, ~~the such~~ Benchmark Replacement will be deemed to be ~~the Floor zero~~ for the purposes of this Agreement and the other Finance Documents.

~~"Benchmark Replacement"~~ "Benchmark Replacement Adjustment" means, with respect to any replacement of the then-current Benchmark with an Unadjusted Benchmark Replacement, the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected by the Facility Agent and the Borrower giving due consideration to:

- (a) any selection or recommendation of a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement by the Relevant Governmental Body; or
- (b) any evolving or then-prevailing market convention for determining a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement for Dollar-denominated syndicated credit facilities.

"Benchmark Replacement Date" means the earliest to occur of the following events with respect to the then-current Benchmark:

- (a) in the case of paragraph (a) or paragraph (b) of the definition of "Benchmark Transition Event", the later of (i) the date of the public statement or publication of information referenced therein and (ii) the date on which the administrator of such Benchmark (or the published component used in the calculation thereof) permanently or indefinitely ceases to provide all Available Tenors of such Benchmark (or such component thereof); or
- (b) in the case of paragraph (c) of the definition of "Benchmark Transition Event", the first date on which such Benchmark (or the published component used in the calculation thereof) has been determined and announced by or on behalf of the administrator of such Benchmark (or such component thereof) or the regulatory supervisor for the administrator of such Benchmark (or such component thereof) to be non-representative or non-compliant with or non-aligned with the International Organization of Securities Commissions (IOSCO) Principles for Financial Benchmarks; provided that such non-representativeness, non-compliance or non-alignment will be determined by reference to the most recent statement or publication referenced in such clause (c) and even if any Available Tenor of such Benchmark (or such component thereof) continues to be provided on such date.

For the avoidance of doubt, the "Benchmark Replacement Date" will be deemed to have occurred in the case of paragraph (a) or paragraph (b) above with respect to any Benchmark upon the occurrence of the applicable event or events set forth therein with respect to all then-current Available Tenors of such Benchmark (or the published component used in the calculation thereof).

"Benchmark Transition Event" means the occurrence of one or more of the following events with respect to the then-current Benchmark:

- (a) a public statement or publication of information by or on behalf of the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that such administrator has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof), permanently or indefinitely; provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof);
- (b) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof), the FRB, the Federal Reserve Bank of New York, an insolvency official with jurisdiction over the administrator for such Benchmark (or such component), a resolution authority with jurisdiction over the administrator for such Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for such Benchmark (or such component), which states that the administrator of such Benchmark (or such component) has ceased or will cease to provide all Available Tenors of such Benchmark (or such component thereof) permanently or indefinitely; provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark (or such component thereof); or

- (c) a public statement or publication of information by or on behalf of the administrator of such Benchmark (or the published component used in the calculation thereof) or the regulatory supervisor for the administrator of such Benchmark (or such component thereof) announcing that all Available Tenors of such Benchmark (or such component thereof) are not, or as of a specified future date will not be, representative or in compliance with or aligned with the International Organization of Securities Commissions (IOSCO) Principles for Financial Benchmarks.
- (d) For the avoidance of doubt, a "Benchmark Transition Event" will be deemed to have occurred with respect to any Benchmark if a public statement or publication of information set forth above has occurred with respect to each then-current Available Tenor of such Benchmark (or the published component used in the calculation thereof).

"Benchmark Transition Start Date" means, in the case of a Benchmark Transition Event, the earlier of:

- (a) the applicable Benchmark Replacement Date; and
- (b) if such Benchmark Transition Event is a public statement or publication of information of a prospective event, the 90th day prior to the expected date of such event as of such public statement or publication of information (or if the expected date of such prospective event is fewer than 90 days after such statement or publication, the date of such statement or publication).

"Benchmark Unavailability Period" means, the period (if any):

- (a) beginning at the time that a Benchmark Replacement Date has occurred if, at such time, no Benchmark Replacement has replaced the then-current Benchmark for all purposes hereunder and under any Finance Document in accordance with this Clause 45.4 (Benchmark Replacement Setting); and
- (b) ending at the time that a Benchmark Replacement has replaced the then-current Benchmark for all purposes hereunder and under any Finance Document in accordance with this Clause 45.4 (Benchmark Replacement setting).

"Conforming Changes" means, with respect to either the use or administration of Term SOFR or the use, administration, adoption or implementation of any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of "Base Rate", "Business Day," the definition of, "U.S. Government Securities Business Day," or "Interest Period," or any similar or analogous definition (or the addition of a concept of "interest period"), timing and frequency of determining rates and making payments of interest, timing of borrowing requests or prepayment, conversion or continuation notices, the applicability and length of lookback periods, ~~the applicability of breakage provisions,~~ and other technical, administrative or operational matters) that the Facility Agent decides may be appropriate to reflect the adoption and implementation of any such Benchmark Replacement and rate or to permit the use and administration thereof by the Facility Agent in a manner substantially consistent with market practice (or, if the Facility Agent decides that adoption of any portion of such market practice is not administratively feasible or ~~if the Facility Agent~~ determines that no market practice for the administration of any such Benchmark Replacement rate exists, in such other manner of administration as the Facility Agent decides is reasonably necessary in connection with the administration of this Agreement and the other Finance Documents).

"Benchmark Transition Event" means, with respect to any then-current Benchmark other than the Screen Rate, the occurrence of a public statement or publication of information by or on behalf of the administrator of the then-current Benchmark, the regulatory supervisor for the administrator of such Benchmark, the Board of Governors of the Federal Reserve System, the Federal Reserve Bank of New York, an insolvency official with jurisdiction over the administrator for such Benchmark, a resolution authority with jurisdiction over the administrator for such Benchmark or a court or an entity with similar insolvency or resolution authority over the administrator for such Benchmark, ~~announcing or stating that:~~

- (a) ~~such administrator has ceased or will cease on a specified date to provide all Available Tenors of such Benchmark, permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide any Available Tenor of such Benchmark; or~~
- (b) ~~all Available Tenors of such Benchmark are or will no longer be representative of the underlying market and economic reality that such Benchmark is intended to measure and that representativeness will not be restored.~~

"Daily Simple SOFR" means, for any day, SOFR, with the conventions for this rate (which will include a lookback) being established by the Facility Agent in accordance with the conventions for this rate recommended by the Relevant Governmental Body for determining "Daily Simple SOFR" for syndicated business loans; provided, that if the Facility Agent decides that any such convention is not administratively feasible for the Facility Agent, then the Facility Agent may establish another convention in its reasonable discretion.

"Early Opt in Effective Date" means, with respect to any Early Opt in Election, the sixth Business Day after the date notice of such Early Opt in Election is provided to the Lenders, so long as the Facility Agent has not received, by 5:00 p.m. (New York City time) on the fifth Business Day after the date notice of such Early Opt in Election is provided to the Lenders, written notice of objection to such Early Opt in Election from Lenders comprising the Majority Lenders.

"Early Opt in Election" means the occurrence of:

- (a) a notification by the Facility Agent to (or the request by the Borrowers to the Facility Agent to notify) each of the other Parties that at least five currently outstanding U.S. dollar-denominated ~~syndicated credit facilities~~ at such time contain (as a result of amendment or as originally executed) a SOFR-based rate (including SOFR, a term SOFR or any other rate based upon SOFR) as a benchmark rate (and such syndicated credit facilities are identified in such notice and are publicly available for review), and

(b) ~~the joint election by the Facility Agent and the Borrowers to trigger a fallback from the Screen Rate and the provision by the Facility Agent of written notice of such election to the Lenders.~~

~~"Floor" means the benchmark rate floor, if any, provided in this Agreement initially (as of the execution of this Agreement, the modification, amendment or renewal of this Agreement or otherwise) with respect to the Screen Rate (it being zero as at the date of this Agreement).~~

~~"Relevant Governmental Body" means the Board of Governors of the Federal Reserve System or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Board of Governors of the Federal Reserve System or the Federal Reserve Bank of New York, or any successor thereto.~~

~~"SOFR" means a rate per annum equal to the secured overnight financing rate for such Business Day published by the Federal Reserve Bank of New York (or a successor administrator of the secured overnight financing rate) on the website of the Federal Reserve Bank of New York, currently at <http://www.newyorkfed.org> (or any successor source for the secured overnight financing rate identified as such by the administrator of the secured overnight financing rate from time to time).~~

~~"Term SOFR" means, for the applicable corresponding tenor, the forward looking term rate based on SOFR that has been selected or recommended by the Relevant Governmental Body.~~

"Unadjusted Benchmark Replacement" means the applicable Benchmark Replacement excluding the related Benchmark Replacement Adjustment.

45.5 Obligor Intent

Without prejudice to the generality of Clauses 1.2 (*Construction*), 17.4 (*Waiver of defences*), 18.2 (*Waiver of defences*) and 19.4 (*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.

46 CONFIDENTIAL INFORMATION

46.1 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 46.2 (*Disclosure of Confidential Information*) and Clause 46.4 (*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.

46.2 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, insurers, insurance advisors, insurance brokers, partners and Representatives such Confidential Information as that Finance Party shall consider appropriate if any person to whom the Confidential Information is to be given pursuant to this paragraph (a) is informed in writing of its confidential nature and that some or all of such Confidential Information may be price-sensitive information except that there shall be no such requirement to so inform if the recipient is subject to professional obligations to maintain the confidentiality of the information or is otherwise bound by requirements of confidentiality in relation to the Confidential Information;
- (b) to any person:
 - (i) to (or through) whom it assigns or transfers (or may potentially assign or transfer) all or any of its rights and/or obligations under one or more Finance Documents or which succeeds (or which may potentially succeed) it as Facility Agent or Security Agent and, in each case, to any of that person's Affiliates, Related Funds, Representatives and professional advisers;
 - (ii) with (or through) whom it enters into (or may potentially enter into), whether directly or indirectly, any sub-participation in relation to, or any other transaction under which payments are to be made or may be made by reference to, one or more Finance Documents and/or one or more Transaction Obligors and to any of that person's Affiliates, Related Funds, Representatives and professional advisers;
 - (iii) appointed by any Finance Party or by a person to whom sub-paragraph (i) or (ii) of paragraph (b) above applies to receive communications, notices, information or documents delivered pursuant to the Finance Documents on its behalf (including, without limitation, any person appointed under paragraph (c) of Clause 31.14 (*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 29.8 (*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.

46.3 DAC6

Nothing in any Finance Document shall prevent disclosure of any Confidential Information or other matter to the extent that preventing that disclosure would otherwise cause any transaction contemplated by the Finance Documents or any transaction carried out in connection with any transaction contemplated by the Finance Documents to become an arrangement described in Part II A 1 of Annex IV of Directive 2011/16/EU.

46.4 Disclosure to numbering service providers

- (a) Any Finance Party may disclose to any national or international numbering service provider appointed by that Finance Party to provide identification numbering services in respect of this Agreement, the Facility and/or one or more Transaction Obligors the following information:
- (i) names of Transaction Obligors;
 - (ii) country of domicile of Transaction Obligors;
 - (iii) place of incorporation of Transaction Obligors;
 - (iv) date of this Agreement;
 - (v) Clause ~~49-48~~ 48 (*Governing Law*);
 - (vi) the name of the Facility Agent;
 - (vii) date of each amendment and restatement of this Agreement;
 - (viii) amount of Total Commitments;
 - (ix) currency of the Facility;
 - (x) type of Facility;
 - (xi) ranking of Facility;
 - (xii) Termination Date for Facility;
 - (xiii) changes to any of the information previously supplied pursuant to sub-paragraphs (i) to (xii) above; and
 - (xiv) such other information agreed between such Finance Party and the 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.

46.5 Entire agreement

This Clause 46 (*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.

46.6 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.

46.7 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 46.2 (*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 46 (*Confidential Information*).

46.8 Continuing obligations

The obligations in this Clause 46 (*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.

~~47 CONFIDENTIALITY OF FUNDING RATES AND REFERENCE BANK QUOTATIONS~~

~~47.1 Confidentiality and disclosure~~

- ~~(a) The Facility Agent and each Obligor agree to keep each Funding Rate (and, in the case of the Facility Agent, each Reference Bank Quotation) confidential and not to disclose it to anyone, save to the extent permitted by paragraphs (b), (c) and (d) below.~~
- ~~(b) The Facility Agent may disclose:~~
 - ~~(i) any Funding Rate (but not, for the avoidance of doubt, any Reference Bank Quotation) to the Borrower pursuant to Clause 8.4 (Notification of rates of interest); and~~
 - ~~(ii) any Funding Rate or any Reference Bank Quotation to any person appointed by it to provide administration services in respect of one or more of the Finance Documents to the extent necessary to enable such service provider to provide those services if the service provider to whom that information is to be given has entered into a confidentiality agreement substantially in the form of the LMA Master Confidentiality Undertaking for Use With Administration/Settlement Service Providers or such other form of confidentiality undertaking agreed between the Facility Agent and the relevant Lender or Reference Bank, as the case may be.~~

- (c) The Facility Agent may disclose any Funding Rate or any Reference Bank Quotation, and each Obligor may disclose any Funding Rate, to:
- (i) any of its Affiliates and any of its or their officers, directors, employees, professional advisers, auditors, partners and Representatives, if any person to whom that Funding Rate or Reference Bank Quotation is to be given pursuant to this sub-paragraph (i) is informed in writing of its confidential nature and that it may be price sensitive information except that there shall be no such requirement to so inform if the recipient is subject to professional obligations to maintain the confidentiality of that Funding Rate or Reference Bank Quotation or is otherwise bound by requirements of confidentiality in relation to it;
 - (ii) any person to whom information is required or requested to be disclosed by any court of competent jurisdiction or any governmental, banking, taxation or other regulatory authority or similar body, the rules of any relevant stock exchange or pursuant to any applicable law or regulation if the person to whom that Funding Rate or Reference Bank Quotation is to be given is informed in writing of its confidential nature and that it may be price sensitive information except that there shall be no requirement to so inform if, in the opinion of the Facility Agent or the relevant Obligor, as the case may be, it is not practicable to do so in the circumstances;
 - (iii) any person to whom information is required to be disclosed in connection with, and for the purposes of, any litigation, arbitration, administrative or other investigations, proceedings or disputes if the person to whom that Funding Rate or Reference Bank Quotation is to be given is informed in writing of its confidential nature and that it may be price sensitive information except that there shall be no requirement to so inform if, in the opinion of the Facility Agent or the relevant Obligor, as the case may be, it is not practicable to do so in the circumstances; and
 - (iv) any person with the consent of the relevant Lender or Reference Bank, as the case may be.
- (d) The Facility Agent's obligations in this Clause 47 (*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.

47.2 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 47.1 (*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 47 (*Confidentiality of Funding Rates and Reference Bank Quotations*).~~

~~47.3~~ No Event of Default

~~No Event of Default will occur under Clause 28.4 (*Other obligations*) by reason only of an Obligor's failure to comply with this Clause 47 (*Confidentiality of Funding Rates and Reference Bank Quotations*).~~

47 ~~48~~COUNTERPARTS

Each Finance Document may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of the Finance Document.

SECTION 12

GOVERNING LAW AND ENFORCEMENT

48 ~~49~~ GOVERNING LAW

This Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.

49 ~~50~~ ENFORCEMENT

49.1 ~~50.1~~ Jurisdiction

- (a) Unless specifically provided in another Finance Document in relation to that Finance Document, the courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with any Finance Document (including a dispute regarding the existence, validity or termination of any Finance Document or any non-contractual obligation arising out of or in connection with any Finance Document) (a "**Dispute**").
- (b) The Obligors accept that the courts of England are the most appropriate and convenient courts to settle Disputes and accordingly no Obligor will argue to the contrary.
- (c) To the extent allowed by law, this Clause ~~50.1~~ 49.1 (*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.

49.2 ~~50.2~~ Service of process

- (a) Without prejudice to any other mode of service allowed under any relevant law, each Obligor (other than an Obligor incorporated in England and Wales):
 - (i) irrevocably appoints Saville & Co at their registered office for the time being, presently at One Carey Lane, London EC2V 8AE, England as its agent for service of process in relation to any proceedings before the English courts in connection with any Finance Document; and
 - (ii) agrees that failure by a process agent to notify the relevant Obligor of the process will not invalidate the proceedings concerned.
- (b) If any person appointed as an agent for service of process is unable for any reason to act as agent for service of process, the Borrowers (on behalf of all the Obligors) must immediately (and in any event within five 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.

50 ~~51~~ PATRIOT ACT NOTICE

Each of the Secured Parties notifies the Obligors that pursuant to the requirements of the PATRIOT Act and the policies and practices of the Secured Parties, each of the Secured Parties is required to obtain, verify and record certain information and documentation that identifies each Obligor, which information includes the name and address of each Obligor and such other information that will allow the Facility Agent and each of the Lenders to identify each Obligor in accordance with the PATRIOT Act.

This Agreement has been entered into and amended and restated on the ~~date~~ dates stated at the beginning of this Agreement.

SCHEDULE 1**THE PARTIES****PART A****THE OBLIGORS**

Name of Borrower	Place of Incorporation	Registration number (or equivalent, if any)	Address for Communication
DEVOCEAN MARITIME LTD.	Marshall Islands	24361	c/o Globus Shipmanagement Corp. 128 Vouliagmenis Avenue 166 74 Glyfada Greece Tel: +30 210 9608300 Fax: +30 210 9608359 e-mail:
DOMINA MARITIME LTD.	Marshall Islands	40259	c/o Globus Shipmanagement Corp. 128 Vouliagmenis Avenue 166 74 Glyfada Greece Tel: +30 210 9608300 Fax: +30 210 9608359 e-mail:
DULAC MARITIME S.A.	Marshall Islands	40253	c/o Globus Shipmanagement Corp. 128 Vouliagmenis Avenue 166 74 Glyfada Greece Tel: +30 210 9608300 Fax: +30 210 9608359 e-mail:
ARTFUL SHIPHOLDING S.A.	Marshall Islands	46405	c/o Globus Shipmanagement Corp. 128 Vouliagmenis Avenue 166 74 Glyfada Greece Tel: +30 210 9608300 Fax: +30 210 9608359 e-mail:

LONGEVITY MARITIME LIMITED	Malta	C 53023	c/o Globus Shipmanagement Corp. 128 Vouliagmenis Avenue 166 74 Glyfada Greece Tel: +30 210 9608300 Fax: +30 210 9608359 e-mail:
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<u>SERENA MARITIME LIMITED</u>	<u>Marshall Islands</u>	<u>105757</u>	<u>c/o Globus Shipmanagement Corp.</u> <u>128 Vouliagmenis Avenue</u> <u>166 74 Glyfada</u> <u>Greece</u> <u>Tel: +30 210 9608300</u> <u>Fax: +30 210 9608359</u> <u>e-mail:</u>
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SERENA SALAMINIA MARITIME LIMITED	Marshall Islands	105757 <u>107759</u>	c/o Globus Shipmanagement Corp. 128 Vouliagmenis Avenue 166 74 Glyfada Greece Tel: +30 210 9608300 Fax: +30 210 9608359 e-mail:
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Name of Parent Guarantor	Place of Incorporation	Registration number (or equivalent, if any)	Address for Communication
GLOBUS MARITIME LIMITED	Marshall Islands	44376	c/o Globus Shipmanagement Corp. 128 Vouliagmenis Avenue 166 74 Glyfada Greece Tel: +30 210 9608300 Fax: +30 210 9608359 e-mail:

Name of Hedge Guarantor	Place of Incorporation	Registration number (or equivalent, if any)	Address for Communication
DEVOCEAN MARITIME LTD.	Marshall Islands	24361	c/o Globus Shipmanagement Corp. 128 Vouliagmenis Avenue 166 74 Glyfada Greece Tel: +30 210 9608300 Fax: +30 210 9608359 e-mail:
DOMINA MARITIME LTD.	Marshall Islands	40259	c/o Globus Shipmanagement Corp. 128 Vouliagmenis Avenue 166 74 Glyfada Greece Tel: +30 210 9608300 Fax: +30 210 9608359 e-mail:
DULAC MARITIME S.A.	Marshall Islands	40253	c/o Globus Shipmanagement Corp. 128 Vouliagmenis Avenue 166 74 Glyfada Greece Tel: +30 210 9608300 Fax: +30 210 9608359 e-mail:
ARTFUL SHIPHOLDING S.A.	Marshall Islands	46405	c/o Globus Shipmanagement Corp. 128 Vouliagmenis Avenue 166 74 Glyfada Greece Tel: +30 210 9608300 Fax: +30 210 9608359 e-mail:
LONGEVITY MARITIME LIMITED	Malta	C 53023	c/o Globus Shipmanagement Corp. 128 Vouliagmenis Avenue 166 74 Glyfada Greece Tel: +30 210 9608300 Fax: +30 210 9608359 e-mail:
SERENA MARITIME LIMITED	Marshall Islands	105757	c/o Globus Shipmanagement Corp. 128 Vouliagmenis Avenue 166 74 Glyfada Greece Tel: +30 210 9608300 Fax: +30 210 9608359 e-mail:
<u>SALAMINIA MARITIME LIMITED</u>	<u>Marshall Islands</u>	<u>107759</u>	<u>c/o Globus Shipmanagement Corp.</u> <u>128 Vouliagmenis Avenue</u> <u>166 74 Glyfada</u> <u>Greece</u> <u>Tel: +30 210 9608300</u> <u>Fax: +30 210 9608359</u> <u>e-mail:</u>

PART B

THE ORIGINAL LENDERS

Name of Original Lender	Commitment	Address for Communication
CIT BANK, N.A. <u>First-Citizens Bank & Trust Company</u>	\$34,250,000 <u>(in respect of the Original Tranches)</u>	11 West 42nd Street New York New York 10036 USA
	<u>\$18,000,000 (in respect of Tranche G)</u>	Email:
		Attention: CIT Maritime Finance
<u>Total:</u>	<u>\$52,250,000</u>	

THE HEDGE COUNTERPARTIES

Name of Hedge Counterparty	Address for Communication
CIT First-Citizens Bank, N.A. <u>& Trust Company</u>	11 West 42nd Street New York New York 10036 USA
	Email:
	Attention: CIT Maritime Finance

PART C

THE SERVICING PARTIES

Name of Facility Agent	Address for Communication
CIT <u>First-Citizens Bank, N.A. & Trust Company</u>	11 West 42nd Street New York New York 10036 USA Email: Attention: CIT Maritime Finance
Name of Security Agent	Address for Communication
CIT <u>First-Citizens Bank, N.A. & Trust Company</u>	11 West 42nd Street New York New York 10036 USA Email: Attention: CIT Maritime Finance

SCHEDULE 2
CONDITIONS PRECEDENT
[OMITTED]

SCHEDULE 3
UTILISATION REQUEST
[OMITTED]

SCHEDULE 4
FORM OF TRANSFER CERTIFICATE
[OMITTED]

SCHEDULE 5

FORM OF ASSIGNMENT AGREEMENT

[OMITTED]

SCHEDULE 6
FORM OF COMPLIANCE CERTIFICATE
[OMITTED]

SCHEDULE 7
DRY DOCKING AND SPECIAL RESERVES TABLE
"MAINTENANCE RESERVE AMOUNT"

[OMITTED]

SCHEDULE 8
FORM OF DCSR CERTIFICATE
DEBT SERVICE COVER RATIO

[OMITTED]

SCHEDULE 9

DETAILS OF THE SHIPS

Ship name	Name of the Borrower owner	IMO number	Type	GRT	Approved Flag	Approved Classification Society	Approved Classification	Approved Commercial Manager	Approved Technical Manager
m.v. "RIVER GLOBE"	Devocean Maritime Ltd.	9464168	Bulk Carrier	31,261	Marshall Islands	Nippon Kaiji Kyokai	NS* (Bulk Carrier-Type A) (PrimeShip-Direct Assessment & Fatigue Assessment) (ESP)(IWS) MNS*	Globus Shipmanagement Corp.	Globus Shipmanagement Corp.
m.v. "SKY GLOBE"	Domina Maritime Ltd.	9463748	Bulk Carrier	32,929	Marshall Islands	Nippon Kaiji Kyokai	NS(CSR, BC-A, BC-XII, GRAB 20, PSPC-WBT)(ESP)(IWS) (PSCM) MNS, Strengthened for heavy cargo loading where hold nos. 2 & 4 may be empty, CHG, MPP, LSA, RCF, M0, AFS, BWM, UMS	Globus Shipmanagement Corp.	Globus Shipmanagement Corp.
m.v. "STAR GLOBE"	Dulac Maritima S.A.	9463750	Bulk Carrier	32,929	Marshall Islands	DNV GL	100 A5 Bulk carrier (BC(A) BWM CSR DBC DG ESP Grab(20 t) Holds (2, 4) may be empty IW ✱ MC AUT	Globus Shipmanagement Corp.	Globus Shipmanagement Corp.
m.v. "MOON GLOBE"	Artful Shipholding S.A.	9294111	Bulk Carrier	40,485	Marshall Islands	Nippon Kaiji Kyokai	NS (Bulk Carrier) (ESP)(PSCM) MNS	Globus Shipmanagement Corp.	Globus Shipmanagement Corp.
m.v. "SUN GLOBE"	Longevity Maritime Limited (Borrower E)	9340506	Bulk Carrier	32,387	Malta	Bureau Veritas	I ✱ HULL ✱ MACH Bulk carrier BC-A (holds 2-4 may be empty N) ESP Unrestricted navigation ✱ AUT-UMS, MON-SHAFT	Globus Shipmanagement Corp.	Globus Shipmanagement Corp.
m.v. "GALAXY GLOBE"	Serena Maritime Limited	9723629	Bulk Carrier	44,069	Marshall Islands	Nippon Kaiji Kyokai	NS(CSR, BC-A, BC-XII, GRAB 20, PSPC-WBT)(ESP) (IWS)(PSCM) MNS Strengthened for heavy cargo loading where hold nos. 2,4 & 6 may be empty CHG, MPP, LSA, RCF, M0, AFS, BWM	Globus Shipmanagement Corp.	Globus Shipmanagement Corp.
m.v. "ORION GLOBE"	Salaminia Maritime Limited	9634854	Bulk Carrier	[●]	Marshall Islands	[●]	[●]	Globus Shipmanagement Corp.	Globus Shipmanagement Corp.

SCHEDULE 10

TIMETABLES

[OMITTED]

EXECUTION PAGES

BORROWERS

SIGNED by)
duly authorised)
for and on behalf of)
DEVOCEAN MARITIME LTD.)
in the presence of:)

Witness' signature:)
Witness' name:)
Witness' address:)

SIGNED by)
duly authorised)
for and on behalf of)
DOMINA MARITIME LTD.)
in the presence of:)
Witness' signature:)
Witness' name:)
Witness' address:)

SIGNED by)
duly authorised)
for and on behalf of)
DULAC MARITIME S.A.)
in the presence of:)

Witness' signature:)
Witness' name:)
Witness' address:)

SIGNED by)
duly authorised)
for and on behalf of)
ARTFUL SHIPHOLDING S.A.)
in the presence of:)
Witness' signature:)
Witness' name:)
Witness' address:)

SIGNED by)
duly authorised)
for and on behalf of)
LONGEVITY MARITIME LIMITED)
in the presence of:)

Witness' signature:)
Witness' name:)
Witness' address:)

SIGNED by)
duly authorised)
for and on behalf of)
SERENA MARITIME LIMITED)
in the presence of:)

Witness' signature:)
Witness' name:)
Witness' address:)

SIGNED by)
duly authorised)
for and on behalf of)
SALAMINIA MARITIME LIMITED)
in the presence of:)

Witness' signature:)
Witness' name:)
Witness' address:)

PARENT GUARANTOR

SIGNED by)
duly authorised)
for and on behalf of)
GLOBUS MARITIME LIMITED)
in the presence of:)

Witness' signature:)
Witness' name:)
Witness' address:)

HEDGE GUARANTORS

SIGNED by)
for and on behalf of)
DEVOCEAN MARITIME LTD.)
in the presence of:)

Witness' signature:)
Witness' name:)
Witness' address:)

SIGNED by)
duly authorised)
for and on behalf of)
DOMINA MARITIME LTD.)
in the presence of:)

Witness' signature:)
Witness' name:)
Witness' address:)

SIGNED by)
duly authorised)
for and on behalf of)
DULAC MARITIME S.A.)
in the presence of:)

Witness' signature:)
Witness' name:)
Witness' address:)

SIGNED by)
duly authorised)
for and on behalf of)
ARTFUL SHIPHOLDING S.A.)
in the presence of:)

Witness' signature:)
Witness' name:)
Witness' address:)

SIGNED by)
duly authorised)
for and on behalf of)
LONGEVITY MARITIME LIMITED)
in the presence of:)

Witness' signature:)
Witness' name:)
Witness' address:)

SIGNED by)
duly authorised)
for and on behalf of)
SERENA MARITIME LIMITED)
in the presence of:)

Witness' signature:)
Witness' name:)
Witness' address:)

SIGNED by)
duly authorised)
for and on behalf of)
SALAMINIA MARITIME LIMITED)
in the presence of:)

Witness' signature:)
Witness' name:)
Witness' address:)

ORIGINAL LENDERS

SIGNED by)
)
duly authorised)
for and on behalf of)
~~**CIT BANK, N.A.**~~)
First-Citizens Bank & Trust Company)
in the presence of:)

Witness' signature:)
Witness' name:)
Witness' address:)

HEDGE COUNTERPARTIES

SIGNED by)
)
duly authorised)
for and on behalf of)
~~CIT BANK, N.A. →~~)
First-Citizens Bank & Trust Company)
in the presence of:)

Witness' signature:)
Witness' name:)
Witness' address:)

FACILITY AGENT

SIGNED by)
)
duly authorised)
for and on behalf of)
~~CIT BANK, N.A. →~~)
First-Citizens Bank & Trust Company)
in the presence of:)

Witness' signature:)
Witness' name:)
Witness' address:)

SECURITY AGENT

SIGNED by)
)
duly authorised)

for and on behalf of)
~~CIT BANK, N.A. →~~)
First-Citizens Bank & Trust Company)
in the presence of:)

Witness' signature:)
Witness' name:)
Witness' address:)

COUNTERSIGNED this 05 day of August 2022 for and on behalf of each of the following Transaction Obligors each of which, by its execution hereof, confirms and acknowledges that (i) it has read and understood the terms and conditions of this deed of amendment and restatement (the "**Deed of Amendment and Restatement**"), (ii) it agrees in all respects to the same and that the Finance Documents to which it is a party shall remain in full force and effect and shall continue to stand as security for the obligations of the Borrowers under the Facility Agreement and the other Finance Documents (each as amended, supplemented and/or restated by the Deed of Amendment and Restatement) and (iii) to the extent that this confirmation creates any new Security, such Security shall be on the terms of the Finance Documents in respect of which this confirmation is given.

/s/ Olga Lambrianidou

for and on behalf of

GLOBUS SHIPMANAGEMENT CORP.

as Approved Manager

SHIPSALE CONTRACT
FOR
CONSTRUCTION AND SALE
OF
One (1) 64,000 DWT TYPE BULK CARRIER
(HULL NO. S-1885)

AMONG
CALYPSO SHIPHOLDING S.A.
GIANT LINE INC.,S.A.,
AND
NIHON SHIPYARD CO., LTD.

29th April 2022

INDEX

	PAGE
PREAMBLE	5
ARTICLE I – JOINT AND SEVERAL GUARANTEE	
1. Joint and Several Guarantee	6
ARTICLE II - DESCRIPTION AND CLASS	
1. Description	7
2. Classification, Rules and Regulations	7
3. Principal Particulars and Dimensions of VESSEL	8
4. Guaranteed Trial Speed	8
5. Guaranteed Fuel Oil Consumption	9
6. Guaranteed Deadweight	9
7. Registration	9
8. Subcontracting	9
ARTICLE III - CONTRACT PRICE AND TERMS OF PAYMENT	
1. Contract Price	10
2. Currency	10
3. Terms of Payment	10
4. Method of Payment	11
5. Payment under Dispute	12
6. Prepayment	12
ARTICLE IV - ADJUSTMENT OF CONTRACT PRICE	
1. Delivery	13
2. Speed	14
3. Fuel Consumption	15
4. Deadweight	15
5. Effect of Rescission	16
6. Cumulative Effect	16
7. Duty To Mitigate	16

ARTICLE V - APPROVAL OF PLANS AND DRAWINGS AND INSPECTION DURING CONSTRUCTION

- | | |
|--|----|
| 1. Approval of Plans and Drawings | 17 |
| 2. Appointment of Supervising Company's Supervisor | 17 |
| 3. Inspection by Supervisor | 17 |
| 4. BUYER's Representative | 18 |

ARTICLE VI - MODIFICATIONS

- | | |
|------------------------------------|----|
| 1. Modifications of Specifications | 19 |
| 2. Change in Class, etc. | 19 |
| 3. Substitution of Materials | 20 |

ARTICLE VII – TRIALS

- | | |
|---|----|
| 1. Notice | 21 |
| 2. Weather Condition | 21 |
| 3. How Conducted | 22 |
| 4. Method of Acceptance or Rejection | 22 |
| 5. Effect of Acceptance | 23 |
| 6. Disposition of Surplus Consumable Stores | 24 |
| 7. Familiarization | 24 |

ARTICLE VIII - DELIVERY

- | | |
|---------------------------------------|----|
| 1. Time and Place | 25 |
| 2. When and How Effected | 25 |
| 3. Documents to be Delivered to BUYER | 25 |
| 4. Tender of VESSEL | 26 |
| 5. Title and Risk | 27 |
| 6. Removal of VESSEL | 27 |

ARTICLE IX - DELAYS AND EXTENSION OF TIME FOR DELIVERY (FORCE MAJEURE)

- | | |
|---|----|
| 1. Causes of Delay | 28 |
| 2. Notice of Delay | 28 |
| 3. Definition of Permissible Delay | 29 |
| 4. Right to Rescind for Excessive Delay | 29 |

ARTICLE X - WARRANTY OF QUALITY

1. Guarantee	30
2. Notice of Default	30
3. Remedy of Defects	30
4. Extent of SELLERS' Responsibility	31

ARTICLE XI - RESCISSION BY BUYER

1. Notice	33
2. Refund by SELLERS	33
3. Discharge of Obligations	33

ARTICLE XII - BUYER'S DEFAULT

1. Definition of Default	34
2. Interest of Default	34
3. Effect of Default	34
4. Sale of VESSEL	35

ARTICLE XIII - INSURANCE

1. Extent of Insurance Coverage	37
2. Application of Recovered Amount	37
3. Termination of SELLERS' Undertaking to Insure	38

ARTICLE XIV - DISPUTES AND ARBITRATION

1. Proceedings	39
2. Notice of Award	40
3. Expenses	40
4. Entry in Court	40
5. Alteration of Delivery Date	40

ARTICLE XV - RIGHT OF ASSIGNMENT

ARTICLE XVI - TAXES AND DUTIES

1. Taxes and Duties in Japan	42
2. Taxes and Duties outside Japan	42

ARTICLE XVII - PATENTS, TRADEMARKS, COPYRIGHTS, ETC.	
1. Patents, Trademarks and Copyrights	43
2. General Plans, Specifications and Working Drawings	43
ARTICLE XVIII - BUYER’S SUPPLIES	
1. Responsibility of BUYER	44
2. Responsibility of SELLERS	45
ARTICLE XIX - NOTICE	
1. Address	46
2. Language	46
ARTICLE XX - EFFECTIVE DATE OF CONTRACT	47
ARTICLE XXI - INTERPRETATION	
1. Laws Applicable	48
2. Discrepancies	48
3. Entire Agreement	48
4. Confidentiality	48
END OF CONTRACT	49

THIS CONTRACT (the "Contract"), made this 29th day of April, 2022 by and among Calypso Shipholding S.A., of Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH 96960 (hereinafter called the "BUYER"), the party of the first part, GIANT LINE INC., S.A. , a corporation organized and existing under the laws of Panama, having its principal office at 53rd E Street, Urbanizacion Marbella, MMG Tower, 16th Floor, City of Panama, the Republic of Panama (hereinafter called the "SELLER 1"), the party of the second part, and NIHON SHIPYARD CO., LTD., a corporation organized and existing under the laws of Japan, having its principal office at 1-5-1, Yuraku-cho, Chiyoda-ku, Tokyo Prefecture, Japan (hereinafter called the "SELLER 2"), the party of the third part. SELLER 1 and SELLER 2 are collectively called the "SELLERS".

WITNESSETH:

WHEREAS, IMABARI SHIPBUILDING CO., LTD., a corporation organized and existing under the laws of Japan, having its principal office at 4-52, 1-chome, Koura-Cho, Imabari City, Ehime Pref., Japan (hereinafter called the "BUILDER"), as builder has entered into a shipbuilding contract in the Japanese language entitled "Zosen Keiyakusho" with the SELLER 1 as buyer dated 28th day of June, 2021 (hereinafter called the "Shipbuilding Contract") wherein the BUILDER has agreed to *design*, build, launch, equip and complete at the BUILDER's shipyard or *any other shipyard in Japan owned by* its affiliated company (hereinafter called the "Shipyard") and sell and deliver to the SELLER 1 one (1) 64,000 DWT TYPE BULK CARRIER more fully described in Article II hereof (hereinafter called the "VESSEL"), and the SELLER 1 has agreed to purchase the VESSEL.

In consideration of the mutual covenants herein contained, the BUYER agrees to purchase and take delivery of the VESSEL from the SELLERS and to pay for the same, all upon the terms and conditions hereinafter set forth.

ARTICLE I – JOINT AND SEVERAL GUARANTEE

1. Joint and Several Guarantee:

The SELLERS shall each be jointly and severally liable for the obligations of each other and any obligation expressed to be that of both under this Contract.

(End of Article)

ARTICLE II - DESCRIPTION AND CLASS

1. Description:

The VESSEL shall have the BUILDER's Hull No. S-1885 and shall be constructed, equipped and completed in accordance with the provisions of this Contract, the specifications and the general arrangement plan (hereinafter collectively called the "Specifications") signed by each of the parties hereto for identification and attached hereto and made an integral part hereof.

In the event of an inconsistency or contradiction between the specifications and the terms and conditions of this Contract, these terms and conditions in the Contract shall prevail. In the event of an inconsistency or contradiction between the specifications and the terms and conditions of the other drawings/plan, the terms and conditions in the specifications shall prevail.

It is agreed and understood that the SELLERS may at its discretion construct and deliver the VESSEL at a Shipyard *within Imabari Shipbuilding group*, provided that the provisions of this Contract except the VESSEL's Hull Number shall not be altered thereby in any other respects.

2. Classification, Rules and Regulations:

The VESSEL, including its machinery, equipment and out-fittings shall be *designed and* constructed in accordance with the rules (the edition and amendments thereto being in force as of the date of the Shipbuilding Contract) of and under special survey of NIPPON KAIJI KYOKAI (herein called the "Classification Society") and shall be distinguished in the register by the symbol of:

Nippon Kaiji Kyokai (NK) Classification Characters	:	NS*(CSR, BC-A, BC-XII, GRAB 20, EQ C DG, PSPC-WBT, NC) (ESP) (IWS) (HCM-GBS) (NOx-III(SCR)) / MNS*
Descriptive Note	:	Complied with part CSR-B&T of the rules for the Survey and Construction of Steel Ships Strengthened for heavy cargo loading where hold Nos. 2 & 4 may be empty NOx-III(M/E : SCR), (G/E(Nos.1,2,3) : SCR)
Installations Characters	:	CHG, MPP, LSA, RCF, M0, AFS, BWM

Decisions of the Classification Society as to compliance or non-compliance with the classification shall be final and binding upon both parties hereto and confirmed with the head office of the Classification Society if required.

The VESSEL shall also comply with the rules, regulations and requirements of other regulatory bodies as described in the Specifications in effect as of the date of this Contract.

All fees and charges incidental to the classification and with respect to compliance with the above referred rules, regulations and requirements shall be for account of the SELLERS.

The VESSEL's classification status, and all classification and other required certificates hereunder, are to be clean and free of all conditions, recommendations and restrictions whatsoever other than those permitted in the Specifications.

3. Principal Particulars and Dimensions of VESSEL:

The VESSEL shall have the following characteristics and dimensions:

Length (over all)	: about 199.9 m
Length (between perpendiculars)	: 195.00 m
Breadth, moulded	: 32.24m
Depth, moulded	: 19.30 m
Designed loaded draft, moulded	: 11.30 m
Scantling draft, moulded	: 13.52 m
Deadweight at assigned loaded draft	: 63,465 MT
Gross Tonnage (by I.C.T.M.1969)	: about 36,500
Main Engine (Japanese make)	: MAN B&W 6S50ME-C9.7-HPSCR1set
Maximum rating	: 6,670 kW x 95.0 min ⁻¹
Normal rating	: 5,670 kW x 90.0 min ⁻¹ (85.0% MCR)
Flag	: MARSHALL ISLANDS

4. Guaranteed Trial Speed:

The SELLERS guarantee for the VESSEL that the mean trial speed shall be 14.60 knots with the VESSEL at the BUILDER's favorable draft and trim condition at the normal output of 5,670 kW of Main Engine in quiet weather and calm sea with clean bottom of the VESSEL under the conditions set forth in the Specifications (hereinafter called the "Guaranteed Trial Speed").

5. Guaranteed Fuel Oil Consumption:

The SELLERS guarantee that the fuel oil consumption of the Main Engine as determined by shop trial as specified in the Specifications, at normal rating shall not be more than 155.2grams/kW/hour using “A” oil on the basis of lower calorific value of 42,700 kJ/kg (hereinafter called the “Guaranteed Fuel Oil Consumption”)

6. Guaranteed Deadweight:

The SELLERS guarantee that the VESSEL, when completed, shall be capable of carrying a total deadweight tonnage of 63,465 metric tons at assigned fully loaded draft (hereinafter called the “Guaranteed Deadweight”). The term “Deadweight” as used in this Contract, shall signify the difference between the displacement at assigned fully loaded draft in sea water of 1.025 specific gravity on the basis of hydrostatic table and the light weight of the VESSEL.

The actual deadweight of the VESSEL shall be determined by calculations made by the BUILDER and these calculations shall be based on actual measurements of the completed VESSEL taken in the presence of and verified by the Classification Society’s surveyor.

7. Registration:

The VESSEL shall be registered by the BUYER at its own cost and expense under the laws of MARSHALL ISLANDS with its home port of Majuro the time of its delivery and acceptance hereunder.

8. Subcontracting:

The SELLERS may, at its sole discretion and responsibility, subcontract any portion of the construction work of the VESSEL to any domestic and/or overseas subcontractors including, but not limited to, the affiliated companies of the BUILDER.

In the event of any work being subcontracted in accordance with the terms of this Contract and/or the Specifications, the SELLERS shall remain fully and solely responsible for the work done by such subcontractors and the quality and performance and any part of the VESSEL and the construction work subcontracted in accordance with this Contract and/or the Specifications.

(End of Article)

ARTICLE III - CONTRACT PRICE AND TERM OF PAYMENT

1. Contract Price:

The purchase price of the VESSEL is United States Dollars Thirty Seven Million (US\$37,000,000.-), net receivable by the SELLERS (hereinafter called the "Contract Price"), which is exclusive of the BUYER's Supplies as provided in Article XVIII hereof and shall be subject to upward or downward adjustment, if any, as hereinafter set forth in this Contract.

Other than as provided in this Contract, the Contract Price is not subject to any fluctuations on account of changes to the prevailing at the time rates of wages, cost of equipment or materials or rates of currencies (such as the exchange rate between the US\$ and the currency of Japan) etc.

Increases or decreases in the Contract Price, if any, due to adjustments thereof made in accordance with the provisions of this Contract shall be adjusted by way of addition to, or subtraction from, the last instalment of the Contract Price.

2. Currency:

Any and all payments by the BUYER to the SELLERS under this Contract shall be made in United States Dollars.

3. Terms of Payment:

The Contract Price shall be paid by the BUYER to the SELLERS in installments as follows:

- (a) 1st Installment: The sum of United States Dollars Seven Million Four Hundred Thousand (US\$7,400,000.-) shall be paid upon signing of this Contract.
- (b) 2nd Installment: The sum of United States Dollars Three Million Seven Hundred Thousand (USD3,700,000.-) shall be paid by 31th March, 2023.
- (c) 3rd Installment: The sum of United States Dollars Three Million Seven Hundred Thousand (US\$3,700,000.-) shall be paid by 29th September, 2023.
- (d) 4th Installment: The sum of United States Dollars Three Million Seven Hundred Thousand (US\$3,700,000.-) shall be paid upon launching of the VESSEL.
- (e) 5th Installment: The sum of United States Dollars Eighteen Million Five Hundred Thousand (US\$18,500,000.-), plus any increase or minus any decrease due to adjustments of the Contract Price hereunder, shall be paid upon delivery *and acceptance* of the VESSEL.

4. Method of Payment:

- (a) 1st Installment: Within three(3) banking days after signing of this Contract, the BUYER shall remit the amount of this Installment by telegraphic transfer to Mizuho Bank, Ltd., Ehime Pref. Imabari Branch, Japan (hereinafter called the "SELLER 1's Bank") for the account of the SELLER 1, Account No. No.[●] with remarks of "Hull No. S-1885".
- (b) 2nd Installment: On or before 31th March 2023, the BUYER shall remit the amount of this Installment by telegraphic transfer to the SELLER 1's Bank for the account of the SELLER 1 with remarks "Hull No. S-1885".
- (c) 3rd Installment: On or before 29th September 2023, the BUYER shall remit the amount of this Installment by telegraphic transfer to the SELLER 1's Bank for the account of the SELLER 1 with remarks "Hull No. S-1885".
- (d) 4th Installment: Within three (3) Banking Days after receipt of the notice in writing or by facsimile from the SELLERS of launching of the VESSEL having been made, the BUYER shall remit the amount of this Installment by telegraphic transfer to the SELLER 1's Bank for the account of the SELLER 1 with remarks "Hull No. S-1885".

The SELLERS shall give a notice of 7 days to the BUYER regarding the expected date of Launching of the VESSEL.

- (e) 5th Installment: At least two (2) Banking Days prior to the anticipated delivery of the VESSEL, the BUYER shall deposit cash under a conditional SWIFT payment in the SELLER 1's Bank covering 5th Installment as adjusted in accordance with the provisions of this Contract. Such payment shall be payable and releasable to the SELLERS upon presentation to the SELLER 1's Bank of a copy of "PROTOCOL OF DELIVERY AND ACCEPTANCE" of the VESSEL executed by the BUYER and the SELLERS pursuant to Paragraph 2 of Article VIII hereof and (as required) by a representative of BUYER's financing bank *and copy of "PROTOCOL OF DELIVERY AND ACCEPTANCE" of the VESSEL executed between the BUILDER and the SELLERS.*
- (f) Definition of Banking Days: For the purpose of this Paragraph, "Banking Days" means days excluding Saturday, Sunday and public holidays in Tokyo, Athens, New York, Hamburg and Zurich.

5. Payment under Dispute

No payment under this Contract shall be delayed or withheld by the BUYER on account of any dispute or disagreement of whatsoever nature arising between the parties hereto.

6. Prepayment:

Prepayment of any Installment due on or before delivery of the VESSEL can be made by the BUYER with prior 10 days notice addressed to SELLERS.

(End of Article)

ARTICLE IV - ADJUSTMENT OF CONTRACT PRICE

The Contract Price shall be subject to adjustment, as hereinafter set forth, in the event of the following contingencies (it being understood by both parties that any reduction of the Contract Price is by way of liquidated damages and not by way of penalty):

1. Delivery

- (a) No adjustment shall be made and the Contract Price shall remain unchanged for the first thirty (30) days of delay in delivery of the VESSEL beyond the Delivery Date as defined in Article VIII hereof (ending as of twelve o'clock midnight of the thirtieth (30th) day of delay).
- (b) If the delivery of the VESSEL is delayed more than thirty (30) days after the Delivery Date, then, in such event, beginning at twelve o'clock midnight of the thirtieth (30th) day after the Delivery Date, the Contract Price shall be reduced by deducting the sum of US\$5,000- for each day of delay thereafter.

However, the total reduction in the Contract Price shall not be more than as would be the case for a delay of one hundred and twenty (120) days, counting from midnight of the thirtieth (30th) day after the Delivery Date at the above specified rate of reduction. That is, at a total reduction of US\$600,000-.

- (c) But, if the delay in delivery of the VESSEL should continue for period of one hundred and twenty (120) days from the thirty-first (31st) day after the Delivery Date, then in such event, and after such period has expired, the BUYER may, at its option terminate, cancel or rescind this Contract in accordance with the provisions of Article XI hereof. The SELLERS may, at any time after the expiration of one hundred and fifty (150) days of delay in delivery from the Delivery Date, if the BUYER has not served notice as provided in Article XI hereof, demand in writing that the BUYER shall make an election, in which case the BUYER shall, within twenty (20) days after such demand is received by the BUYER, notify the SELLERS of its intention either to terminate, cancel or rescind this Contract or to consent to take delivery of the VESSEL at an agreed future date; it being understood by the parties hereto that, if the VESSEL is not delivered by such future date, the BUYER shall have the same right of termination, cancelation and/or rescission upon the same terms and conditions as hereinabove provided.
- (d) For the purpose of this Article, the delivery of the VESSEL shall be deemed to be delayed when and if the VESSEL, after taking into full account all postponements of the Delivery Date by reason of permissible delays as defined in Article IX and/or any other reasons under this Contract, is not delivered by the date upon which delivery is required under the terms of this Contract.

2. Speed:

- (a) The Contract Price shall not be affected or changed by reason of the actual speed, as determined by the trial run, being not more than three-tenths (3/10) of one (1) knot below the guaranteed speed of the VESSEL.
- (b) However, exceeding such deficiency of three-tenths (3/10) of one (1) knot in actual speed below the Guaranteed Trial Speed of the VESSEL, the Contract Price shall be reduced as follows:

More than three-tenths (3/10) and not more than

four-tenths (4/10) of a knot a total sum of US\$50,000.-

More than four-tenths (4/10) and not more than

five-tenths (5/10) of a knot a total sum of US\$100,000.-

More than five-tenths (5/10) and not more than

six-tenths (6/10) of a knot a total sum of US\$150,000.-

More than six-tenths (6/10) and not more than

seven-tenths (7/10) of a knot a total sum of US\$200,000.-

More than seven-tenths (7/10) and not more than

eight-tenths (8/10) of a knot a total sum of US\$250,000.-

More than eight-tenths (8/10) and not more than

nine-tenths (9/10) of a knot a total sum of US\$300,000.-

More than nine-tenths (9/10) and not more than

one (1) knot a total sum of US\$350,000.-

- (c) If the deficiency in actual speed of the VESSEL upon trial run is more than one (1) full knot below the Guaranteed Trial Speed of the VESSEL, then the BUYER may, at its option, reject the VESSEL and terminate, cancel or rescind this Contract in accordance with the provisions of Article XI hereof, or may accept the VESSEL at a reduction in the Contract Price as above provided for one (1) full knot only, that is, at a total reduction of US\$350,000.

3. Fuel Oil Consumption:

- (a) The Contract Price shall not be affected or changed by reason of the fuel oil consumption of the VESSEL, as determined by shop trial as per the Specifications, being more than the Guaranteed Fuel Oil Consumption of the VESSEL, if such excess is not more than five percent (5%) over the Guaranteed Fuel Oil Consumption.
- (b) However, exceeding an excess of five percent (5%) in the actual fuel consumption over the Guaranteed Fuel Oil Consumption of the VESSEL, the Contract Price shall be reduced by the sum of US\$37,000.- for each full one percent (1%) increase in fuel consumption above said five percent (5%) (fractions of one percent (1%) to be disregarded), up to a maximum of *ten percent (10%)* over the Guaranteed Fuel Oil Consumption of the VESSEL.
- (c) If such actual fuel consumption exceeds *ten percent (10%)* of the Guaranteed Fuel Oil Consumption of the VESSEL, the BUYER may, at its option, reject the VESSEL and rescind this Contract in accordance with the provisions of Article XI hereof, or may accept the VESSEL at a reduction in the Contract Price as above specified for *ten percent (10%)* only, that is, at a total reduction of US\$185,000.-.

4. Deadweight:

- (a) The Contract Price shall not be affected or changed by reason of the actual deadweight of the VESSEL as determined in accordance with the Specifications, being less than the Guaranteed Deadweight of the VESSEL, if such deficiency is not more than 635 metric tons below the Guaranteed Deadweight of the VESSEL.
- (b) In the event of such deficiency is more than 635 metric tons below the Guarantee Deadweight of the VESSEL, the Contract Price shall be reduced by the sum of US\$583 for each metric ton of such deficiency.
- (c) In the event of such deficiency in the actual deadweight of the VESSEL being 1,905 metric tons or more, then, the BUYER may, at its option, reject the VESSEL and rescind this Contract in accordance with the provisions of Article XI hereof or accept the VESSEL at a reduction in the Contract Price as above provided for 1,905 metric tons only, that is, at a total reduction of US\$740,410.-.

5. Effect of Rescission:

It is expressly understood and agreed by the parties hereto that in any case, if the BUYER rescinds this Contract under this Article, the BUYER shall not be entitled to any liquidated damages.

6. Cumulative Effect

The liquidated damages specified in each separate paragraph within this Article are independent of each other and payment of one shall not be exclusive of the payment of another.

7. Duty To Mitigate

Notwithstanding the provisions of this Article, the SELLERS shall use best endeavours to investigate and if possible rectify the cause of an insufficiency in speed, dead-weight or cargo cubic capacity or an excess in fuel consumption prior to delivery of the VESSEL to the BUYER. It is hereby understood and agreed by the SELLERS that the SELLERS will seek to deliver the VESSEL by adjusting the Contract Price, if necessary, in accordance with the provisions of this Article, only if after using its best endeavours such insufficiency or excess cannot be corrected.

(End of Article)

ARTICLE V - APPROVAL OF PLANS AND DRAWINGS AND INSPECTION DURING CONSTRUCTION

The inspection, supervision and approval of plans and drawings during the construction of the VESSEL *and her hull, machinery, engines, fittings and accessories* shall be carried out by a Japanese *company providing newbuilding* supervising company (hereinafter called the “Supervising Company”) which shall be *selected*, nominated by the SELLERS *and appointed by* at the SELLERS’s *at their* cost and expense.

Any decision regarding the approval of plans, drawings and supervising during construction shall be made by the Supervising Company at its sole discretion *in full accordance with the Specifications* and such decision shall not require any prior consultation with the BUYER or approval of the BUYER.

However the SELLERS undertakes and assures the BUYER that the Supervisor shall carry out his inspections in accordance with the agreed inspection procedure and schedule and usual Japanese shipbuilding practice.

1. Approval of Plans and Drawings:

The SELLERS shall cause the BUILDER to submit *in time* to the Supervising Company the plans and drawings to be submitted thereto for its approval.

2. Appointment of Supervising Company’s Supervisor :

The Supervising Company may send to and maintain at the Shipyard supervisor(s) (herein called the “Supervisor”) to act in connection with approval of the plans and drawings, attendance to the tests and inspections relating to the VESSEL, its machinery, equipment and out fitting.

3. Inspection by Supervisor :

The necessary inspections of the VESSEL, its *hull*, machinery, equipment and out fittings shall be carried out by the Classification Society, other regulatory bodies and/or an inspection team of the BUILDER throughout the entire period of construction, in order to ensure that the construction of the VESSEL is duly performed in accordance with this Contract and the Specifications. The Supervisor shall have, during construction of the VESSEL, the right and *duty* to attend such tests and inspections of the VESSEL, its machinery and equipment.

In the event that the Supervisor discovers any construction or material or workmanship which is not deemed to conform to the requirements of this Contract and/or the Specifications, the Supervisor shall promptly give the SELLERS a notice in writing as to such non-conformity. Upon receipt of such notice from the Supervisor, the SELLERS shall cause the BUILDER to correct, at the BUILDER's cost, such non-conformity, if the SELLERS agrees to his view acting reasonably but in case of disagreement the matter will be referred to the Classification Society.

Performance Standard for Protective Coatings (PSPC) for ballast tanks required by IMO shall be applied to the VESSEL. Inspections thereto shall be carried out by the qualified inspector(s) of the BUILDER and/or the qualified inspector(s) appointed by BUILDER, whose determination shall be deemed final so far as the application of the PSPC to the VESSEL is concerned *if approved by the Classification Society*.

For the avoidance of doubt, the SELLERS shall be solely responsible for all aspects of construction, workmanship and completion of the Vessel in accordance with this Contract and the Specifications.

All plans and drawings shall be in English.

4. BUYER's Representative:

The BUYER may appoint their one (1) representative as "Observer" who can visit the Shipyard maximum consecutive two (2) days for three (3) times in total during construction of the Vessel for observation purpose only. The BUYER shall inform at least seven (7) days prior to the SELLERS that the BUYER send the Observer to the Shipyard.

(End of Article)

ARTICLE VI - MODIFICATIONS

1. Modifications of Specifications:

The Specifications may be modified and/or changed by written agreement of the parties hereto, provided that such modifications and/or changes or an accumulation thereof will not, in the SELLERS' judgment, adversely affect the BUILDER's planning or program in relation to the BUILDER's other commitments, and provided, further, that the BUYER shall first agree, before such modifications and/or changes are carried out, to alterations in the Contract Price, the Delivery Date and other terms and conditions of this Contract and the Specifications occasioned by or resulting from such modifications and/or changes.

Such agreement may be effected by exchange of letters signed by the authorized representatives of the parties hereto or by facsimile or e-mail confirmed by such letters manifesting agreements of the parties hereto which shall constitute amendments to this Contract and/or the Specifications.

2. Change in Class, etc.:

In the event that, after the date of this Contract, any requirements as to class, or as to rules and regulations to which the construction of the VESSEL is required to conform are altered or changed by the Classification Society or the other regulatory bodies authorized to make such alterations or changes, the following provisions shall apply:

- (a) If such alterations or changes are compulsory for the VESSEL, either of the parties hereto, upon receipt of such information from the Classification Society or such other regulatory bodies, shall promptly transmit the same to the other in writing, and the SELLERS shall thereupon incorporate such alterations or changes into the construction of the VESSEL, provided that the BUYER shall first agree, to adjustments required by the SELLERS in the Contract Price, the Delivery Date and other terms and conditions of this Contract and the Specifications occasioned by or resulting from such alterations or changes.

- (b) If such alterations or changes are not compulsory for the VESSEL, but the BUYER desires to incorporate such alterations or changes into the construction of the VESSEL, then, the BUYER shall notify the SELLERS of such intention. The SELLERS may accept such alterations or changes, provided that such alterations or changes will not, in the judgment of the BUILDER and/or the SELLERS, adversely affect the BUILDER's planning or program in relation to the BUILDER's other commitments, and provided, further, that the BUYER shall first agree to adjustments required by the SELLERS in the Contract Price, the Delivery Date and other terms and conditions of this Contract and the Specifications occasioned by or resulting from such alterations or changes.
- (c) In case the BUYER demands for change of or alterations to the plans or drawings which have already been approved by the Supervising Company, provided such alterations or changes are not compulsory for the VESSEL, the SELLERS shall have the right to reject such demand if work has already been arranged to start in accordance with the approved plans and drawings. Any alteration to the plans and drawings which have already been approved by the Supervising Company shall be regarded as modifications as specified in this Article and shall include adjustments of Contract Price, the Delivery Date and other terms and conditions of this contract and the Specifications.

Agreements as to such alterations or changes under this Paragraph shall be made in the same manner as provided in Paragraph 1 of this Article for modifications or changes to the Specifications.

3. Substitution of Materials:

In the event that any of the materials required by the Specifications or otherwise under this Contract for the construction of the VESSEL cannot be procured in time or are in short supply to maintain the Delivery Date of the VESSEL, the SELLERS may allow the BUILDER, provided that the BUYER shall so agree in writing, to supply other materials capable of meeting the requirements of the Classification Society and of the rules, regulations and requirements with which the construction of the VESSEL must comply. Any agreement as to such substitution of materials shall be effected in the manner provided in paragraph 1 of this article, and shall, likewise, include alterations in the Contract Price and other terms and conditions of this Contract occasioned by or resulting from such substitution if any.

(End of Article)

ARTICLE VII - TRIAL

1. Notice:

The BUYER shall receive from the SELLERS at least approximately *30 days* prior notice in writing or by facsimile or by email confirmed in writing of the time and place of the trial run of the VESSEL, and the BUYER shall promptly acknowledge receipt of such notice. The BUYER may send one Capt., one C/E., one C/O, one I/E and one Representative (herein collectively called the "Observers") on board the VESSEL to witness such trial run for familiarization purpose only at the BUYER's risk and expenses. Failure in attendance of the Observers of the BUYER at the trial run of the VESSEL for any reason whatsoever after due notice to the BUYER as above provided shall be deemed to be a waiver by the BUYER of its right to have the Observers on board the VESSEL at the trial run, and the SELLERS may cause the BUILDER to conduct the trial run without the Observers of the BUYER being present but with the attendance of the Supervisor and the representative of the Classification Society, and in such case the BUYER shall be obligated to accept the VESSEL on the basis of a certificate of the SELLERS that the VESSEL, upon trial run, is found to conform to this Contract and the Specifications.

2. Weather Condition:

The trial run shall be carried out under the weather condition which is deemed favorable enough by the judgment of the BUILDER and/or the SELLERS. In the event of unfavorable weather on the date specified for the trial run, the same shall take place on the first available day thereafter that the weather condition permits. It is agreed that, if during the trial run of the VESSEL, the weather should suddenly become so unfavorable that orderly conduct of the trial run can no longer be continued, the trial run shall be discontinued and postponed until the first favorable day next following, unless the BUYER shall assent in writing to acceptance of the VESSEL on the trial run already made before such discontinuance has occurred. Any delay of trial run caused by such unfavorable weather condition shall operate to postpone the Delivery Date by the period of delay involved and such delay shall be deemed as a permissible delay in the delivery of the VESSEL.

3. How conducted:

- (a) All expenses in connection with the trial run are to be for the account of the SELLERS and the SELLERS shall cause the BUILDER to provide at the BUILDER's expense the necessary crew to comply with conditions of safe navigation. The trial run shall be conducted in the manner prescribed in the Specifications, and shall prove fulfillment of the performance requirements for the trial run as set forth in the Specifications. The course of trial run shall be determined by the BUILDER.
- (b) Notwithstanding the foregoing, lubricating oils and greases necessary for the trial run of the VESSEL shall be supplied by the BUYER at the Shipyard on the date designated by the BUILDER with a prior 10 days written notice of the SELLERS to the BUYER, and the SELLERS shall pay the BUYER upon delivery of the VESSEL the cost of the quantities of lubricating oils and greases consumed during the trial run at the original purchase price. In measuring the consumed quantity, lubricating oils and greases remaining in the main engine, other machinery and their pipes, stern tube and the like, shall be excluded. The quantity of lubricating oils and greases supplied by the BUYER shall be in accordance with the instruction of the BUILDER and the SELLERS.

4. Method of Acceptance or Rejection:

- (a) Upon completion of the trial run, the SELLERS shall give the BUYER a notice by facsimile or e-mail confirmed in writing of completion of the trial run, as and if the SELLERS considers that the results of the trial run indicate conformity of the VESSEL to this Contract and the Specifications. The BUYER shall, within two (2) days after receipt of such notice from the SELLERS, notify the SELLERS by facsimile confirmed in writing of its acceptance or rejection of the VESSEL.
- (b) However, should the results of the trial run indicate that the VESSEL, or any part or equipment thereof, does not conform to the requirements of this Contract and/or the Specifications, or if the SELLERS is in agreement to non-conformity as specified in the BUYER's notice of rejection, then, the SELLERS shall cause the BUILDER to take necessary steps, to correct such non-conformity. Upon completion of correction of such non-conformity, the SELLERS shall give the BUYER a notice thereof by facsimile confirmed in writing. The BUYER shall, within two (2) days after receipt of such notice from the SELLERS, notify the SELLERS of its acceptance or rejection of the VESSEL.

- (c) In any event that the BUYER rejects the VESSEL, the BUYER shall indicate in its notice of rejection in what respect the VESSEL, or any part or equipment thereof does not conform to this Contract and/or the Specifications.
- (d) In the event that the BUYER fails to notify the SELLERS by facsimile or email confirmed in writing of the acceptance of or the rejection together with the reason therefor of the VESSEL within the period as provided in the above sub-paragraph (a) or (b), the BUYER shall be deemed to have accepted the VESSEL.
- (e) The SELLERS may dispute the rejection of the VESSEL by the BUYER under this paragraph, in which case the matter shall first be referred to judgement of the Classification Society, but if the Classification Society fails to make a judgement or cannot do so, the matter shall be submitted for final decision by arbitration in accordance with Article XIV hereof. *The buyers shall be notified of the classification society's judgment and will have two (2) working days to either accept or reject, advising sellers on reasons of rejection."*
- (f) The BUYER shall not be entitled to reject the VESSEL by reason of any minor or insubstantial items, which may not affect the VESSEL's operation, its crew and safety, judged from the point of view of the commonly and generally acknowledged Japanese standard shipbuilding and shipping practice, as not being in conformity with the Specifications, but, in which case, the SELLERS shall not be released from the obligation to correct and/or remedy for its own account such minor or insubstantial items as soon as practicable after the delivery of the VESSEL.

5. Effect of Acceptance:

Acceptance of the VESSEL as above provided shall be final and binding so far as conformity of the VESSEL to this Contract and the Specifications is concerned and shall preclude the BUYER from refusing formal delivery of the VESSEL as hereinafter provided, if the SELLERS complies with all other procedural requirements for delivery as provided in Article VIII hereof.

6. Disposition of surplus Consumable stores:

Should any fuel oil, fresh water or other consumable stores furnished by the BUILDER for the trial run remain on board the VESSEL at the time of acceptance thereof by the BUYER, the BUYER agrees to buy the same from the SELLERS at the original purchase price thereof, and payment by the BUYER shall be effected upon delivery of the VESSEL.

7. Familiarization:

- (a) Prior to the delivery but after the sea trials, the BUYER may send their crew to the Shipyard in preparation for the delivery with the SELLERS' and/or BUILDER's consent. The above mentioned Observers and crew of the BUYER shall not interfere with or obstruct in any way the BUILDER's supervision during the construction of the VESSEL and/or the building schedule of the BUILDER, but shall be given free and ready access to the VESSEL, its hull, machinery, equipment, coatings and out-fittings in the Shipyard only and in such way not to obstruct smooth construction of the VESSEL.
- (b) The Observers and the crew shall at all times be deemed to be the employees of the BUYER and not of the BUILDER and the SELLERS. The BUILDER and the SELLERS shall be under no liability whatsoever to the BUYER, the Observers and the crew for personal injuries, including death, suffered during the time when he or they are on the VESSEL, or within the premises of the Shipyard, or are otherwise engaged in and about the construction of the VESSEL, unless, however, such personal injuries, including death, were caused by a gross negligence of the BUILDER and/or the SELLERS, or of any of its employees or agents or subcontractors. Nor shall the BUILDER or the SELLERS be under any liability whatsoever to the BUYER, the Observers and the crew for damage to, or loss or destruction of property in Japan of the BUYER or of the Observers and the crew, unless such damage, loss or destruction were caused by a gross negligence of the BUILDER and/or the SELLERS, or of any of its employees or agents or subcontractors.

(End of Article)

ARTICLE VIII – DELIVERY

1. Time and Place:

The VESSEL shall be delivered by the SELLERS to the BUYER at the Shipyard or at an affiliated Japanese shipyard of the BUILDER or at the mutually agreed place not earlier than 5th January, 2024 and not later than 31st March, 2024, except that, in the event of delays in the construction of the VESSEL or any performance required under this Contract due to causes which under the terms of this Contract permit postponement of the date for delivery, the aforementioned date for delivery of the VESSEL shall be postponed accordingly. The aforementioned date, or such later date to which the requirement of delivery is postponed pursuant to such terms, is herein called the “Delivery Date”.

2. When and How Effected:

Provided that each of the SELLERS and the BUYER shall have fulfilled all of its obligations stipulated under this Contract, delivery of the VESSEL shall be effected forthwith by the concurrent delivery by each of the parties hereto to the other of the PROTOCOL OF DELIVERY AND ACCEPTANCE, acknowledging delivery of the VESSEL by the SELLERS and acceptance thereof by the BUYER.

3. Documents to be delivered to BUYER:

Upon delivery and acceptance of the VESSEL, the SELLERS shall deliver to the BUYER the following documents (all in English language), which shall accompany the PROTOCOL OF DELIVERY AND ACCEPTANCE:

- (a) PROTOCOL OF TRIALS of the VESSEL made pursuant to the Specifications.
- (b) PROTOCOL OF INVENTORY of the equipment of the VESSEL, including spare parts and the like, all as specified in the Specifications.
- (c) PROTOCOL OF STORES OF CONSUMABLE NATURE referred to under paragraph 3 (b) and paragraph 6 of Article VII hereof, including the original purchase prices thereof.

- (d) ALL CERTIFICATES required to be furnished upon delivery of the VESSEL pursuant to this Contract and the Specifications. It is agreed that if, through no fault on the part of the SELLERS, the classification certificate and/or other certificates are not available at the time of delivery of the VESSEL and only if the absence thereof does not impede the trading of the VESSEL, provisional certificate shall be accepted by the BUYER, provided that the SELLERS shall furnish the BUYER with the formal certificates as promptly as possible after such formal certificates have been issued and in any event before the expiry of such provisional certificates.

All the certificates shall be delivered in one (1) original to the VESSEL and two (2) copies to the BUYER;

- (e) DECLARATON OF WARRANTY of the SELLERS that the VESSEL is delivered to the BUYER free and clear of any claims, liens, charges, mortgages, or other encumbrances upon the BUYER's title thereto, and in particular, that the VESSEL is absolutely free of all burdens in the nature of imposts, taxes or charges imposed by the Japanese governmental authorities, as well as of all liabilities of the SELLERS to its subcontractors, employees and crew, and of all liabilities arising from the operation of the VESSEL in trial runs, or otherwise, prior to delivery.
- (f) DRAWINGS AND PLANS pertaining to the VESSEL as stipulated in the Specifications.
- (g) COMMERCIAL INVOICE
- (h) BILL OF SALE duly notarized
- (i) BUILDER'S CERTIFICATE issued by the Shipyard duly notarized.

any other reasonable documents required by flag authority and financing bank for the registration of the VESSEL, if practicably possible.

4. Tender of VESSEL:

If the BUYER fails to take delivery of the VESSEL after completion thereof according to this Contract and the Specifications without any justifiable reason, the SELLERS shall have the right to tender delivery of the VESSEL after compliance with all procedural requirements as above provided.

5. Title and Risk:

Title to and risk of loss of the VESSEL shall pass to the BUYER only upon delivery and acceptance thereof having been completed as stated above; it being expressly understood that, until such delivery is effected, title to and risk of loss of the VESSEL and her equipment shall be in the SELLERS, excepting risk of war, earthquakes and tidal waves.

6. Removal of VESSEL:

The BUYER shall take possession of the VESSEL immediately upon delivery and acceptance thereof and shall remove the VESSEL from the premises of the Shipyard within three (3) days after delivery and acceptance thereof is effected. If the BUYER shall not remove the VESSEL from the premises of the Shipyard within the aforesaid three (3) days, then, in such event the BUYER shall pay to the SELLERS the reasonable mooring charges of the VESSEL. But the BUYER shall be obliged to remove the VESSEL from the Shipyard within ten (10) days after the delivery and acceptance thereof.

(End of Article)

ARTICLE IX - DELAYS AND EXTENSION OF TIME FOR DELIVERY (FORCE MAJEURE)

1. Causes of Delay:

If, at any time before the actual delivery, either the construction of the VESSEL or any performance required as a prerequisite of delivery of the VESSEL is delayed due to: Acts of God; acts of princes or rulers; requirements of government authorities; war or other hostilities or preparation therefore; blockade; revolution, insurrections, mobilization, civil war, civil commotion or riots; vandalism; sabotages, strikes, lockouts or other labor disturbances; labor shortage; plague or other epidemics; quarantines; flood, typhoons, hurricanes, storms or other weather conditions not included in normal planning; earthquakes; tidal waves; fires, explosions, collisions or stranding; embargoes; delays or failure in transportation; shortage of materials, machinery or equipment; import restrictions; inability to obtain delivery or delays in delivery of materials *subject that same have been ordered in time subject that same have been ordered in time*, machinery or equipment, provided that at the time of ordering the same could reasonably be expected by the SELLERS and/or the BUILDER to be delivered in time; prolonged failure, shortage or restriction of electric current, oil or gas; defects in materials, machinery or equipment which could not have been detected by the SELLERS using reasonable care; casting or forging rejects or the like not due to negligence; delays caused by the Classification Society or other bodies whose documents are required; destruction of or damage to the Shipyard or works of the BUILDER, its subcontractors or suppliers, or of or to the VESSEL or any part thereof, by any cause herein described; delays in the SELLERS' and/or the BUILDER's other commitments resulting from any causes herein described which in turn delay the construction of the VESSEL or the BUILDER's performance under Shipbuilding Contract and the SELLERS' performance under this Contract; other causes or accidents beyond control of the BUILDER and/or the SELLERS, its subcontractors or suppliers of the nature whether or not indicated by the forgoing words; all the forgoing irrespective of whether or not these events could be foreseen at the days of signing this Contract; then and in any such case, the Delivery Date shall be postponed for a period of time which shall not exceed total accumulated time of all such delays.

2. Notice of Delay:

Within ten (10) days after the date of occurrence of any cause of delay, on account of which the SELLERS claims that it is entitled under this Contract to a postponement of the Delivery Date, the SELLERS shall notify the BUYER in writing or by facsimile or by email confirmed in writing of the date such cause of delay occurred. Likewise, within ten (10) days after the date of ending of such cause of delay, the SELLERS shall notify the BUYER in writing or by facsimile confirmed in writing of the date such cause of delay ended. The SELLERS shall also notify the BUYER of the period, by which the Delivery Date is postponed by reason of such cause of delay, with all reasonable dispatch after it has been determined. Failure of the BUYER to object to the SELLERS' claim for postponement of the Delivery Date within ten (10) days after receipt by the BUYER of such notice of claim shall be deemed to be a waiver by the BUYER of its right to object such postponement of the Delivery Date.

3. Definition of Permissible Delay:

Delays on account of such causes as specified in Paragraph 1 of this Article and any other delays of a nature which under the terms of this Contract permits postponement of the Delivery Date shall be understood to be permissible delays and are to be distinguished from unauthorized delays on account which the Contract Price is subject to adjustment as provided for in Article IV hereof.

4. Right to Rescind for Excessive Delay:

If the total accumulated time of all delays on account of the causes specified in Paragraph 1 of this Article, excluding delays of a nature which under the terms of this Contract permit postponement of the Delivery Date, amounts to One Hundred and fifty (150) days or more, then, in such event, the BUYER may terminate, cancel or rescind this Contract in accordance with the provisions of Article XI hereof. The SELLERS may, at any time after the accumulated time of the aforementioned delays justifying termination, cancelation or rescission by the BUYER, demand in writing that the BUYER shall make an election, in which case the BUYER shall, within twenty (20) days after such demand is received by the BUYER, either notify the SELLERS of its intention to terminate, cancel or rescind this Contract, or consent to a postponement of the Delivery Date to a specific future date; it being understood and agreed by the parties hereto that, if any further delay occurs on account of causes justifying rescission as specified in this Article, the BUYER shall have the same right of termination, cancelation or rescission upon the same terms as hereinabove provided.

(End of Article)

ARTICLE X - WARRANTY OF QUALITY

1. Guarantee:

Subject to the provisions hereinafter set forth, the SELLERS *and as a condition for the BUYER taking delivery of the VESSEL* shall cause the BUILDER to *guarantee* to remedy, free of charge to the BUYER, any defects in the VESSEL which are due to defective material and/or *poor* workmanship and/or *defective construction, whether or not such defects and/or physical damage affect the seaworthiness or the class of the Vessel* on the part of the BUILDER and/or its subcontractors, provided that the defects are discovered within a period of twelve (12) months after the date of delivery of the VESSEL and a notice thereof is duly given to the SELLERS as hereinafter provided.

For the purpose of this Article, the VESSEL shall include her hull, machinery, equipment and gear, but excludes any parts for the VESSEL which have been supplied by or on behalf of the BUYER.

It is expressly agreed and warranted by the SELLERS that they will procure that the supplier of paints will issue in favour of the BUYER a warranty of painting quality for underwater paint, when the VESSEL entering into its first drydocking.

2. Notice of Defects:

The BUYER shall notify the SELLERS in writing, or by facsimile confirmed in writing, of any defects for which claim is made under this guarantee as promptly as possible after discovery thereof. The BUYER's written notice shall describe the nature and extent of the defects. The SELLERS shall have no obligation for any defects discovered prior to the expiry date of the said twelve (12) months period, unless notice of such defects is received by the SELLERS not later than twenty (20) Banking days after such expiry date.

3. Remedy of Defects:

- (a) The SELLERS shall cause the BUILDER to remedy, at the BUILDER's expense, any defects, against which the VESSEL is guaranteed under this Article, by making all necessary repairs or replacements at the Shipyard.

- (b) However, if it is impractical to bring the VESSEL to the Shipyard, the BUYER may cause the necessary repairs or replacements to be made elsewhere which is deemed suitable for the purpose, provided that, in such event, the SELLERS may allow the BUILDER to forward or supply replacement parts or materials to the VESSEL, unless forwarding or supplying thereof to the VESSEL would impair or delay the operation or working schedule of the VESSEL. In the event that the BUYER proposes to cause the necessary repairs or replacements to be made to the VESSEL at any other shipyard, the BUYER shall first, but in all events as soon as possible, give the SELLERS notice in writing or by facsimile confirmed in writing of the time and place such repairs will be made, and if the VESSEL is not thereby delayed, or her operation or working schedule is not thereby impaired, the SELLERS shall have the right to verify by its own representative(s) the nature and extents of the defects complained of. The SELLERS shall, in such case, promptly advise the BUYER by facsimile or email, after such examination has been completed, of its acceptance or rejection of the defects as ones that are covered by the guarantee herein provided. Upon the SELLERS' acceptance of the defects as justifying remedy under this Article, or upon award of the arbitration so determining, the SELLERS shall immediately cause the BUILDER to pay to the BUYER for such repairs or replacements a sum equal to the reasonable cost of making the same repairs or replacements in the Shipyard.
- (c) In any case, the VESSEL shall be taken at the BUYER's cost and responsibility to the place elected, ready in all respects for such repairs or replacements.
- (d) Any dispute under this Article shall be referred arbitration in accordance with the provisions of Article XIV hereof.

4. Extent of SELLERS' Responsibility:

- (a) The SELLERS shall have no responsibility or liability for any other defects whatsoever in the VESSEL than the defects specified in Paragraph 1 of this Article. Nor the SELLERS shall in any circumstances be responsible or liable for any consequential or special losses, damages or expenses including, but not limited to, loss of time, loss of profit or earning or demurrage directly or indirectly occasioned to the BUYER by reason of the defects specified in Paragraph 1 of this Article or due to repairs or other works done to the VESSEL to remedy such defects.

- (b) The SELLERS shall not be responsible for any defects in any part of the VESSEL which may subsequent to delivery of the VESSEL have been replaced or in any way repaired by any other contractor, or for any defects which have been caused or aggravated by omission or improper use and maintenance of the VESSEL on the part of the BUYER, its servants or agents or by ordinary wear and tear or by any other circumstance whatsoever beyond the control of the SELLERS.
- (c) The guarantee contained as hereinabove in this Article replaces and excludes any other liability, guarantee, warranty and/or condition imposed or implied by the law, customary, statutory or otherwise, by reason of the construction and sale of the VESSEL by the SELLERS for and to the BUYER.
- (d) *The BUYER shall be entitled on or after delivery and acceptance of the Vessel to assign its rights under this Article to any purchaser or bareboat charterer or financier of the VESSEL with the prior written consent of the SELLERS or the BUILDER and such a consent shall not be unreasonably withheld. Notice of any such assignment shall be given by the BUYER to the SELLERS for passing on to the BUILDER.*

(End of Article)

ARTICLE XI - RESCISSION BY BUYER

1. Notice:

The payments made by the BUYER prior to the delivery of the VESSEL shall be in the nature of advances to the SELLERS. In the event that the BUYER shall exercise its right of *termination, cancelation or* rescission of this Contract under and pursuant to any of the provisions of this Contract specifically permitting the BUYER to do so, then the BUYER shall notify the SELLERS in writing or by facsimile or by email confirmed in writing, and such *termination, cancelation or* rescission shall be effective as of the date notice thereof is received by the SELLERS.

2. Refund by SELLERS:

Thereupon the SELLERS shall promptly refund to the BUYER the full amount of all sums paid by the BUYER to the SELLERS on account of the VESSEL, unless the SELLERS proceeds to the arbitration under the provisions of Article XIV hereof.

In such event, the SELLERS shall pay the BUYER interest at the rate of six percent (6 %) per annum on the amount required herein to be refunded to the BUYER, computed from the respective dates on which such sums were paid by the BUYER to the SELLERS to the date of remittance by transfer of such refund to the BUYER by the SELLERS, provided, however, that if the said termination, cancelation or rescission by the BUYER is made under the provisions of Paragraph 4 of Article IX hereof, then in such event the SELLERS shall not be required to pay any interest.

3. Discharge of Obligations:

Upon such refund by the SELLERS to the BUYER, all obligations, duties and liabilities of each of the parties hereto to the other under this Contract shall be forthwith completely discharged.

(End of Article)

ARTICLE XII - BUYER'S DEFAULT

1. Definition of Default:

The BUYER shall be deemed to be in default of performance of its obligations under this Contract in the following cases:

- (a) If the BUYER fails to pay any of the First and Fourth Installment to the SELLERS within three (3) banking days after such Installment becomes due and payable under the provisions of Article III hereof; or
- (b) If the Buyer fails to pay the Second and Third Installment to the SELLERS within Two (2) banking days after such Installment becomes due and payable under the provisions of Article III hereof; or
- (c) If the BUYER fails to *pay* the Fifth Installment, at least three (3) banking days of prior to the scheduled delivery Date of the Vessel, make cash deposit with the SELLER 1's Bank for the account of SELLER 1 with remarks of "HULL No. S-1885"; or
- (d) If the BUYER fails to take delivery of the VESSEL, when the VESSEL is duly tendered for delivery by the SELLERS under the provisions of Article VIII hereof.

2. Interest and Charge:

If the BUYER is in default to payment as to any Installment as provided in Paragraph 1 (a) (b) and (c) of this Article, the BUYER shall pay interest on such Installment at the rate of six percent (6 %) per annum from the due date thereof to the date of payment to the SELLERS of the full amount including interest; in case the BUYER shall fail take delivery of the VESSEL as provided in Paragraph 1 (d) of this Article, the BUYER shall be deemed in default of payment of the Fifth Installment and shall pay interest thereon at same rate as aforesaid from and including the day on which the VESSEL is tendered for delivery by the SELLERS. In any event default by the BUYER, the BUYER shall also pay all charges and expenses incurred by the SELLERS in consequence of such default.

3. Effect of Default:

- (a) If any default by the BUYER occurs as provided hereinbefore, the Delivery Date shall be automatically postponed for a period of continuance of such default by the BUYER.

- (b) If any default by the BUYER continues for a period of fifteen (15) days, the SELLERS may, at its option, rescind this Contract by giving notice of such effect to the BUYER by facsimile or by email confirmed in writing. Upon receipt by the BUYER of such notice of rescission, this Contract shall forthwith become null and void and any of the BUYER's Supplies become the sole property of the SELLERS. In the event of such rescission of this Contract, the SELLERS shall be entitled to retain any Installment or Installments theretofore paid by the BUYER to the SELLERS on account of this Contract.

4. Sale of VESSEL:

- (a) In the event of rescission of this Contract as above provided, the SELLERS shall have full right and power either to cause the BUILDER to complete or not to complete the VESSEL as it deems fit, and to sell the VESSEL at a public or private sale on such terms and conditions as the SELLERS thinks fit without being answerable for any loss or damage.
- (b) In the event of the sale of the VESSEL in its completed state, the proceeds of the sale received by the SELLERS shall be applied firstly to payment of all expenses attending such sale and otherwise incurred by the SELLERS as a result of the BUYER's default, and then to payment of all unpaid Installments of the Contract Price and interest on such Installment at the rate of six percent (6%) per annum from the respective due dates thereof to the date of application.
- (c) In the event of sale of the VESSEL in its uncompleted state, the proceeds of sale received by the SELLERS shall be applied firstly to all expenses attending such sale and otherwise incurred by the SELLERS as a result of the BUYER's default, and then to payment of all costs of construction of the VESSEL less the Installments so retained by the SELLERS and compensation to the SELLERS for a reasonable loss of profit due to the rescission of this Contract.
- (d) In either of the above events of sale, if the proceeds of sale exceeds the total of amounts to which such proceeds are to be applied as aforesaid, the SELLERS shall promptly pay the excess to the BUYER without interest, provided, however, that the amount of such payment to the BUYER shall in no event exceed the total amount of Installments already paid by the BUYER and the cost of the BUYER's Supplies, if any.

- (e) If the proceeds of sale are insufficient to pay such total amounts payable as aforesaid, the BUYER shall promptly pay the deficiency to the SELLERS upon request.

(End of Article)

ARTICLE XIII – INSURANCE

1. Extent of Insurance Coverage:

Until the VESSEL is completed, delivered to and accepted by the BUYER, the SELLERS shall cause the BUILDER, at the BUILDER's cost and expense, keep the VESSEL and all machinery, materials, equipment, appurtenances and outfit, delivered to the Shipyard for the VESSEL or built into, or installed in or upon the VESSEL, except for the BUYER's Supplies, fully insured with Japanese insurance companies under coverage corresponding to the Japanese Builder's Risks Insurance Clause.

The amount of such insurance coverage shall, up to the date of delivery of the VESSEL, be in an amount at least equal to, but not limited to, the aggregate of the payment made by the BUYER to the SELLERS.

The policy referred to hereinabove shall be taken out in the name of the BUILDER and all losses under such policy shall be payable to the BUILDER.

If the BUYER so requests, the SELLERS shall cause the BUILDER at the BUYER's cost to procure insurance on the VESSEL and all parts, materials, machinery and equipment intended therefore against risks of earthquake, strikes, war peril or other risks not heretofore provided and shall make all arrangement to that end. The cost of such insurance shall be reimbursed to the BUILDER through the SELLERS by the BUYER upon delivery of the VESSEL.

2. Application of Recovered Amount:

(a) Partial Loss:

In the event the VESSEL shall be damaged by any insured cause whatsoever prior to acceptance thereof by the BUYER and in the further event that such damage shall not constitute an actual or a constructive total loss of the VESSEL, the SELLERS ensure that the BUILDER shall apply the amount recovered under insurance policy referred to in Paragraph 1 of this Article to the repair of such damage satisfactory to the Classification Society without additional costs to the BUYER, and the BUYER shall accept the VESSEL under this Contract if completed in accordance with this Contract and Specifications.

(b) Total Loss:

However, in the event that the VESSEL is determined to be an actual or constructive total loss, the SELLERS shall by the mutual agreement between the parties hereto, either:

- i) Proceed in accordance with the terms of this Contract, in which case the amount recovered under said insurance policy shall be applied to the reconstruction of the VESSEL's damage , provided the parties hereto shall have first agreed in writing as to such reasonable postponement of the Delivery Date and adjustment of other terms of this Contract including the Contract Price as may be necessary for the completion of such reconstruction; or
- ii) Refund immediately to the BUYER the amount of all Installments paid to the SELLERS under this Contract without any interest, whereupon this Contract shall be deemed to be rescinded and all rights, duties, liabilities and obligations of each of the parties to the other shall terminate forthwith.

If the parties hereto fail to reach such agreement within two (2) months after the VESSEL is determined to be an actual or constructive total loss, the provisions of Sub-paragraph b)ii) as above shall apply.

3. Termination of SELLERS' Obligation to Insure:

The SELLERS' obligation to cause the BULDER to insure the VESSEL hereunder shall cease and terminate forthwith upon delivery thereof and acceptance by the BUYER.

(End of Article)

ARTICLE XIV - DISPUTE AND ARBITRATION

1. Proceedings:

In the event of any dispute between the parties hereto as to any matter arising out of or relating to this Contract or any stipulations herein or with respect hereto which cannot be settled by the parties themselves, such dispute shall be submitted to and settled by arbitration held in Tokyo, Japan, by The Japan Shipping Exchange, Inc. (hereinafter called the "JSE") in accordance with the provisions of the Rules of Maritime Arbitration of the JSE, except as hereinafter otherwise specifically provided.

Either party desiring to submit such dispute to the arbitration of the JSE shall file with the JSE the written Application for Arbitration, the Statement of Claim and the notice of appointment of an arbitrator accompanied by written acceptance of such arbitrator appointed by such party.

Within twenty (20) days after receipt of such documents as aforementioned from the JSE, the other party shall file in turn with the JSE the notice of appointment of an arbitrator accompanied by written acceptance of such second arbitrator appointed by the other party. These two (2) arbitrators shall be deemed, in performance of office of arbitration, as the arbitrators appointed by the Tokyo Maritime Arbitration Commission (hereinafter called the "TOMAC") of the JSE.

The third arbitrator to preside over the proceedings shall be appointed by the TOMAC from among such person on the Panel of Members of the TOMAC (or in case of particular need, from among person not so empaneled) as have no concern whatever with the parties or in the subject of such dispute.

The three (3) arbitrators thus appointed shall constitute the board of arbitration (hereinafter called the "Arbitration Board") for the settlement of such dispute.

In the event, however, that the said other party should fail to appoint a second arbitrator as aforesaid within twenty (20) days following receipt of the documents concerned from the JSE, it is agreed that said other party shall thereby be deemed to have accepted and appointed as its own arbitrator the one appointed by the party demanding arbitration, and the arbitration shall proceed forthwith before this sole arbitrator who alone, in such event, shall constitute the Arbitration Board.

The award made by the sole arbitrator or by the majority of the three (3) arbitrators, as the case may be, shall be final and binding upon the parties hereto. If the majority of the three (3) arbitrators is not obtained, then the decision of the third arbitrator shall be final and binding upon the parties hereto.

Notwithstanding the preceding provisions of this Paragraph, it is recognized that in the event of any dispute or difference of opinion arising in regard to the construction of the VESSEL, her machinery or equipment, or concerning the quality of materials or workmanship thereof or thereon, such dispute may be referred to the Classification Society upon mutual agreement of the parties hereto as far as the Classification Society agrees to determine such dispute. The decision of the Classification Society shall be final and binding upon the parties hereto.

2. Notice of Award:

The award shall immediately be given to the BUYER and the SELLERS in writing or by facsimile or by email confirmed in writing.

3. Expenses:

The Arbitrators shall determine which party shall bear the expenses of the arbitration or the portion of such expenses which each party shall bear.

4. Entry in Court:

Judgement upon the award may be entered in any court having jurisdiction thereof.

5. Alteration of Delivery Date:

In the event of reference to arbitration of any dispute arising out of matters occurring prior to delivery of the VESSEL, the award may include any postponement of the Delivery Date which the Arbitrators may deem appropriate.

(End of Article)

ARTICLE XV - RIGHT OF ASSIGNMENT

Neither of the parties hereto shall assign this Contract to a third party unless prior consent of the other party is given in writing.

In case of assignment by the BUYER, the BUYER shall remain liable under this Contract.

This Contract shall ensure to the benefit of and shall be binding upon the lawful successors or the legitimate assigns of either of parties hereto.

(End of Article)

ARTICLE XVI - TAXES AND DUTIES

1. Taxes and Duties in Japan:

The BUILDER and/or the SELLERS shall bear and pay all taxes and duties, dues, imposts, levies and fees of whatsoever nature imposed in Japan in connection with execution and/or performance of this Contract, excluding any taxes and duties imposed in Japan upon the BUYER's Supplies.

2. Taxes and Duties outside Japan:

The BUYER shall bear and pay all taxes and duties imposed outside Japan in connection with execution and/or performance of this Contract, except for taxes and duties imposed upon those items to be procured by the SELLERS for construction of the VESSEL.

(End of Article)

ARTICLE XVII - PATENTS, TRADEMARKS, COPYRIGHTS, ETC.

1. Patents, Trademarks and Copyrights:

Machinery and equipment of the VESSEL may bear the patent number, trademarks or trade names of the manufactures.

The SELLERS shall cause the BUILDER to defend and save harmless the BUYER from patent liability or claims of patent infringement of any nature or kind, including costs and expenses for, or on account of any patented or patentable invention made or used in the performance of this Contract and also including costs and expenses of litigation, if any.

Nothing contained herein shall be construed as transferring any patent or trademark rights or copyright in equipment covered by this Contract, and all such right are hereby expressly reserved to the true and lawful owners thereof.

The SELLERS' warranty hereunder does not extend to the BUYER's Supplies.

2. General Plans, Specifications and Working Drawing:

The SELLERS retains all rights of the BUILDER with respect to the Specifications, and plans and working drawings, technical descriptions, calculations, test results and other data, information and documents concerning the design and construction of the VESSEL and the BUYER undertakes therefore not to disclose the same or divulge any information contained therein to any third parties, without the prior written consent of the SELLERS, excepting where it is necessary for usual operation, repair and maintenance of the VESSEL.

(End of Article)

ARTICLE XVIII - BUYER'S SUPPLIES

1. Responsibility of BUYER:

- (a) The BUYER shall, at its own risk, cost and expense, supply and deliver to the SELLERS all of the items to be furnished by the BUYER as specified in the Specifications (herein called the "BUYER's Supplies") at warehouse or other storage of the Shipyard in the proper condition ready for installation in or on the VESSEL, in accordance with the time schedule designated by the SELLERS.
- (b) In order to facilitate installation by the SELLERS of the BUYER's Supplies in or on the VESSEL, the BUYER shall furnish the SELLERS with necessary specifications, plans, drawings, instruction books, manuals, test reports and certificates required by the rules and regulations. The BUYER, if so requested by the SELLERS, shall, without any charge to the SELLERS, cause the representatives of the manufacturers of the BUYER's Supplies to assist the SELLERS in installation thereof in or on the VESSEL and/or to carry out installation thereof by themselves or to make necessary adjustments thereof at the Shipyard.
- (c) Any and all of the BUYER's Supplies shall be subject to the SELLERS' reasonable right of rejection, as and if they are found to be unsuitable or in improper condition for installation. However, if so requested by the BUYER, the SELLERS may cause the BUILDER to repair or adjust the BUYER's Supplies without prejudice to the SELLERS' other rights hereunder and without being responsible for any consequences therefrom. In such case, the BUYER shall reimburse the SELLERS for all costs and expenses incurred by the SELLERS in such repair or adjustment and the Delivery Date shall be automatically postponed for a period of time necessary for such repair or replacement.
- (d) Should the BUYER fail to deliver any of the BUYER's Supplies within the time designated, the Delivery Date shall be automatically extended for a period of such delay in delivery. In such event, the BUYER shall be responsible and pay to the SELLERS for all losses and damages incurred by the SELLERS by reason of such delay in delivery of the BUYER's Supplies and such payment shall be made upon delivery of the VESSEL.

- (e) If delay in delivery of any of the BUYER's Supplies exceeds thirty (30) days, then, the SELLERS shall be entitled to proceed with construction of the VESSEL without installation thereof in or on the VESSEL, without prejudice to the SELLERS' other right as hereinabove provided, and the BUYER shall accept and take delivery of the VESSEL so constructed.

2. Responsibility of SELLERS:

The SELLERS shall be responsible for storing and handling with reasonable care of the BUYER's Supplies after delivery thereof at the Shipyard, and shall, at its own cost and expense, cause the BUILDER to install them in or on the VESSEL, unless otherwise provided herein or agreed by the parties hereto, provided, always, that the SELLERS shall not be responsible for quality, efficiency and/or performance of any of the BUYER's Supplies.

If any of the BUYER's Supplies are lost or damaged while in the custody of the BUILDER or SELLERS due to negligence or willful misconduct of the BUILDER or SELLERS or its employees, the Seller shall be responsible for such loss or damage and shall either replace the lost or damaged items or reimburse the BUYER accordingly, at the BUYER's option.

(End of Article)

ARTICLE XIX - NOTICE

1. Address:

Any and all notices and communications in connection with this Contract shall be addressed as follows:

To the BUYER:
CALYPSO SHIPHOLDING S.A.
c/o GLOBUS SHIPMANAGEMENT CORP.
128 Vouliagmenis Avenue
16674 Glyfada, GREECE
Tel: +30 210 9608300
Fax: +30 210 9608359
Email:

To the SELLER 1:
GIANT LINE INC., S.A.
c/o No. 1-4-52, Koura-cho, Imabari-city, Ehime-Pref., Japan
Tel: +81-877-36-5000
Fax: +81-877-36-5010
Email:

To the SELLER 2:
NIHON SHIPYARD CO., LTD.
1-5-1, Yuraku-cho, Chiyoda-ku, Tokyo Prefecture, Japan
Tel: +81-3-6550-8518
Fax: +81-3-6811-2892
Email:

2. Language:

Any and all notices and communications in connection with this Contract shall be written in the English language.

(End of Article)

ARTICLE XX - EFFECTIVE DATE OF CONTRACT

This Contract shall become effective as from the date of execution hereof by the BUYER and the SELLERS.

(End of Article)

ARTICLE XXI - INTERPRETATION

1. Laws Applicable:

The parties hereto agree that the validity and interpretation of this Contract and of each Article and part thereof shall be governed by the laws of Japan.

2. Discrepancies:

All general language or requirements embodied in the Specifications are intended to amplify, explain implement the requirements of this Contract. However, in the event that any language or requirements so embodied permit of an interpretation inconsistent with any provisions of this Contract, then, in each and every such event, the applicable provisions of this Contract shall prevail and govern. The Specifications and Plan are also intended to explain each other, and anything shown on the Plan and not stipulated in the Specifications or stipulated in the Specifications and not shown on the Plan shall be deemed and considered as if embodied in both. In the event of conflict between the Specifications and Plan, Specifications shall prevail and govern.

3. Entire Agreement:

This Contract contains the entire agreement and understanding between the parties hereto and supersedes all prior negotiations, representations, undertakings and agreements on any subject matter of this Contract.

4. Confidentiality:

Neither Party shall disclose the Contract Price, terms and deal to any third party and will take reasonable steps to keep private and confidential information known only to those parties directly involved. Either Party may disclose confidential information if it is required to do so under any applicable law, regulation or rules of a recognized stock exchange, or pursuant to an order from a court or an administrative or regulatory agency having competent jurisdiction unless prior consent of the other party is given in writing.

(End of Article)

IN WITNESS WHEREOF, the parties hereto have caused this Contract to be duly executed the day and year first above written in Greece.

Two (2) original Contract copies are to be made, and possessed by the Buyer and Seller 1.

BUYER: CALYPSO SHIPHOLDING S.A.

/s/ Athanasios Feidakis

By : **ATHANASIOS FEIDAKIS**

Title : Vice President/Director

SELLER 1: GIANT LINE INC., S.A.

/s/ Hidemi Kameda

By : Hidemi Kameda

Title : Attorney-in-fact

SELLER 2: NIHON SHIPYARD CO., LTD.

/s/ Hidemi Kameda

By : Hidemi Kameda

Title : Attorney-in-fact

SHIPBUILDING CONTRACT
OF
ONE (1) 64,000-DWT TYPE
MOTOR BULK CARRIER
UNDER NACKS HULL NO, NE442
BETWEEN
DAXOS MARITIME LIMITED
AS BUYER
AND
NANTONG COSCO KHI SHIP ENGINEERING CO., LTD.
AS BUILDER

INDEX

ARTICLE I - DESCRIPTION AND CLASS	2
1. Description	2
2. Class and Rules	3
3. Principal Particulars of the VESSEL	4
4. Subcontracting	5
5. Registration	5
ARTICLE II - CONTRACT PRICE AND TERMS OF PAYMENT	6
1. Contract Price	6
2. Adjustment of Contract Price	6
3. Currency	6
4. Terms of Payment	6
5. Method of Payment	7
6. Prepayment	9
7. Special Conditions	9
ARTICLE III - ADJUSTMENT OF CONTRACT PRICE	11
1. Delivery	11
2. Speed	12
3. Fuel Consumption	13
4. Deadweight	14
5. Effect of Rescission	15
6. Method of Settlement	15
7. Cumulative Effect	15
ARTICLE IV - APPROVAL OF PLANS AND DRAWINGS AND INSPECTION DURING CONSTRUCTION	16
1. Approval of Plans and Drawings	16
2. Appointment of the BUYER's Representative	17
3. Inspection by the Representative	17
4. Facilities	20
5. Liability of the BUILDER	20
6. Responsibility of the BUYER	21
7. Salaries and Expenses	21
ARTICLE V - MODIFICATION	22
1. Modification of Specifications	22
2. Change in Rules and Regulations, etc.	22
3. Substitution of Materials	23

ARTICLE VI - TRIALS	24
1. Notice	24
2. Weather Condition	24
3. How Conducted	25
4. Trial Condition	25
5. Method of Acceptance or Rejection	26
6. Effect of Acceptance	27
7. Disposition of Surplus Consumable Stores	27
ARTICLE VII - DELIVERY	29
1. Time and Place	29
2. Notice	29
3. When and How Effected	30
4. Documents to be delivered to the BUYER	30
5. Tender of the VESSEL	31
6. Title and Risk	32
7. Removal of the VESSEL	32
ARTICLE VIII - DELAYS AND EXTENSION OF TIME FOR DELIVERY (FORCE MAJEURE)	33
1. Causes of Delay	34
2. Notice of Delays	34
3. Definition of Permissible Delays	34
4. Right to Rescind for Excessive Delay	34
ARTICLE IX - WARRANTY OF QUALITY	36
1. Guarantee of Material, Workmanship	36
2. Notice of Defects	36
3. Remedy of Defects	36
4. Extent of BUILDER's Liability	38
ARTICLE X - RESCISSION OF THE CONTRACT	40
1. Notice	40
2. Refund by the BUILDER	40
3. Discharge of Obligations	41
4. Refund Guarantee	41
ARTICLE XI - BUYER'S DEFAULT	42
1. Definition of Default	42
2. Interest and Charge	42
3. Effect of Default	43
4. Sale of the VESSEL	43

ARTICLE XII - INSURANCE	45
1. Extent of Insurance Coverage	45
2. Application of Recovered Amount	46
3. Termination of the BUILDER's obligation to insure	47
ARTICLE XIII - DISPUTES AND ARBITRATION	48
1. Proceedings	48
2. Notice of Award	49
3. Expenses	49
4. Entry in Court	49
5. Alteration of Delivery of the VESSEL	49
ARTICLE XIV - RIGHTS OF ASSIGNMENT	50
ARTICLE XV - TAXES AND DUTIES	51
ARTICLE XVI - PATENTS, TRADEMARKS, COPYRIGHTS, ETC.	52
1. Patents, Trademarks and Copyrights	52
2. General Plans, Specifications and Working Drawings	52
ARTICLE XVII - BUYER's SUPPLIES	53
1. Responsibility of the BUYER	53
2. Responsibility of the BUILDER	54
ARTICLE XVIII - NOTICE AND CORRESPONDENCE	55
1. Address	55
2. Language	55
ARTICLE XIX - DEFAULT OF A CONTRACT PARTY	56
ARTICLE XX - EFFECTIVE DATE OF CONTRACT	57
ARTICLE XXI - INTERPRETATION	58
1. Laws Applicable	58
2. Discrepancies	58
3. Entire Agreement	58
4. Other	58
ARTICLE XXII - CONFIDENTIALITY	59
EXHIBIT "A"	61
Format of REFUND GUARANTEE	61
EXHIBIT "B"	67
Format of PERFORMANCE GUARANTEE	67
END OF CONTRACT	

**SHIPBUILDING CONTRACT
FOR
ONE (1) 64,000-DWT TYPE
MOTOR BULK CARRIER**

THIS CONTRACT, made on this 13th day of May, 2022 by and between NANTONG COSCO KHI SHIP ENGINEERING CO., LTD., a corporation organized and existing under the laws of the People's Republic of China, having its principal office at 901 Changjiang Middle Road, Nantong, Jiangsu, the People's Republic of China (hereinafter called the "BUILDER"), the party of the first part, and DAXOS MARITIME LIMITED, a corporation organized and existing under the laws of the Republic of the Marshall Islands, having its registered office at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960 (hereinafter called the "BUYER"), the party of the second part.

WITNESSETH:

In consideration of the mutual covenants contained herein, the BUILDER agrees to design, build, launch, equip and complete one (1) 64,000-DWT type motor bulk carrier (hereinafter called the "VESSEL") more fully described in ARTICLE I hereof at the BUILDER's shipyard (hereinafter called the "SHIPYARD") and to sell and deliver the VESSEL to the BUYER, and the BUYER agrees to purchase and take delivery of the VESSEL from the BUILDER and to pay for the same, all upon the terms and conditions hereinafter set forth.

ARTICLE I - DESCRIPTION AND CLASS

1. Description

The VESSEL shall be a 64,000-DWT type motor bulk carrier of the class described below. The VESSEL shall have the BUILDER's Hull No.NE442 and shall be designed, constructed, equipped and completed in accordance with the following Specifications and Plans of the date hereof signed by the parties hereto (hereinafter collectively called the "Specifications"), making an integral part hereof.

The Specifications (NB20-0700):

Part I&II (General and Hull Part)

Dwg. No. 02-011, 2nd Edition, August 2020

Part III (Machinery Part)

Dwg. No. 02-012, 2nd Edition, August 2020

Part IV (Electric and Automation Part)

Dwg. No. 02-013, 2nd Edition, August 2020

The Plans (NB20-0700):

Preliminary General Arrangement (1/2)

Dwg. No. 02-110 (1/2), 2nd Edition, August 2020

Preliminary General Arrangement (2/2) (Accommodation)

Dwg. No. 02-110 (2/2), 2nd Edition, August 2020

Makers List (NB20-0700):

Dwg. No. 02-801, 3rd Edition, July 2021

Discussion Memorandum (NB22-0701)

Dwg. No. 08-001, 1st Edition, March 2022

Discussion Memorandum (NB22-0701)


Dwg. No. 08-002, 1st Edition, May 2022

Extra and Credit List (NB22-0701)

May 13th,2022

2. Class and Rules

The VESSEL, including its machinery, equipment and outfittings, shall be constructed in accordance with the rules and regulations as described in the Specifications and under special survey of American Bureau of Shipping (hereinafter called the "Classification Society") under the following Class Notations.

ABS, ✕A1, , Bulk Carrier, BC-A (holds No.2 and 4 may be empty), ✕AMS, ✕ACCU, ENVIRO, CSR, AB-CM, TCM, BWT, RW, IHM, CPS, GRAB[20], ESP, UWILD, NOx-Tier III

The BUILDER shall arrange with the Classification Society for the assignment by the Classification Society of a representative or representatives (hereinafter called the "Classification Surveyor") to the VESSEL during the construction.

All fees and charges incidental to classification and to compliance with the above specified rules, regulations and requirements of this Contract payable on account of the construction of the VESSEL shall be for the account of the BUILDER.

Decisions of the Classification Society as to the compliance or noncompliance with the classification rules and regulations including those statutory rules and regulations which the Classification Society is authorized to act on behalf of the relevant authorities shall be final and binding upon the parties hereto. In the event of any dispute within the Classification Society for such matter, decisions of the Head office of the Classification Society shall prevail.

The VESSEL's classification status, and all classification and other required certificates hereunder, are to be clean and free of all conditions, recommendations and restrictions whatsoever other than those permitted in the Specifications or this Contract or otherwise mutually agreed under the terms of this Contract.

3. Principal Particulars of the VESSEL

(a) Hull:

Length overall	abt. 199.90 m
Length between perpendiculars	197.00 m
Breadth moulded	32.24 m
Depth moulded	19.40 m
Summer draught moulded	13.50 m
Scantling draught moulded	13.50 m

(b) Propelling machinery and Guaranteed speed:

The propelling machinery shall consist of one (1) MAN B&W 6S50ME-C9.7-HPSCR, two-stroke cycle, crosshead, reversible, marine diesel engine with exhaust gas turbocharger having a maximum continuous output of 6,940 Kilowatts (bhp) with 85 rpm, in accordance with the Specifications, giving the VESSEL a trial speed of 15.6 knots on a trial ballast condition at the maximum continuous output with clean bottom, on calm and deep open sea, under no wind, no wave and no current condition.

(c) Deadweight (guaranteed):

The VESSEL, when completed and ready for sea, shall be capable of carrying the deadweight tonnage of not less than 63,891 metric tons on the summer draught moulded of 13.50 m, in accordance with the definition described in Specifications General Part para. 6 "Deadweight calculation".

(d) Fuel oil consumption (guaranteed):

The fuel oil consumption of the VESSEL's main engine as determined on the shop trial as more fully specified in the Specifications, at the normal output shall be 158.2 grams/kW/hour using fuel oil having low calorific value of 42,700 kJ/kg.

If the fuel used on such trials has a greater or lesser calorific value than 42,700 kJ/kg (low calorific value), the actual fuel oil consumption of main engine shall be adjusted in inverse proportion to that which would have been achieved with fuel oil of the said calorific value.

4. Subcontracting

The BUILDER may, at its sole discretion and responsibility, subcontract any portion of the construction work of the VESSEL. Delivery and final assembly into the VESSEL of any such works subcontracted shall be at the Shipyard.

The BUILDER shall always remain fully and solely responsible for the work done or the materials supplied by such subcontractors. The BUYER has the right to dispatch Representative (as defined in Article IV) to the sub-contractors' premises, provided that the cost of any such representatives shall be borne by the BUYER.

5. Registration

The VESSEL shall be registered by the BUYER at its own cost and expense under the laws of the Republic of the Marshall Islands with its home port of City of Majuro at the time of delivery and acceptance of the VESSEL hereunder.

(End of Article)

ARTICLE II - CONTRACT PRICE AND TERMS OF PAYMENT

1. Contract Price

The purchase price of the VESSEL is United States Dollars Thirty Five Million One Hundred and Fifty Thousand (U.S.\$35,150,000.-) only net receivable by the BUILDER (hereinafter called the "Contract Price"), which is exclusive of the BUYER's Supplies as provided in Article XVII hereof and shall be subject to upward or downward adjustment, if any, as hereinafter set forth in this Contract.

2. Adjustment of Contract Price

Adjustment of the Contract Price, if any, in accordance with provisions of this Contract shall be made by way of addition to or subtraction from the final instalment due and payable upon delivery of the VESSEL in the manner as hereinafter provided.

3. Currency

Any and all payments by the BUYER to the BUILDER under this Contract shall be made in United States Dollars. All lifting charge, if any, incurred in respect of the payments made at other banks than the BUILDER's nominated bank in the People's Republic of China specified in Paragraph 5 of this ARTICLE shall be for the BUYER's account.

4. Terms of Payment

The Contract Price including any adjustment thereof shall be paid by the BUYER to the BUILDER in instalments as follows:

(a) 1st Instalment:

The sum of United States Dollars Six Million Nine Hundred and Ten Thousand only (U.S.\$6,910,000.-) shall be paid in accordance with Clause 5(a) of this Article within Five (5) banking days after the date of signing this Contract and receipt by BUYER of the Refund Guarantee (as defined in Article X) via Society for Worldwide Interbank Financial Telecommunication (hereinafter called the "SWIFT") , whichever is later.

(b) 2nd Instalment:

The sum of United States Dollars Three Million Four Hundred and Fifty Five Thousand only (U.S.\$3,455,000.-) shall be paid on or before November 14th, 2022 in accordance with Clause 5(b) of this Article.

(c) 3rd Instalment:

The sum of United States Dollars Three Million Four Hundred and Fifty Five Thousand only (U.S.\$3,455,000.-) shall be paid within five (5) banking days after keel laying of the VESSEL in accordance with Clause 5(c) of this Article.

(d) 4th Instalment:

The sum of United States Dollars Three Million Four Hundred and Fifty Five Thousand only (U.S.\$3,455,000.-) shall be paid within five (5) banking days after launching of the VESSEL in accordance with Clause 5(d) of this Article.

(e) 5th Instalment:

The sum of United States Dollars Seventeen Million Eight Hundred and Seventy Five Thousand only (U.S.\$17,875,000.-) plus any increase or minus any decrease due to adjustment of the Contract Price hereunder shall be paid upon delivery and acceptance of the VESSEL in accordance with Clause 5(e) of this Article.

5. Method of Payment

Each of the instalments due and payable of the VESSEL shall be remitted, as the net receivable sum to the BUILDER, by the due date by telegraphic transfer to BUILDER's bank with U.S. Dollar Saving Account for the account of the BUILDER with remarks of "Hull NE442".

(a) 1st Instalment:

Within Five (5) banking days after the date of signing of this Contract and receipt by the BUYER of the Refund Guarantee issued by the BUILDER's bank via SWIFT, the BUYER shall remit the amount of this Instalment by telegraphic transfer to the BUILDER's bank for the account of the BUILDER.

(b) 2nd Instalment:

The BUILDER shall give a notice to the BUYER at least seven (7) banking days prior to the due date of this Instalment.

On or before November 14th, 2022, the BUYER shall remit the amount of this Instalment by telegraphic transfer to the BUILDER's bank for the account of the BUILDER.

(c) 3rd Instalment:

The BUILDER shall give a notice to the BUYER about expected date of the keel laying of the VESSEL at least fifteen (15) days prior to the scheduled keel laying date.

Upon completion of the keel laying of the VESSEL, the BUILDER shall provide the BUYER with a notice together with a witness statement signed by the Classification Society, advising that the BUILDER has completed the keel laying of the VESSEL.

Within five (5) banking days after the keel laying of the VESSEL, the BUYER shall remit the amount of this Instalment by telegraphic transfer to the BUILDER's bank for the account of the BUILDER.

(d) 4th Instalment:

The BUILDER shall give a notice to the BUYER about expected date of launching of the VESSEL at least fifteen (15) days prior to the scheduled launching date.

Upon completion of the launching of the VESSEL, the BUILDER shall provide the BUYER with a notice together with a witness statement signed by the Classification Society, advising that the BUILDER has completed the launching of the VESSEL.

Within five (5) banking days after the launching of the VESSEL, the BUYER shall remit the amount of this Instalment by telegraphic transfer to the BUILDER's bank for the account of the BUILDER.

(e) 5th Instalment:

The BUILDER shall give a detail notice to the BUYER regarding expected date of Delivery of the VESSEL and any price adjustment, credit or extra, of the Contract Price seven (7) banking days prior to the scheduled Delivery date.

The BUYER (or its financier on BUYER's behalf) shall, at least three (3) banking days prior to the scheduled Delivery date of the VESSEL, make cash deposit (the deposit interest to be for the account of the BUYER) with the BUILDER's bank, covering the amount of this instalment as adjusted, available or releasable to the BUILDER against a copy of mutually signed Protocol of Delivery and Acceptance of the VESSEL as set forth in Paragraph 3 of Article VII hereof.

6. Prepayment

Prepayment of any instalment due on or before delivery of the VESSEL shall be subject to mutual agreement between the parties hereto.

7. Special Conditions

- (a) For the purpose of this Contract, "banking days" means days excluding Saturday, Sunday and public holiday in New York, Zurich, Hamburg, Beijing and Athens.

- (b) The BUYER shall give the BUILDER prior notice of each remittance and shall use its best endeavours that the payment instruction from the BUYER's remitting banks will reach the BUILDER's bank latest 11:00 hours Beijing Time on each due date.
- (c) If any of the First, Second, Third and Fourth instalments is not paid in full by the BUYER to the BUILDER by the due date of each instalment as set forth in Paragraph 5 hereof, in such event, the BUYER shall pay the BUILDER interest on such unpaid instalments at the rate of six percent (6%) per annum from the due date of each instalment thereof to the date of full payments.

(End of Article)

ARTICLE III - ADJUSTMENT OF CONTRACT PRICE

The Contract Price shall be subject to adjustment, as hereinafter set forth, in the event of the following contingencies (it being understood by both parties that any reduction of the Contract Price is by way of liquidated damages and not by way of penalty):

1. Delivery

- (a) No adjustment shall be made and the Contract Price shall remain unchanged for the first thirty (30) days of delay in delivery of the VESSEL beyond the Delivery Date as defined in Article VII hereof (ending as of twelve o'clock midnight China Standard Time of the thirtieth (30th) day of delay).
- (b) If the delivery of the VESSEL is delayed more than thirty (30) days after the Delivery Date, then, in such event, beginning at twelve o'clock midnight of the thirtieth (30th) day after the Delivery Date, the Contract Price shall be reduced by deducting therefrom the sum of United States Dollars Seven Thousand only (U.S.\$ 7,000.-) for each day thereafter.

However, the total reduction in the Contract Price shall not be more than United States Dollars Eight Hundred and Forty Thousand only (U.S.\$ 840,000.-) as would be the case for a delay of one hundred and twenty (120) days, counting from twelve o'clock midnight of the thirtieth (30th) day after the Delivery Date at the above specified rate of reduction.

- (c) But if the delay in delivery of the VESSEL should continue for a period of one hundred and twenty (120) days from the thirty-first (31st) day after the Delivery Date, then, in such event, and after such period has expired, the BUYER may at its option rescind this Contract in accordance with the provisions of Article X hereof or may consent to delivery of the VESSEL at the total reduction provided for in above Subparagraph (b) at an agreed future date for delivery, by serving upon the BUILDER a written notice.

The BUILDER may, at any time after the expiration of the aforementioned one hundred and twenty (120) days of delay in delivery, if the BUYER has not served notice of rescission as provided in Article X hereof, notify the BUYER of the date upon which the BUILDER estimates the VESSEL will be ready for delivery and demand in writing that the BUYER shall make an election, in which case the BUYER shall, within fifteen (15) days after such demand is received by the BUYER, notify the BUILDER of its intention either to rescind this Contract or to consent to the acceptance of the VESSEL at agreed reduction price and at agreed future date; it being understood by the parties hereto that, if the VESSEL is not delivered by such future date, the BUYER shall have the same right of rescission upon the same terms and conditions as hereinabove provided.

If the BUYER fails to notify the BUILDER of its intention to rescind this Contract as above specified within the aforementioned fifteen (15) days, the BUYER shall be deemed to have consented to delivery of the VESSEL at the later date proposed by the BUILDER.

- (d) For the purpose of this Article, the delivery of the VESSEL shall be deemed to be delayed when and if the VESSEL, after taking into full account all postponements of the Delivery Date by reason of permissible delays as defined in Article VIII and/or any other reasons under this Contract, is not delivered by the date upon which delivery is required under the terms of this Contract.

2. Speed

- (a) The Contract Price shall not be affected or changed by reason of the actual speed, as determined by trial run in accordance with the Specifications, being less than three-tenths (3/10) of one (1) knot below the Guaranteed Speed of the VESSEL specified and required under Paragraph 3(b) of Article I of this Contract (hereinafter called the "Guaranteed Speed").

- (b) In the event, however, that the deficiency in the actual speed exceeds three-tenths (3/10) of one (1) knot below the Guaranteed Speed of the VESSEL, the Contract Price shall be reduced by United States Dollars Sixty Thousand (U.S.\$60,000.-) only for deficiency of each further complete one-tenth (1/10) of a knot in excess up to a maximum of deficiency of one (1) full knot below the Guaranteed Speed (but fractions less each complete 1/10 of a knot to be disregarded).
- (c) If the deficiency in actual speed of the VESSEL upon trial run is more than one (1) full knot below the Guaranteed Speed of the VESSEL, then the BUYER may, at its option, reject the VESSEL and rescind this Contract in accordance with the provisions of Article X hereof, or may accept the VESSEL at a reduction in the Contract Price as above provided for one (1) full knot only, that is, at a total reduction of United States Dollars Four Hundred and Twenty Thousand only (U.S.\$420,000.-).

3. Fuel Consumption

- (a) The Contract Price shall not be affected or changed by reason of the actual fuel consumption of the VESSEL's main engine, as determined by shop trial as per the Specifications, being more than the Guaranteed Fuel Consumption of the VESSEL's main engine specified and required under Paragraph 3(d) of Article I of this Contract (hereinafter called the "Guaranteed Fuel Consumption"), if such excess is not more than five percent (5%) over the Guaranteed Fuel Consumption.
- (b) In the event, however, that actual fuel consumption of the VESSEL's main engine as determined by the shop trial as specified in the Specifications exceeds five percent (5%) over the Guaranteed Fuel Consumption of the main engine, the Contract Price shall be reduced by the sum of United States Dollars Forty Thousand (U.S.\$40,000.-) only for each full one percent (1%) increase in fuel consumption above said five percent (5%) (fractions of one percent (1%) to be disregarded), up to a maximum of eight percent (8%) over the Guaranteed Fuel Consumption of the main engine.

- (c) If such actual fuel consumption of the VESSEL's main engine as determined by the shop trial as specified in the Specifications exceeds eight percent (8%) of the Guaranteed Fuel Consumption, the BUYER may, at its option, reject the VESSEL and rescind this Contract in accordance with the provisions of Article X hereof, or may accept the VESSEL at a reduction in the Contract Price as above specified for eight percent (8%) only, that is, at a total reduction of United States Dollars One Hundred and Twenty Thousand (U.S.\$120,000.-) only.

4. Deadweight

- (a) The Contract Price shall not be affected or changed by reason of the actual deadweight tonnage determined as provided for in the Specifications being below the deadweight tonnage specified and required under Paragraph 3(c) of Article I of this Contract (hereinafter called the "Guaranteed Deadweight"), if such deficiency in the actual deadweight tonnage is not more than Seven Hundred (700) metric tons.
- (b) In the event that the actual deadweight of the VESSEL as determined in accordance with the Specifications is less than the Guaranteed Deadweight of the VESSEL, the Contract Price shall be reduced by the sum of United States Dollars Four Hundred and Fifty (U.S.\$450.-) only for each full metric ton (but disregarding fractions of one (1) metric tons) more than Seven Hundred (700) metric tons deficiency, up to a maximum of One Thousand and Seven Hundred (1,700) metric tons below the Guaranteed Deadweight.

- (c) In the event of such deficiency in the actual deadweight of the VESSEL exceeds One Thousand and Seven Hundred (1,700) metric tons, then the BUYER may, at its option, reject the VESSEL and rescind this Contract in accordance with the provisions of Article X hereof, or may accept the VESSEL at a reduction in the Contract Price as above provided for One Thousand and Seven Hundred (1,700) metric tons only, that is, at a total reduction of United States Dollars Four Hundred and Fifty Thousand only (U.S.\$450,000.-).

5. Effect of Rescission

It is expressly understood and agreed by the parties hereto that in any case, if the BUYER rescinds this Contract under this Article, the BUYER shall not be entitled to any liquidated damages.

6. Method of Settlement

Every and all adjustment of the Contract Price provided in this Article shall be deducted from the final installment due upon Delivery of the VESSEL.

7. Cumulative Effect

The liquidated damages specified in each separate paragraph and sub-paragraph within this Article III shall be independent of each other and cumulative.

(End of Article)

ARTICLE IV - APPROVAL OF PLANS AND DRAWINGS AND INSPECTION DURING CONSTRUCTION

1. Approval of Plans and Drawings

- (a) The BUILDER shall submit to the BUYER in PDF format of the plans and drawings to be submitted thereto in accordance with the Specifications for its approval.

The BUYER shall after the date of receipt, within three (3) weeks before the keel laying of the VESSEL and within two (2) weeks after the keel laying of the VESSEL inform the BUILDER of the BUYER's approval or approval with comments as described in the Specifications.

A list of the plans and drawings to be submitted to the BUYER for its approval shall be mutually agreed upon between the parties hereto.

- (b) When and if the Representative (as defined hereinafter) shall have been sent by the BUYER to the SHIPYARD in accordance with Paragraph 2 of this Article, the BUILDER may, at the BUYER's written consent, submit the remainder, if any, of the plans and drawings in the list, to the Representative for his approval. The Representative shall, within two (2) weeks after receipt thereof, inform the BUILDER of the BUYER's approval or approval with comments, if any.

Approval by the Representative of the plans and drawings duly submitted to him at the BUYER's consent shall be deemed to be the approval by the BUYER for all purpose of this Contract.

- (c) In the event that the BUYER or the Representative shall fail to inform the BUILDER of the BUYER's approval or approval with comments if any within the time limit as hereinabove specified, such plans and drawings shall be deemed to have been automatically approved without any comment.

The plans and drawings so approved by the BUYER or the Representative shall be final and any alteration thereof shall be regarded as modifications specified in Article V hereof.

2. Appointment of the BUYER's Representative

The BUYER may timely send to and maintain at the SHIPYARD, at the BUYER's own cost and expense, no more than Five (5) representatives, BUYER's office personnel occasional visits excluded, who shall be duly authorized in writing by the BUYER (hereinafter called the "Representative") to act on behalf of the BUYER in connection with modifications of the Specifications, approval of the plans and drawings, attendance to the tests and inspections relating to the VESSEL, its machinery, equipment and outfitting, and any other matters for which he is specifically authorized by the BUYER.

The BUILDER shall, upon request by the BUYER, provide or assist to apply the necessary invitation letter and/or the other required documents for the Representative's visa to enter the People's Republic of China in accordance with the relevant rules, regulations and laws of the People's Republic of China.

3. Inspection by the Representative

The necessary inspection of the VESSEL, its machinery, equipment and outfitting shall be carried out by the Classification Society, other regulatory bodies and/or an inspection team of the BUILDER throughout the entire period of construction, in order to ensure that the construction of the VESSEL is duly performed in accordance with this Contract and the Specifications.

The Representative shall during the construction until delivery and acceptance of the VESSEL, have the right to attend such tests and inspections of the VESSEL, its machinery and equipment or materials at the SHIPYARD, its subcontractors' premises or any other place where work is being done or materials are stored in connection with the VESSEL as are mutually agreed between the BUYER and the BUILDER.

The BUILDER shall give a notice to the Representative reasonably in advance for tests and inspections within the SHIPYARD stating particulars of any tests and inspections which may be attended by the Representative provided that in exceptional circumstances the manner in which such notice is given may be modified by mutual agreement. Also, the BUILDER shall give a notice to the Representative of the date and place of such tests and inspections including three (3) days prior notice of auxiliary engines test and seven (7) days prior notice of main engine tests.

For tests and inspections outside the SHIPYARD sufficient advance notice to allow for the Representative to arrange transportation shall be given. This advance notice should not be less than seven (7) days for tests and inspections that require air travel for attendance.

Failure of the Representative to be present at such tests and inspections after due notice to him as above provided shall be deemed to be a waiver of his right to be present. In such case, the Representative shall be obligated to accept the results of such test, on the basis of the BUILDER's report(s) that the said results have conformed to the requirements of this Contract and the Specifications, and the BUILDER shall be entitled to proceed with the construction schedule without further awaiting the particular inspection in question.

In the event that the Representative discovers any construction or material or workmanship which is not deemed to conform to the requirements of this Contract and/or the Specifications, the Representative shall promptly give the BUILDER a notice in writing as to such non-conformity.

Upon receipt of such notice from the Representative, and provided there is no disagreement or argument between the BUILDER and the Representative, the BUILDER shall correct such non-conformity. In all working hours during the construction of the VESSEL until delivery thereof, the Representative shall be given free and ready access to the VESSEL, its engines and accessories, and to any other place where work is being done, or materials are being processed or stored, in connection with the construction of the VESSEL, including the yards, workshops, stores and offices of the BUILDER, and the premises of subcontractors of the BUILDER, who are doing work or storing materials in connection with the VESSEL's construction.

If the Representative fail to notify the BUILDER promptly of any such demand for correction with respect to the construction, arrangement or outfit of the VESSEL, its engines or accessories, or any other items or matters in connection therewith, which the Representative have examined or inspected or attended at the test of under this Contract and the Specifications, the Representative shall be deemed to have approved the same test and/or inspection and the BUILDER shall be entitled to proceed with the construction of the VESSEL without further awaiting the notice after the said test and/or inspection, only with the attendance and/or approval of the Classification Surveyor as far as required by Classification Society and the BUYER shall be obliged to accept the results of such test and inspections, provided that the VESSEL is constructed in accordance with the Contract and Specifications.

In the event any disputes arise between the Representative and the BUILDER, the BUYER and the BUILDER shall try to settle the dispute by negotiations. Should the dispute not be settled by negotiation either the BUYER or the BUILDER may, with the agreement of the other party, refer the matter for resolution by the Senior Principal Surveyor of the Classification Society as provided in Article I, or failing such agreement, refer such dispute to arbitration as per Article XIII.

4. Facilities

The BUILDER shall furnish the Representative with air-conditioned (with heating function) adequate office space with high speed internet connections and such other reasonable facilities according to the BUILDER's practice at the SHIPYARD as may be necessary to enable them to effectively carry out their duties. Usage cost of telephone call and high speed internet shall be for BUYER's account.

During the last two (2) months of the period of construction of the VESSEL, office space shall also be provided to accommodate the VESSEL's captain and chief engineer as per BUILDER's practice.

5. Liability of the BUILDER

The Representative shall at all times be deemed to be employees of the BUYER and not of the BUILDER. The BUILDER shall be under no liability whatsoever to the BUYER, the Representative for personal injuries, including death, suffered during the time when he or they are on the VESSEL, or within the premises of either the BUILDER or its subcontractors, or are otherwise engaged in and about the construction of the VESSEL, unless, however, such personal injuries including death were caused by a gross negligence of the BUILDER, or of any of its employees or agents or subcontractors.

The BUILDER shall be under no liability whatsoever to the BUYER, the Representative for damage to, or loss or destruction of property in the People's Republic of China of the BUYER or of the Representative, unless such damage, loss or destruction were caused by a gross negligence of the BUILDER, or of any of its employees or agents or subcontractors.

6. Responsibility of the BUYER

The BUYER shall undertake and assure that the Representative shall carry out his duties hereunder in accordance with the normal shipbuilding practice of the BUILDER and in such a way as to avoid any unnecessary increase in building cost, delay in the construction of the VESSEL, and/or any disturbance in the construction schedule of the BUILDER.

The BUILDER has the right to request the BUYER to replace the Representative who is deemed unsuitable and unsatisfactory for the proper progress of the VESSEL's construction. The BUYER shall investigate the situation, by sending its representative(s) to the SHIPYARD if necessary, and if the BUYER considers that such request of the BUILDER is justified, the BUYER shall effect such replacement as soon as conveniently arrangeable.

Nothing agreed in this Article IV nor any action whatsoever of the BUYER or the Representative shall waive or diminish in any way the sole and exclusive responsibilities and obligations of the BUILDER to design, construct, equip, launch and complete the VESSEL under this Contract and the Specifications nor shall any of the BUYER's rights under Article IX be diminish or waived in any way whatsoever.

7. Salaries and Expenses

All salaries and expenses of the Representative shall be for the BUYER's account except those mentioned under the Paragraph 4 in this Article.

(End of Article)

ARTICLE V - MODIFICATION

1. Modification of Specifications

It is not the intention of the parties hereto to make alteration or modifications to the Specifications and basically no modifications shall be applied as the VESSEL is to be built pursuant to the Specifications mutually agreed by the BUYER and the BUILDER, but the Specifications may be modified and/or changed by written agreement of the parties hereto, provided that such modifications and/or changes or an accumulation thereof will not in the BUILDER's reasonable judgement adversely affect the BUILDER's planning or program in relation to the BUILDER's other commitments, and provided, further, that the BUYER shall first agree, before such modifications and/or changes are carried out, to alterations in the Contract Price, the Delivery Date, the guaranteed figures and other terms and conditions of this Contract and the Specifications occasioned by or resulting from such modifications and/or changes.

Such agreement may be effected by e-mail or exchange of letters signed by the authorized representatives of the parties hereto which shall constitute amendments to this Contract and/or the Specifications.

The BUILDER may make changes to the Specifications, if found necessary for introduction of improved production methods or otherwise, provided that the BUILDER shall first obtain the BUYER's approval which shall not be unreasonably withheld.

2. Change in Rules and Regulations, etc.

In the event that, after the date of this Contract, any requirements as to class, or as to rules and regulations to which the construction of the VESSEL is required to conform are altered or changed by the Classification Society or the other regulatory bodies authorized to make such alterations or changes, the following provisions shall apply:

- (a) If such alterations or changes are compulsory for the VESSEL, either of the parties hereto, upon receipt of such information from the Classification Society or such other regulatory bodies, shall promptly transmit the same to the other in writing, and the BUILDER shall thereupon incorporate such alterations or changes into the construction of the VESSEL, provided that the BUYER shall first agree to reasonable adjustments required by the BUILDER in the Contract Price, the Delivery Date and other terms and conditions of this Contract and the Specifications occasioned by or resulting from such alterations or changes.

- (b) If such alterations or changes are not compulsory for the VESSEL, but the BUYER desires to incorporate such alterations or changes into the construction of the VESSEL, then, the BUYER shall notify the BUILDER of such intention. The BUILDER may accept such alterations or changes, provided that such alterations or changes will not, in the reasonable judgement of the BUILDER, adversely affect the BUILDER's planning or program in relation to the construction of the VESSEL and the BUILDER's other commitments, and provided, further, that the BUYER shall first agree to reasonable adjustments required by the BUILDER in the Contract Price, the Delivery Date and other terms and conditions of this Contract and the Specifications reasonably occasioned by or resulting from such alterations or changes.

Agreements as to such alterations or changes under this Paragraph shall be made in the same manner as provided in Paragraph 1 of this Article for modifications or changes to the Specifications.

3. Substitution of Materials

In the event that any of the materials required by the Specifications or otherwise under this Contract for the construction of the VESSEL cannot be procured in time or are in short supply to maintain the Delivery Date of the VESSEL, the BUILDER may, provided that the BUYER shall so agree in writing, which shall not be unreasonably withheld, supply other materials with equivalent quality and capable of meeting the requirements of the Classification Society and of the rules, regulations and requirements with which the construction of the VESSEL must comply. Any agreement as to such substitution of materials shall be effected in the manner provided in Paragraph 1 of this Article, and shall likewise, include alterations in the Contract Price and other terms and conditions of this Contract occasioned by or resulting from such substitution, unless otherwise mutually agreed.

(End of Article)

ARTICLE VI - TRIALS

1. **Notice**

The BUILDER shall notify the BUYER at least thirty (30) days and seven (7) days prior notice in writing or by facsimile/e-mail of the time and place of the trial run of the VESSEL and the BUYER shall promptly acknowledge receipt of such notice. The BUYER shall have its Representative on board the VESSEL to witness such trial run. Failure in attendance of the Representative of the BUYER at the trial run of the VESSEL for any reason whatsoever after due notice to the BUYER as above provided, shall be deemed to be a waiver by the BUYER of its right to have its Representative on board the VESSEL at the trial run, and the BUILDER and the class surveyor may conduct the trial run without the Representative of the BUYER being present, and in such case the BUYER shall be obliged to accept the VESSEL on the basis of a certificate of the BUILDER with an approval from the Classification Society certifying that the VESSEL, upon trial run, is found to conform to this Contract and the Specifications.

2. **Weather Condition**

The trial run shall be carried out under the weather condition which is deemed favourable enough by the reasonable judgement of the BUILDER in accordance with this Contract and the Specifications.

In the event of unfavourable weather on the date specified for the trial run, the same shall take place on the first available day thereafter that the weather condition permits. It is agreed that, if during the trial run of the VESSEL, the weather should suddenly become so unfavourable that orderly conduct of the trial run can no longer be continued, the trial run shall be discontinued and postponed until the first favourable day next following, unless the BUYER shall assent in writing to acceptance of the VESSEL on the basis of the trial run already made before such discontinuance has occurred.

Any delay of trial run caused by such unfavourable weather condition shall operate to postpone the Delivery Date by the period of delay involved and such delay shall be deemed as a permissible delay in the delivery of the VESSEL.

3. How Conducted

All expenses in connection with the trial run are to be for the account of the BUILDER and the BUILDER shall provide at its own expense the necessary crew to comply with conditions of safe navigation. The trial run shall be conducted in the manner prescribed in the Specifications, and shall prove fulfilment of the performance requirements for the trial run as set forth in the Specifications. The course of trial run shall be determined by the BUILDER.

Notwithstanding the foregoing, lubricating oils and greases necessary for the period of construction and the trial run of the VESSEL shall be supplied by the BUYER at the SHIPYARD prior to the time required and fuel oils shall be supplied by the BUILDER. The lubricating oils and greases supplied by the BUYER shall be in accordance with the Specifications and instruction of the BUILDER.

4. Trial Condition

- (a) In addition to the supplies provided by the BUYER in accordance with Paragraph 3 of this Article, the BUILDER shall provide the VESSEL with the required quantity of sea and fresh water and others to bring the VESSEL to the trial condition for the BUILDER's account.
- (b) The dry-docking prior to the trial run is not applied. However, the BUILDER may place the VESSEL in drydock prior to the trial run.

5. Method of Acceptance or Rejection

- (a) Upon completion of the trial run, the BUILDER shall give the BUYER a notice by facsimile/email confirmed in writing of completion of the trial run together with the prompt result of trial run, as and if the BUILDER considers that the results of the trial run indicate conformity of the VESSEL to this Contract and the Specifications. The BUYER shall, within three (3) days after receipt of such notice from the BUILDER, notify the BUILDER by facsimile/email of its acceptance or rejection of the VESSEL.
- (b) However, should the results of the trial run indicate that the VESSEL, or any part or equipment thereof, does not conform to the requirements of this Contract and/or the Specifications, and if there is no disagreement or argument among the BUILDER and the BUYER as to the non-conformity specified in the BUYER's notice of rejection, then, the BUILDER shall take the necessary steps to correct such non-conformity. Upon completion of correction of such non-conformity, the BUILDER shall give the BUYER a notice thereof by facsimile/e-mail confirmed in writing. The BUYER shall, within three (3) days after its receipt of such notice from the BUILDER, notify the BUILDER, of its acceptance or rejection of the VESSEL.

Notwithstanding the above, if the non-conformities are of minor importance or relate to insubstantial items, which will be mutually agreed between the BUYER and the BUILDER, not affecting Class, the seaworthiness or the operation of the VESSEL but the BUILDER is unable to rectify the matter within a reasonable time, the BUILDER shall nevertheless have the right to require the BUYER to take delivery of the Vessel, on condition that the BUILDER shall undertake to remedy the non-conformities or insubstantial items for its own cost and expenses as soon as possible during the Warranty Period, unless otherwise mutually agreed, whereupon the BUYER shall accept delivery of the Vessel.

- (c) In any event that the BUYER rejects the VESSEL, the BUYER shall indicate in its notice of rejection in what respect the VESSEL, or any part or equipment thereof does not conform to this Contract and/or the Specifications.
- (d) In the event that the BUYER fails to notify the BUILDER by facsimile/email confirmed in writing of the acceptance, or the rejection together with the reason therefor of the VESSEL within the period as provided in the above Sub-paragraph (a) or (b), the BUYER shall be deemed to have accepted the VESSEL.
- (e) Any dispute arising between the parties hereto as to the result of any trial run of the VESSEL, or relating to the BUYER's rejection to take delivery of the VESSEL, shall be resolved in accordance with Article XIII. The decision of the arbitration shall be final and binding upon the both parties.

6. Effect of Acceptance

Acceptance of the VESSEL as above provided shall be final and binding so far as conformity of the VESSEL to this Contract and the Specifications is concerned, and shall preclude the BUYER from refusing formal delivery of the VESSEL as hereinafter provided, if the BUILDER complies with all other procedural requirements for delivery as provided in Article VII hereof.

7. Disposition of Surplus Consumable Stores

Lubricating oil and grease, in accordance with the applicable engine specifications, necessary for the operation of the VESSEL shall be supplied by the BUYER prior to the time of trial run and the BUILDER shall pay the cost of the quantity of lubricating oil and grease consumed during the trial runs and the contaminated lubricating oils, upon delivery of the VESSEL at the price as evidenced by the invoice issued by each supplier of the same. The consumption of lubricating oil and grease for the trial runs shall be calculated on the basis of the difference between the supplied amount and remaining amount including the same in pipe lines and in the systems.

The BUILDER shall supply fuel oil for use during the trials. Any fuel oil, fresh water and other consumable stores purchased by the BUILDER for the trials and remaining on board the VESSEL after its acceptance by the BUYER shall be taken over by the BUYER at the original purchase price including value added tax if any, as evidenced by the invoice issued by each supplier of the same. Any payment by the BUYER shall be effected upon delivery of the VESSEL.

(End of Article)

ARTICLE VII - DELIVERY

1. Time and Place

The VESSEL shall be delivered by the BUILDER to the BUYER safely afloat at the SHIPYARD or another place mutually agreed on by the BUYER and the BUILDER which shall not be unreasonably withheld, on or before September 30th, 2024, except that in the event of delays in the construction of the VESSEL or any performance required under this Contract due to causes which under the terms of this Contract permit postponement of the date for delivery, the aforementioned date for delivery of the VESSEL shall be postponed accordingly.

Provided however that, if the BUILDER tenders delivery of the VESSEL between November 8th and December 31st, 2024, then the BUYER shall have the right to either accept the VESSEL and take delivery thereof on such proposed delivery date or, at no extra cost or liability of any kind whatsoever to the BUYER, to delay acceptance of the VESSEL and take delivery of the same not later than January 5th, 2025.

The aforementioned date, or such later date to which the requirement of delivery is postponed pursuant to such terms, is herein called the "Delivery Date".

2. Notice

The BUILDER shall give an approximate prior written notice to the BUYER at least 30/15 calendar days of the scheduled Delivery Date. A definite notice shall be given to the BUYER at least seven (7) banking days prior to the scheduled Delivery Date.

3. When and How Effected

Provided that the BUILDER and the BUYER shall have fulfilled all of its obligations stipulated under this Contract, delivery of the VESSEL shall be effected forthwith by the concurrent delivery by each of the parties hereto to the other of the PROTOCOL OF DELIVERY AND ACCEPTANCE, acknowledging delivery of the VESSEL by the BUILDER and acceptance thereof by the BUYER, which shall be prepared in duplicate and executed by each of the parties hereto.

4. Documents to be delivered to the BUYER

Acceptance of the VESSEL by the BUYER shall be conditioned upon the BUILDER's delivery of the following documents to the BUYER, which shall accompany the PROTOCOL OF DELIVERY AND ACCEPTANCE:

- (a) PROTOCOL OF TRIALS OF THE VESSEL made pursuant to the Specifications.
- (b) PROTOCOL OF INVENTORY of the equipment of the VESSEL, including spare parts and the like, all as specified in the Specifications.
- (c) PROTOCOL OF STORES OF CONSUMABLE NATURE referred to under Paragraph 7 of Article VI hereof, including the original purchase price thereof.
- (d) ALL CERTIFICATES required to be furnished upon delivery of the VESSEL pursuant to this Contract and the Specifications. It is agreed that if, through no fault on the part of the BUILDER, the classification certificate and/or other certificates are not available at the time of delivery of the VESSEL, provisional certificates shall be accepted by the BUYER, provided that the BUILDER shall furnish the BUYER with the formal certificates as promptly as possible after such formal certificates have been issued before expiry of the provisional certificates.

- (e) DECLARATION OF WARRANTY of the BUILDER that the VESSEL is delivered to the BUYER free and clear of any liens, charges, claims, mortgages, or other encumbrances upon the BUYER's title thereto, and in particular, that the VESSEL is absolutely free of all burdens in the nature of imposts, taxes or charges imposed by the Chinese governmental authorities, as well as of all liabilities of the BUILDER to its subcontractors, employees and crew, and of all liabilities arising from the operation of the VESSEL in trial runs, or otherwise, prior to delivery.
- (f) DRAWINGS AND PLANS pertaining to the VESSEL as stipulated in the Specifications.
- (g) COMMERCIAL INVOICE in three (3) originals
- (h) BILL OF SALE in three (3) originals, duly notarized
- (i) BUILDER's CERTIFICATE in three (3) originals, duly notarized
- (j) Non-registration certificate issued by the BUILDER confirming that the VESSEL has not been registered in the P.R. of China or elsewhere prior to the Delivery Date ("non registration letter")
- (k) Declaration Letter for Not Containing the Hazardous Materials by the Builder.
- (l) any other documents reasonably required for the registration of the VESSEL as far as possible for the BUILDER;

5. Tender of the VESSEL

If the BUYER fails to take delivery of the VESSEL after completion thereof according to this Contract and the Specifications without any justifiable reason, the BUILDER shall have the right to tender delivery of the VESSEL after compliance with all procedural requirements as above provided.

6. Title and Risk

Title to and risk of loss of the VESSEL shall pass to the BUYER from the BUILDER only upon delivery and acceptance thereof having been completed as stated above; it being expressly understood that, until such delivery is effected, title to and risk of loss of the VESSEL and her machinery and equipment shall be entirely in the BUILDER.

7. Removal of the VESSEL

The BUYER shall take possession of the VESSEL immediately upon delivery and acceptance thereof, and shall remove the VESSEL from the mooring quay of the SHIPYARD or the place the VESSEL been delivered as soon as possible within three (3) days after delivery and acceptance thereof is effected. If the BUYER shall not remove the VESSEL from the mooring quay within the aforesaid three (3) days, then, in such event, the BUYER shall pay to the BUILDER the reasonable mooring charges of the VESSEL.

(End of Article)

ARTICLE VIII - DELAYS AND EXTENSION OF TIME FOR DELIVERY (FORCE MAJEURE)

1. Causes of Delay

If, at any time before the actual delivery, either the construction of the VESSEL or any performance required as a prerequisite of delivery of the VESSEL is delayed due to Acts of God; act of princes or rulers; requirements of government authorities; war, other hostilities or preparations thereof; blockade; revolution; insurrections; mobilization; civil war; civil commotion or riots; sabotages, strikes, lockout or other labour disturbances; labor shortage; plague or other epidemics; quarantines; flood, typhoons, hurricanes, storms or other weather conditions not included in normal planning; earthquakes; tidal waves; landslides; fires, explosions, collisions or strandings except the case caused by the gross negligence of people; embargoes; delays or failure in transportation; shortage of materials, machinery or equipment; import restrictions; inability to obtain delivery or delays in delivery of materials, machinery or equipment, provided that at the time of ordering the same could reasonably be expected by the BUILDER to be delivered in time; prolonged failure, shortage or restriction of electric current, oil or gas; defects in materials, machinery or equipment which could not have been detected by the BUILDER using reasonable care; major casting or forging rejects or the like not due to negligence; delays caused by the Classification Society or other regulatory bodies whose documents are required; destruction of or damage to the SHIPYARD or works of the BUILDER, its subcontractors or suppliers, or of or to the VESSEL or any part thereof, by any causes herein described; delays in the BUILDER's other commitments resulting from any causes herein described which in turn delay the construction of the VESSEL or the BUILDER's performance under this Contract; other causes or accidents beyond the control of the BUILDER, its subcontractors or supplies of the nature whether or not indicated by the foregoing words; all the foregoing irrespective of whether or not these events could be foreseen at the day of signing this Contract; then and in any such case, the Delivery Date shall be postponed for a period of time, provided that the BUILDER shall take immediate steps to overcome any delay by any means within its control.

2. Notice of Delays

Within ten (10) days from the date of occurrence of any cause of delay, on account of which the BUILDER claims that it is entitled under this Contract to a postponement of the Delivery Date, the BUILDER shall notify the BUYER in writing or by facsimile/email together with supporting evidence of the date such cause of delay occurred. Likewise, within ten (10) days after the date of ending of such cause of delay, the BUILDER shall notify the BUYER in writing or by facsimile/email of the date such cause of delay ended. The BUILDER shall also notify the BUYER of the period, by which the Delivery Date is postponed by reason of such cause of delay, with all reasonable despatch after it has been determined.

Failure of the BUYER to object to the BUILDER's claim for postponement of the Delivery Date within ten (10) days after receipt by the BUYER of such notice of claim shall be deemed to be a waiver by the BUYER of its right to object such postponement of the Delivery Date.

3. Definition of Permissible Delays

Delays on account of such causes as specified in Paragraph 1 of this Article and other delays of a nature which under the terms of this Contract permits postponement of the Delivery Date shall be understood to be permissible delays and are to be distinguished from unauthorized delays on account of which the Contract Price is subject to adjustment as provided in Article III hereof.

4. Right to Rescind for Excessive Delay

If the total accumulated time of all delays on account of causes specified in Paragraph 1 of this Article, excluding delays of a nature which under the terms of this Contract permit postponement of the Delivery Date, amounts to One Hundred and Fifty (150) days or more, then, in such event, the BUYER may rescind this Contract in accordance with the provisions of Article X hereof.

If the total accumulated amount of the delays being the aggregate of all permissible delays, specified in Paragraph 1 of this Article, and non-permissible delays excluding delays of a nature which under the terms of this Contract permit postponement of the Delivery Date, amounts to two hundred and ten (210) days or more, then, in such event the BUYER may rescind this Contract in accordance with the provisions of Article X hereof.

The BUILDER may, at any time after the accumulated time of the aforementioned delays justifying rescission by the BUYER, demand in writing that the BUYER shall make an election, in which case the BUYER shall, within fourteen (14) days after such demand is received by the BUYER, either notify the BUILDER of its intention to rescind this Contract, or consent to a postponement of the Delivery Date to a specific future date; it being understood and agreed by the parties hereto that, if any further delay occurs on account of causes justifying rescission as specified in this Article, the BUYER shall have the same right of rescission upon the same terms as hereinabove provided. If the BUYER fails to notify the BUILDER of its rescission of this Contract as specified above within such fourteen (14) days period, the BUYER shall be deemed to have consented to the delivery of the VESSEL at the future date for delivery proposed by the BUILDER.

(End of Article)

ARTICLE IX - WARRANTY OF QUALITY

1. Guarantee of Material, Workmanship

The BUILDER, for a period of twelve (12) months from the date of delivery of the VESSEL to the BUYER, shall guarantee the VESSEL, its hull and machinery and all parts and equipment thereof including machinery appurtenances that are manufactured or furnished or supplied by the BUILDER and/or its sub-contractors under this Contract against all defects which are due to defective material, design and/or poor workmanship of the BUILDER and/or its sub-contractors provided that such defects have not been caused by perils of the sea, rivers or navigation, or by normal wear and tear, fire, accident, incompetence, mismanagement, negligence or willful neglect, or by alteration or addition by the BUYER.

The provisions set forth under this Article as to the Guarantee of the BUILDER shall not apply to any articles supplied by the BUYER.

2. Notice of Defects

The BUYER shall notify the BUILDER in writing, or by facsimile/email confirmed in writing of any defects for which claim is made under this guarantee as promptly as possible after discovery thereof. The BUYER's written notice shall describe the nature of the defect and the extent of the damage caused thereby. The BUILDER shall have no obligation for any defects discovered prior to the expiry date of the said twelve (12) months period, unless notice of such defects is received by the BUILDER not later than seven (7) days after such expiry date.

3. Remedy of Defects

- (a) The BUILDER shall remedy, at its expense, any defect against which the VESSEL or any part of equipment thereof is guaranteed under this Article by repairing or replacing the defective parts in the BUILDER's nominated shipyard.

- (b) Such repairs or replacement will be made at the BUILDER's nominated shipyard unless the VESSEL cannot be practically brought there. However, if it is impractical for the BUYER to bring the VESSEL to the BUILDER's nominated shipyard and if it is likewise impractical for the BUILDER to forward replacements for the defective parts so as to avoid impairment and delay to the VESSEL's operation or working, then, in such event, the BUYER may cause the necessary repairs or replacements to be made at any shipyard or works other than the BUILDER's nominated shipyard at the discretion of the BUYER, provided, however, that the BUYER shall give the BUILDER notice in writing or by facsimile/email confirmed in writing of the time and place such repairs will be made, if the VESSEL is not thereby delayed or her operation or working is not thereby impaired, the BUILDER shall have the right to verify by its own representative the nature and extent of the defects complained of. The BUILDER, in such cases, shall promptly advise the BUYER by facsimile/email, after such impartial verification has been completed, of its acceptance or rejection of the defect as one that is subject to the Guarantee herein provided. Upon receipt by the BUYER of the BUILDER's facsimile/email acceptance of the defect as one justifying remedy under this Article, the BUYER may cause necessary repairs or replacements to be made and the BUILDER shall pay to the BUYER for such repairs or replacements a sum equal to the same cost of making such repairs and/or replacements in the SHIPYARD.
- (c) In the event it is necessary to forward the replacement for the defective parts under the BUILDER's guarantee, the BUILDER shall forward the same to the agent designated by the BUYER at Cost Insurance and Freight by sea. However, if such replacement(s) is/are indispensably essential to and urgently required for the seaworthiness of the VESSEL, the BUILDER shall forward the same to the agent designated by the BUYER at Cost Insurance and Freight by airfreight. Seafreight and/or airfreight thereby incurred are for account of the BUILDER, but such replacement shall be taken to the Vessel and installed at the BUYER's cost.

- (d) In any case, the VESSEL shall be taken at the BUYER's cost and responsibility to the place elected, ready in all respects for such repairs or replacements.
- (e) All disputes in this connection, including any disputes arising on the question of cost or upon the rejection by the BUILDER, upon impartial verification of the defects as aforesaid and all other disputes connected with or arising upon the discovery by the BUYER of the defects which cannot be amicably settled between the BUYER and the BUILDER shall be referred to the Classification Society. However, if the decision of the Classification Society is not acceptable to either or both parties, such disputes shall be then referred to arbitration as provided in ARTICLE XIII of this Contract.

4. Extent of BUILDER's Liability

The BUILDER shall be under no obligation with respect to defects discovered after the expiration of the period of guarantee specified above. The BUILDER shall be liable to the BUYER for the defects specified in Paragraph 1 of this ARTICLE provided that such liability of the BUILDER shall be limited to damage occasioned within the guarantee period specified in Paragraph 1 above. The BUILDER shall however be under no obligation for any remote and/or consequential damages occasioned by any defect or for any loss of time in operating or repairing the VESSEL, or both, caused by any defect.

The BUILDER shall not be obliged to repair, or be liable for, damages to the VESSEL, or any part or equipment thereof, which after acceptance of the VESSEL by the BUYER are caused by other than the defects of the nature specified in Paragraph 1 above, nor shall there be any BUILDER's liability hereunder for defects in the VESSEL, or any part or equipment thereof, caused by fire or accidents at sea or elsewhere subsequent to acceptance of the VESSEL by the BUYER, or mismanagement, accident, negligence, or wilful neglect on the part of the BUYER, its employees or agents, or of any persons other than employees, agents or sub-contractors of the BUILDER, on or doing work on, the VESSEL, including the VESSEL's officers, crew and passengers.

Likewise, the BUILDER shall not be liable for defects in the VESSEL, or any part or equipment thereof, which are due to repairs, which were made by others than the BUILDER at the direction of the BUYER. Should the facsimile/email advice of defects in guarantee period be noticed by the BUYER to the BUILDER, notwithstanding the nature of such defects being in compliance with the Specifications described in Paragraph 1 of the Article as guarantee item or not, the BUILDER shall take active measures to assist the BUYER to remedy the defects.

The guarantee contained as hereinabove in the Article replaces and excludes any other liability, guarantee, warranty and/or condition imposed or implied by the law, customary, statutory or otherwise, applying to the construction and sale of the VESSEL by the BUILDER for and to the BUYER.

The BUYER shall be entitled on or after delivery and acceptance of the VESSEL to assign its rights under this Article to any purchaser or bareboat charterer or financier of the VESSEL with the prior written consent of the BUILDER which shall not be unreasonably withheld. Notice of any such assignment shall be given by the BUYER to the BUILDER. In case of an assignment, the BUYER shall remain liable under this Contract.

(End of Article)

ARTICLE X - RESCISSION OF THE CONTRACT

1. Notice

All payments made by the BUYER to the BUILDER prior to the delivery of the VESSEL shall be in the nature of advances to the BUILDER. In the event that the BUYER shall exercise its right of rescission of this Contract under and pursuant to any of the provisions of this Contract specifically permitting the BUYER to do so, then the BUYER shall notify the BUILDER in writing or by facsimile/email confirmed in writing and such rescission shall be effective as of the date notice thereof is received by the BUILDER.

2. Refund by the BUILDER

In case the BUILDER receives the notice stipulated in Paragraph 1 of this Article the BUILDER shall refund in United States Dollars to the BUYER the full amount of all sums paid by the BUYER to the BUILDER on account of the VESSEL within Twenty One (21) Chinese banking days after the date of the notice as provided in paragraph 1 of this Article hereof together with, if appropriate, an amount equal to the original purchase prices of the BUYER's Supplies as evidenced by the invoice issued by the each supplier of the same including lubricating oil, grease and fuel oil, if any, which are purchased by the BUYER to the VESSEL, except those items which are able to return to the BUYER as they are, unless the BUILDER proceeds to the arbitration under the provisions of Article XIII hereof.

In such event, the BUILDER shall pay the BUYER interest at the rate of six percent (6%) per annum on the amount required herein to be refunded to the BUYER, computed from the respective dates on which such sums were received by the BUILDER from the BUYER to the date of remittance by telegraphic transfer of such refund with interest to the BUYER by the BUILDER, provided, however, that if the said rescission by the BUYER is made under the provisions of Paragraph 4 of Article VIII hereof, then in such event the BUILDER shall not be required to pay the BUYER any interest for the days/delay caused by permissible delays.

3. **Discharge of Obligations**

Upon such refund by the BUILDER to the BUYER, all obligations, duties and liabilities of each of the parties hereto to the other under this Contract shall be forthwith completely discharged and the BUYER shall have no right to claim any further damages whatsoever in respect of any breach or alleged breach of this Contract.

4. **Refund Guarantee**

Within Sixty (60) days after signing this Contract, the BUILDER shall provide the BUYER with an irrevocable and unconditional letter of guarantee (the “**Refund Guarantee**”) by SWIFT which to be issued and furnished by the bank nominated by the BUILDER and accepted by the BUYER for each advance instalment, in favour of the BUYER, guaranteeing the BUILDER's refund to the BUYER in case of contingencies as described in this Article, in the form exhibit "A" attached hereto.

(End of Article)

ARTICLE XI - BUYER'S DEFAULT

1. **Definition of Default**

The BUYER shall be deemed to be in default of performance of its obligations under this Contract in the following cases:

- (a) If the BUYER fails to pay any of the First, Second, Third and Fourth Instalments to the BUILDER after such Instalment becomes due and payable under the provision of Article II hereof; or
- (b) If the BUYER fails to pay the Fifth Instalment to the BUILDER concurrently with the delivery of the VESSEL by the BUILDER to the BUYER as provided in Article II hereof; or
- (c) If the BUYER fails to take delivery of the VESSEL when the VESSEL is duly tendered for delivery by the BUILDER under the provisions of Article VII hereof.

2. **Interest and Charge**

If the BUYER is in default of payment as to any Instalment as provided in Paragraph 1 (a) and (b) of this Article, the BUYER shall pay interest on such Instalments at the rate of six percent (6%) per annum from the due date thereof to the date of payment to the BUILDER of the full amount including interest; in case the BUYER shall fail to take delivery of the VESSEL as provided in Paragraph 1 (c) of this Article, the BUYER shall be deemed to be in default of payment of the Fifth Instalment and shall pay interest thereon at the same rate as aforesaid from and including the day on which the VESSEL is tendered for delivery by the BUILDER.

In any event of default by the BUYER, the BUYER shall also pay all charges and expenses incurred by the BUILDER which are caused by such default.

The payment of interest shall be made simultaneously with the payment of the principal by telegraphic transfer in the manner as provided for in Paragraph 5, Article II of this Contract.

3. Effect of Default

- (a) If any default by the BUYER occurs as provided hereinbefore, the Delivery Date shall be automatically postponed for a period of continuance of such default by the BUYER.
- (b) If any such default by the BUYER continues for a period of fifteen (15) days, the BUILDER may, at its option, rescind this Contract by giving notice of such effect to the BUYER by facsimile/e-mail confirmed in writing. Upon receipt by the BUYER of such notice of rescission, this Contract shall forthwith become null and void, and any lien, interest or property right that the BUYER may have in and to the VESSEL or to any part or equipment thereof and to any material or part acquired for construction of the VESSEL but not yet utilized for such purpose, shall forthwith cease, and the VESSEL and all parts and equipment thereof shall become the sole property of the BUILDER.

In the event of such rescission of this Contract, the BUILDER shall be entitled to retain any Instalment or Instalments theretofore paid by the BUYER to the BUILDER on account of this Contract.

4. Sale of the VESSEL

- (a) In the event of rescission of this Contract as above provided, the BUILDER shall have full right and power either to complete or not to complete the VESSEL as it deems fit, and to sell the VESSEL at a public or private sale on such terms and conditions as the BUILDER thinks fit without being answerable for any loss or damage.
- (b) In the event of the sale of the VESSEL in its completed state, the proceeds of the sale received by the BUILDER shall be applied firstly to payment of all expenses attending such sale and otherwise incurred by the BUILDER as a result of the BUYER's default, and then to payment of all unpaid Instalments of the Contract Price and interest on such Instalments at the rate of six percent (6%) per annum from the respective due dates thereof to the date of application.

- (c) In the event of sale of the VESSEL in its incompleted state, the proceeds of sale received by the BUILDER shall be applied firstly to all expenses attending such sale and otherwise incurred by the BUILDER as a result of the BUYER's default, and then to payment of all costs of construction of the VESSEL less the Instalments so retained by the BUILDER and compensation to the BUILDER for reasonable loss of profit due to the rescission of this Contract.
- (d) In either of the above events of sale, if the proceeds of sale exceeds the total amount to which such proceeds are to be applied as aforesaid, the BUILDER shall promptly pay the excess to the BUYER without interest, provided, however, that the amount of such payment to the BUYER shall in no event exceed the total amount of Instalments already paid by the BUYER and the cost of the BUYER's Supplies, if any.
- (e) If the proceeds of sale are insufficient to pay such total amounts payable as aforesaid, the BUYER shall promptly pay the deficiency to the BUILDER upon request.

(End of Article)

ARTICLE XII - INSURANCE

1. Extent of Insurance Coverage

From the time of the keel laying of the VESSEL until the same is completed, delivered to and accepted by the BUYER, the BUILDER shall at its own cost and expense, keep the VESSEL and all machinery, materials, equipment, appurtenances and outfit, delivered to the SHIPYARD for the VESSEL or built into, or installed in or upon the VESSEL, including the BUYER's Supplies, fully insured with Chinese prime insurance companies under coverage corresponding to "Institute Clause for BUILDER's Risks".

The amount of such insurance coverage shall, up to the date of delivery of the VESSEL, be in an amount at least equal to, but not limited to, the aggregate of the payment made by the BUYER to the BUILDER including the value of the BUYER's Supplies.

The policy referred to hereinabove shall be taken out in the name of the BUILDER and all proceeds under such policy shall be payable to the BUILDER.

One copy of the BUILDER's risk insurance shall be delivered to the BUYER, if required by the BUYER.

Notwithstanding anything to the contrary in this Contract, if the BUILDER has made valid tender of delivery of the VESSEL, the cost of any insurance placed on the VESSEL from the time of valid tender, as defined in Paragraph 5 Article VII, until the time of actual delivery thereof shall be for the account of the BUYER.

2. Application of Recovered Amount

(a) Partial Loss:

In the event the VESSEL shall be damaged by any insured cause whatsoever prior to acceptance thereof by the BUYER and in the further event that such damage shall not constitute an actual or a constructive total loss of the VESSEL, the BUILDER shall apply the amount recovered under the insurance policy referred to in Paragraph 1 of this Article to the repair of such damage satisfactory to the Classification Society and also to the satisfaction of the Representative without additional expense to the BUYER, and the BUYER shall accept the VESSEL under this Contract if completed in accordance with this Contract and the Specifications.

(b) Total Loss:

However, in the event that the VESSEL is determined to be an actual or constructive total loss, the BUILDER shall by the mutual agreement between the parties hereto, either:

- i) Proceed in accordance with the terms of this Contract, in which case the amount recovered under said insurance policy shall be applied to the reconstruction of the VESSEL's damage, provided the parties hereto shall have first agreed in writing as to such reasonable postponement of the Delivery Date and adjustment of other terms of this Contract including the Contract Price as may be necessary for the completion of such reconstruction; or
- ii) Refund immediately to the BUYER the amount of all instalments paid to the BUILDER under this Contract and cost of BUYER's supplies which have been installed on board of the VESSEL without any interest, whereupon this Contract shall be deemed to be rescinded and all rights, duties, liabilities and obligations of each of the parties to the other shall terminate forthwith.

If the parties hereto fail to reach such agreement within two (2) months after the VESSEL is determined to be an actual or constructive total loss, the provisions of Sub-paragraph b) ii) as above shall be applied.

3. Termination of the BUILDER's obligation to insure

The BUILDER's obligation to insure the VESSEL hereunder shall cease and terminate forthwith upon delivery and acceptance thereof by the BUYER.

(End of Article)

ARTICLE XIII - DISPUTES AND ARBITRATION

1. Proceedings

Any dispute arising under or by virtue of this Contract shall be referred to arbitration in London and such arbitration shall take place according to English Law. The arbitration shall be referred to a single arbitrator to be appointed by the parties hereto.

If the parties cannot agree upon the appointment of the single arbitrator within four (4) weeks after one of the parties has given notice to the other party notifying that the other party to refer the dispute to arbitration, the dispute shall be settled by three arbitrators, each party appointing one arbitrator, the third being appointed by the London Maritime Arbitrators Association. If either of the appointed arbitrators refuses or is incapable of acting, the party who appointed him shall appoint a new arbitrator in his place.

If one party fails to appoint an arbitrator – either originally or by way of substitution – for two (2) weeks after the other party having appointed its arbitrator, has served the party making default with notice to make the appointment, the London Maritime Arbitrators Association shall, after application from the party having appointed its arbitrator, also appoint an arbitrator on behalf of the party making default.

The award of the arbitration made by the sole arbitrator or by the majority of the three arbitrators as the case may be shall be final, conclusive and binding upon the parties hereto.

Notwithstanding the preceding provisions of this Paragraph, it is agreed that in the event of any dispute or difference of opinion arising in regard to the construction of the VESSEL, its machinery or equipment, or concerning the quality of materials or workmanship thereof or thereon during the construction and the warranty period, such dispute will be referred to the Classification Society upon mutual agreement of the parties hereto as far as the Classification Society agrees to determine such dispute. The decision of the Classification Society shall be final and binding upon the parties hereto.

2. Notice of Award

The award shall immediately be given to the parties hereto in writing or by facsimile/e-mail.

3. Expenses

The Arbitration Board shall determine which party shall bear the expenses of the arbitration or the portion of such expenses which each party shall bear.

4. Entry in Court

Enforcement upon the award may be entered in any court having jurisdiction thereof.

5. Alteration of Delivery of the VESSEL

In the event of the arbitration of any dispute or differences arising or occurring prior to delivery to, or acceptance by the BUYER of the VESSEL, the award by the arbitrator shall include a finding as to whether or not the contractual delivery date of the VESSEL should, as a result of such dispute, be in any way altered thereby.

(End of Article)

ARTICLE XIV - RIGHTS OF ASSIGNMENT

Neither of the parties hereto shall assign this Contract to a third party unless prior consent of the other party is given in writing.

In the case of the BUYER assigning this Contract to Globus Maritime Limited (“Globus”), or to Globus’ wholly owned subsidiary or a bank or financial institution financing any of the instalments payable hereunder, the BUILDER’s consent shall not be unreasonably withheld.

In case of an assignment, the assignor shall remain liable under this Contract.

This Contract shall enure to the benefit of and shall be binding upon the lawful successors or the legitimate assigns of either of parties hereto.

(End of Article)

ARTICLE XV - TAXES AND DUTIES

The BUILDER shall only bear and pay all taxes and duties imposed in the People's Republic of China in connection with execution and/or performance of this Contract, excluding any taxes and duties imposed in the People's Republic of China upon fuel oils and consumable stores remaining on board as specified in Paragraph 7 of Article VI hereof and the BUYER's Supplies described in the Specifications.

The BUYER shall bear and pay all taxes and duties imposed outside of the People's Republic of China in connection with execution and/or performance of this Contract, except for taxes and duties imposed upon those items to be procured by the BUILDER for construction of the VESSEL.

(End of Article)

ARTICLE XVI - PATENTS, TRADEMARKS, COPYRIGHTS, ETC.

1. **Patents, Trademarks and Copyrights**

Machinery and equipment of the VESSEL may bear the patent number, trademarks or trade names of the manufacturers.

The BUILDER shall defend and save harmless the BUYER from patent liability or claims of patent infringement of any nature or kind, including costs and expenses for, or on account of any patented or patentable invention made or used in the performance of this Contract and also including costs and expenses of litigation, if any.

Nothing contained herein shall be construed as transferring any patent or trademark rights or copyright in equipment covered by this Contract, and all such rights are hereby expressly reserved to the true and lawful owners thereof.

The BUILDER's warranty herein does not extend to the BUYER's Supplies.

2. **General Plans, Specifications and Working Drawings**

The BUILDER retains all rights with respect to the Specifications, and plans and working drawings, technical descriptions, calculations, test results and other data, information and documents concerning the design and construction of the VESSEL and the BUYER undertakes therefore not to disclose the same or divulge any information contained therein to any third parties, without the prior written consent of the BUILDER, excepting where it is necessary for usual operation, repair and maintenance of the VESSEL or for enforcing its rights under this Contract.

(End of Article)

ARTICLE XVII - BUYER'S SUPPLIES

1. **Responsibility of the BUYER**

- (a) The BUYER shall, at its own risk, cost and expense, supply and deliver to the SHIPYARD all of the items to be furnished by the BUYER as specified in the Specifications (herein called throughout this Contract the "BUYER's Supplies") at the warehouse or other storage of the SHIPYARD in the proper condition ready for installation in or on the VESSEL, in accordance with the time schedule designated by the BUILDER.
- (b) In order to facilitate installation by the BUILDER of the BUYER's Supplies in or on the VESSEL, the BUYER shall furnish the BUILDER with necessary specifications, plans, drawings, instruction books, manuals, test reports and certificates required by the rules and regulations. The BUYER, if so requested by the BUILDER, shall, without any charge to the BUILDER, cause the representatives of the manufacturers of the BUYER's Supplies to assist the BUILDER in installation thereof in or on the VESSEL and/or to carry out installation thereof by themselves or to make necessary adjustments thereof at the SHIPYARD.
- (c) Any and all of the BUYER's Supplies shall be subject to the BUILDER's reasonable right of rejection, as and if they are found to be unsuitable or in improper condition for installation. However, if so requested by the BUYER, the BUILDER shall repair or adjust the BUYER's Supplies without prejudice to the BUILDER's other rights hereunder and without being responsible for any consequences therefrom. In such case, the BUYER shall reimburse the BUILDER for all costs and expenses incurred by the BUILDER in such repair or adjustment and the Delivery Date shall be postponed for a period of time necessary for such repair or replacement, if the BUILDER requests.

- (d) Should the BUYER fail to deliver any of the BUYER's Supplies within the time designated by the BUILDER, the Delivery Date shall be automatically extended for a period of such delay in delivery, provided that such delay in delivery shall affect delivery of the VESSEL. In such event, the BUYER shall be responsible and pay to the BUILDER for all losses and damages incurred by the BUILDER by reason of such delay in delivery of the BUYER's Supplies and such payment shall be made upon delivery of the VESSEL.

If delay in delivery of any of the BUYER's Supplies exceeds thirty (30) days, then, the BUILDER shall be entitled to proceed with construction of the VESSEL without installation thereof in or on the VESSEL, without prejudice to the BUILDER's other rights as hereinabove provided, and the BUYER shall accept and take delivery of the VESSEL so constructed.

2. Responsibility of the BUILDER

The BUILDER shall be responsible for storing and handling with reasonable care of the BUYER's Supplies after delivery thereof at the SHIPYARD, and shall at its own cost and expense, install them in or on the VESSEL, unless otherwise provided herein or agreed by the parties hereto, provided, always, that the BUILDER shall not be responsible for quality, efficiency and/or performance of any of the BUYER's Supplies and is under no obligation with respect to guarantee of such equipment against any defects caused by poor quality, performance and /or efficiency of the BUYER's supplies.

(End of Article)

ARTICLE XVIII - NOTICE AND CORRESPONDENCE

1. Address

Any and all notices and communications in connection with this Contract shall be addressed as follows:

To the BUYER: C/O GLOBUS MARITIME LIMITED
128 Vouliagmenis Avenue, 3rd Floor, 166 74 Glyfada,
Athens, Greece
E-mail:
Telephone No: +30-210-9608300

To the BUILDER: NANTONG COSCO KHI SHIP
ENGINEERING CO., LTD.
901 Changjiang Middle Road, Nantong, Jiangsu
The People's Republic of China
E-mail:
Telephone No: +86-513-85168233

2. Language

Any and all notices and communications in connection with this Contract shall be written in English Language.

(End of Article)

ARTICLE XIX - DEFAULT OF A CONTRACT PARTY

Each of the BUILDER or the BUYER or the GUARANTOR under Performance Guarantee in Exhibit B (each such party for the purposes of this Clause called the "Default Party") shall be deemed to be in default under this Contract, and the counter party shall be entitled, but not bound, to rescind this Contract forthwith whereupon the provisions of Article X hereof shall apply, by the giving of notice to the Default Party in writing, in any of the following cases:

- (a) the cessation of the carrying on of business or the filing of a petition or the making of an order or the passing of an effective resolution for the winding-up of or the appointment of a receiver of the undertaking or property of, or the insolvency of, the Default Party; or
- (b) the placing of the Default Party under court protection or analogous proceedings or corporate reorganization; or
- (c) If the Default Party is dissolved, liquidated, rehabilitated or ceases to be registered as a company in its registration country.

If the Default Party is the BUILDER, upon the return of such sums from the BUILDER to the BUYER, all obligations, duties and liabilities of each of the parties hereto to the other under this Contract shall be forthwith completely discharged and the BUYER shall have no right to claim any further damages whatsoever in respect of any breach or alleged breach of this Contract.

If the Default Party is the BUYER or the GUARANTOR, Clause 3 and Clause 4 of Article XI shall be applied, for which the BUILDER may at its option rescind this Contract in accordance with the provisions of Article XI hereof.

(End of Article)

ARTICLE XX - EFFECTIVE DATE OF CONTRACT

This Contract shall become effective as from the date of execution hereof by the BUYER and the BUILDER.

(End of Article)

ARTICLE XXI - INTERPRETATION

1. Laws Applicable

The parties hereto agree that the validity and interpretation of this Contract and of each Article and part hereof shall be governed by the laws of England.

2. Discrepancies

All general language or requirements embodied in the Specifications are intended to amplify, explain and implement the requirements of this Contract. However, in the event that any language or requirements so embodied permit an interpretation inconsistent with any provisions of this Contract, then in each and every such event, the applicable provisions of this Contract shall prevail and govern. The Specifications and plan are also intended to explain each other, and anything shown on the plan and not stipulated in the Specifications or stipulated in the Specifications and not shown on the plan shall be deemed and considered as if embodied in both. In the event of conflict between the Specifications and plan, the Specifications shall prevail and govern.

3. Entire Agreement

This Contract contains the entire agreement and understanding between the parties hereto and supersedes all prior negotiations, representations, undertakings and agreements on any subject matter of this Contract.

4. Other

All the dates and times shown in this Contract shall be construed as based on the China Standard time.

(End of Article)

ARTICLE XXII - CONFIDENTIALITY

Without prejudice to Article XVI - 2, this Contract, especially the Contract Price, is confidential between the parties and its terms and conditions may not be divulged except (1) if the disclosing party (i) is obliged to disclose all or part of this Contract or the Specifications because of any applicable law, regulation, including the rules and regulations of the US Securities and Exchange Commission and/or the New York Stock Exchange of the BUYER or its guarantor, or official order, whereby the disclosing party will immediately inform the other party and (ii) has informed the other party of its intention to disclose all or part of this Contract or the Specifications (with a detailed list of the information to be disclosed) and has received the prior written consent of the other party for such disclosure or (2) as necessary in the performance of the Contract to the third parties in a business relationship such as financial sources, government agencies, vendors and in connection with any arbitration of this Contract.

(End of Article)

IN WITNESS WHEREOF, the parties hereto have caused this Contract to be executed the day and year first above written.

BUYER:
DAXOS MARITIME LIMITED

BUILDER:
NANTONG COSCO KHI SHIP ENGINEERING CO., LTD.

/s/ Athanasios Feidakis
Name : Athanasios Feidakis
Title : Attorney in Fact

/s/ Gao Yongqiang
Name : Gao Yongqiang
Title : President

EXHIBIT "A"

Format of REFUND GUARANTEE

Our Ref. No. []

Issuing Date: []

To: DAXOS MARITIME LIMITED

Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960

1. At the request of NANTONG COSCO KHI SHIP ENGINEERING CO., LTD., a corporation organized and existing under the laws of the People's Republic of China, having its principal office at 901 Changjiang Middle Road, Nantong, Jiangsu, the People's Republic of China (hereinafter called the "Builder") and in consideration of you entering into a shipbuilding contract by and between you and the Builder dated May 13, 2022 (hereinafter as amended or supplemented from time to time called the "Contract") for the construction of one (1) 64,000 DWT motor bulk carrier to be built by the Builder as Hull No. NE442 (hereinafter called the "Vessel"), and your agreeing to pay pre-delivery instalments under the Contract aggregating to USD17,275,000.00 (Say United States Dollars Seventeen Million Two Hundred and Seventy Five Thousand only) representing the first installment of the Contract price, in the amount of USD6,910,000.00 (Say United States Dollars Six Million Nine Hundred and Ten Thousand only), the second installment of the Contract price, in the amount of USD3,455,000.00 (Say United States Dollars Three Million Four Hundred and Fifty Five Thousand only), the third installment of the Contract price, in the amount of USD3,455,000.00 (Say United States Dollars Three Million Four Hundred and Fifty Five Thousand only) and the fourth installment of the Contract price, in the amount of USD3,455,000.00 (Say United States Dollars Three Million Four Hundred and Fifty Five Thousand only), we, Industrial and Commercial Bank of China, Jiangsu Provincial Branch, No.408, Zhongshan Road, Nanjing City, Jiangsu Province, the People's Republic of China, a bank organized under the laws of the People's Republic of China, do hereby absolutely and unconditionally guarantee, as primary obligor and not merely as surety, the repayment to you by the Builder of an amount up to but not exceeding USD17,275,000.00 (Say United States Dollars Seventeen Million Two Hundred and Seventy Five Thousand only), representing the first, second, third and fourth installment of the Contract price as you may have paid to the Builder under the Contract prior to the delivery of the Vessel, together with no interest for the relevant period if cancellation of the Contract is exercised by you for the delay caused by permissible delays in accordance with the provisions of Paragraph 4 of Article VIII of the Contract or total loss in accordance with the provisions of Article XII of the Contract, or together with an interest at the rate of six percent (6%) per annum if the cancellation of the Contract is exercised by you in accordance with the provisions of Article X of the Contract, within twenty one (21) Chinese business days after our receipt of your relevant demand for repayment by authenticated SWIFT through your bank, if and when the same or any part thereof becomes repayable to you from the Builder in accordance with the terms of the Contract.

2. Should the Builder fail to make such repayment in accordance with the terms of the Contract within twenty one (21) Chinese business days, we shall pay you the amount the Builder ought to pay including interest as described above within twenty one (21) Chinese business days after our receipt of your relevant demand for repayment by authenticated SWIFT through your bank indicating that the Builder is in breach of his obligation(s) under the Contract, the provision of the Contract in which the Builder is in breach and the amount which the Builder has failed to repay under the Contract.

3. However, in the event of any dispute between you and the Builder in relation to:

(1) whether the Builder shall be liable to repay any of the above pre delivery installments paid by you under the Contract and

(2) consequently whether you shall have the right to demand payment from us, either you or the Builder shall inform us in writing once such dispute is submitted for arbitration and if either within twenty one (21) Chinese business days of our receipt of your demand or before any such demand is made, we receive a notice made by the Builder or you indicating that there is a dispute between you and the Builder and such dispute is submitted either by the Builder or by you for arbitration in accordance with Article XIII of the Contract, we shall be entitled to withhold and defer payment until the earliest of (i) an arbitration award is published, or (ii) the final court judgment/order is published. In case of reference to arbitration, we shall not be obligated to make any payment to you unless the arbitration award or final court judgment orders the Builder to make repayment. If the Builder fails to honor the award or court judgment within seven (7) Chinese business days of publication of such award or court judgment then we shall refund to you within twenty (20) Chinese business days on your further demand (hereinafter called the "Further Demand"), in substitution for the demand previously submitted, by authenticated SWIFT through your bank to the extent the arbitration award or court judgment orders but not exceeding the aggregate amount of the Contract installments guaranteed under this Letter of Guarantee plus the interest described above.

Such further demand, which is accompanied by a copy of the arbitration award or final judgment, shall be received by us by authenticated SWIFT through your bank within thirty (30) calendar days after the publication or conclusion (as the case may be) of the award or judgment, specifying

- 1). The final arbitration award or the final court judgment has been awarded or concluded (as the case may be), and
- 2). The amount the Builder is obliged to pay you pursuant to such final arbitration award or the final court judgment, and
- 3). That you have not received from the Builder the amount payable by the Builder to you in satisfaction of such award or the final court judgment, and accordingly,
- 4). the amount demanded by you under this Letter of Guarantee.

4. The said repayment shall be made by us in US Dollars. This Letter of Guarantee shall become effective from the time of the actual receipt of the first installment of USD6,910,000.00 under the Contract (Say United States Dollars Six Million Nine Hundred and Ten Thousand only) by the Builder on its account No. [●] held with Industrial and Commercial Bank of China, Nantong Branch with quoting this Letter of Guarantee Ref. No. [] and the amounts effective under this Letter of Guarantee shall correspond to the total payments actually made by you from time to time under the Contract prior to the delivery of the Vessel provided that the relative installment has been remitted to the Builder's account No. [●] held with Industrial and Commercial Bank of China, Nantong Branch. However, the available amount under this Letter of Guarantee shall in no event exceed above mentioned amount actually paid to the Builder, together with interest calculated as described above at six percent (6%) per annum, as the case may be, for the period commencing with the date of receipt by us for the Builder of the respective installment to the date of our repayment(s) thereof. Our liability under this Letter of Guarantee shall be reduced automatically in accordance with the repayment made by the Builder or by ourselves.

5. This Letter of Guarantee shall remain in force until (I) the Vessel has been delivered to and accepted by you evidenced by presentation to us of a copy of protocol of delivery and acceptance or (II) refund has been made by the Builder or ourselves under this Letter of Guarantee evidenced by our receipt of payment certificate or (III) September 30th, 2025, whichever occurs earliest. Upon expiry, this Letter of Guarantee shall automatically become null and void whether or not it is returned to us for cancellation. However, in the event there is still an outstanding arbitration or court proceedings initiated by you or the Builder for such matters as described in above, then, the validity of this Letter of Guarantee shall be automatically extended to such date being sixty (60) days after a final, unappealable arbitration award or final court judgement is published and in any event this Letter of Guarantee shall not expire until receipt by you of the sum due to you in accordance with the terms of the said final award or final court judgement.

6. This Letter of Guarantee shall become automatically null and void, having no effect whatsoever, if due to whatever reasons, the Builder does not receive the first installment under the Contract on its account No. [●] held with Industrial and Commercial Bank of China, Nantong Branch on or before August 15th, 2022.

7. This Letter of Guarantee may be assigned by you provided that:

- (a) the notice of assignment duly signed by both you and the assignee has been duly acknowledged by us (and we cannot unreasonably withhold same); and
- (b) your signature on such notice of assignment has been authenticated by your bank.
- (c) the right of making demand under this Letter of Guarantee shall always remain with you.

Our obligations under this Letter of Guarantee shall not be increased or otherwise affected by any such assignment. Any amendment or modification of this Letter of Guarantee could only be made at our prior written consent.

8. This Letter of Guarantee and any non-contractual obligations arising from or in connection to it shall be governed by and construed in accordance with the laws of England.

In the event of any dispute as to any matter arising out of or relating to this Letter of Guarantee or any stipulation herein or with respect thereto, such dispute shall be referred to arbitration in London in accordance with the Arbitration Act 1996 of the United Kingdom or any statutory modification or re-enactment thereof then in force save to the extent necessary to give effect to the provisions of this clause including our obligation to appoint an Agent for Service of Process in London. 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. Any such arbitration shall follow the procedure outlined in the Article XIII of the Contract.

In the event of arbitration, we shall irrevocably appoint an Agent in London to act as our agent to receive and accept on our behalf any service of document relating to any proceedings in the English courts, or any notice or other communication in connection with any arbitration, under or in relation to this Letter of Guarantee.

9. Neither our liability nor our obligations under this Letter of Guarantee shall be affected or discharged by any amendment or variation or extension of the terms of the Contract or any invalidity, irregularity or unenforceability or otherwise of the Contract or any time or indulgence granted to the Builder under the terms of the Contract and/or any insolvency, bankruptcy, liquidation, dissolution or reorganization (or analogous procedure) of the Builder or by any act, omission, fact or circumstances whatsoever, which could or might, but for the foregoing, diminish in any way our obligations under this Letter of Guarantee provided however that notwithstanding the foregoing, our liability under this Letter of Guarantee shall in no event be greater than the aforesaid guarantee amount plus interest (as the case may be). We further hereby waive and disclaim all rights whatsoever to claim sovereign immunity for ourselves or our assets in respect of any claim or proceedings brought under this Letter of Guarantee, and waive and disclaim any claim that any proceedings brought against us under or in respect of this Letter of Guarantee have been brought in an inconvenient or inappropriate forum provided always that such proceedings are brought in accordance with the terms of this Letter of Guarantee.

10. We confirm herewith that we are permitted by the laws of the People's Republic of China to issue this Letter of Guarantee and especially to designate English law as the applicable law and London as place of arbitration. With regard to the rules, regulations and requirements of foreign exchange imposed by the state administration of foreign exchange ("S.A.F.E.") of the People's Republic of China, we confirm herewith that this Letter of Guarantee will be registered with the relevant S.A.F.E. authority after the issuance and confirm further that we have obtained all necessary approvals and authorizations to issue this Letter of Guarantee and that we are authorized to transfer funds out of the People's Republic of China in the currency of this Letter of Guarantee as and when required.

11. All the banking charges outside of the People's Republic of China are on your account and all the banking charges inside the People's Republic of China are for account of the Builder.

12. All payments by us under this Letter of Guarantee shall be made without any set-off or counterclaim and without deduction or withholding for or on account of any taxes, duties or charges whatsoever unless we are obliged by law to deduct or withhold the same. In the latter event we shall make the minimum deduction or withholding required and will pay you such additional amounts as may be necessary in order that the net amount received by you after such deduction or withholding shall equal the amount which would have been received had such deduction or withholding not been made.

13. Breaches of local and international anti-money laundering or economic sanctions laws and regulations administered by, including but not limited to the People's Republic of China, United Nations, United States, are not acceptable. Our bank may reject any transaction in violation of any of these laws and regulations without any liability on our part.

EXHIBIT "B"

Format of PERFORMANCE GUARANTEE

[OMITTED]

SHIPBUILDING CONTRACT
OF
ONE (1) 64,000-DWT TYPE
MOTOR BULK CARRIER
UNDER NACKS HULL NO. NE443
BETWEEN
PARALUS SHIPHOLDING S.A.
AS BUYER
AND
NANTONG COSCO KHI SHIP ENGINEERING CO., LTD.
AS BUILDER

INDEX

ARTICLE I - DESCRIPTION AND CLASS	2
1. Description	2
2. Class and Rules	3
3. Principal Particulars of the VESSEL	4
4. Subcontracting	5
5. Registration	5
ARTICLE II - CONTRACT PRICE AND TERMS OF PAYMENT	6
1. Contract Price	6
2. Adjustment of Contract Price	6
3. Currency	6
4. Terms of Payment	6
5. Method of Payment	8
6. Prepayment	9
7. Special Conditions	9
ARTICLE III - ADJUSTMENT OF CONTRACT PRICE	11
1. Delivery	11
2. Speed	12
3. Fuel Consumption	13
4. Deadweight	14
5. Effect of Rescission	15
6. Method of Settlement	15
7. Cumulative Effect	15
ARTICLE IV - APPROVAL OF PLANS AND DRAWINGS AND INSPECTION DURING CONSTRUCTION	16
1. Approval of Plans and Drawings	16
2. Appointment of the BUYER's Representative	17
3. Inspection by the Representative	17
4. Facilities	20
5. Liability of the BUILDER	20
6. Responsibility of the BUYER	21
7. Salaries and Expenses	21
ARTICLE V - MODIFICATION	22
1. Modification of Specifications	22
2. Change in Rules and Regulations, etc.	22
3. Substitution of Materials	23

ARTICLE VI - TRIALS	24
1. Notice	24
2. Weather Condition	24
3. How Conducted	25
4. Trial Condition	25
5. Method of Acceptance or Rejection	26
6. Effect of Acceptance	27
7. Disposition of Surplus Consumable Stores	27
ARTICLE VII - DELIVERY	29
1. Time and Place	29
2. Notice	29
3. When and How Effected	29
4. Documents to be delivered to the BUYER	30
5. Tender of the VESSEL	31
6. Title and Risk	31
7. Removal of the VESSEL	32
ARTICLE VIII - DELAYS AND EXTENSION OF TIME FOR DELIVERY (FORCE MAJEURE)	33
1. Causes of Delay	33
2. Notice of Delays	34
3. Definition of Permissible Delays	34
4. Right to Rescind for Excessive Delay	34
ARTICLE IX - WARRANTY OF QUALITY	36
1. Guarantee of Material, Workmanship	36
2. Notice of Defects	36
3. Remedy of Defects	36
4. Extent of BUILDER's Liability	38
ARTICLE X - RESCISSION OF THE CONTRACT	40
1. Notice	40
2. Refund by the BUILDER	40
3. Discharge of Obligations	41
4. Refund Guarantee	41
ARTICLE XI - BUYER'S DEFAULT	42
1. Definition of Default	42
2. Interest and Charge	42
3. Effect of Default	43
4. Sale of the VESSEL	43
ARTICLE XII - INSURANCE	45
1. Extent of Insurance Coverage	45
2. Application of Recovered Amount	46
3. Termination of the BUILDER's obligation to insure	47

ARTICLE XIII - DISPUTES AND ARBITRATION	48
1. Proceedings	48
2. Notice of Award	49
3. Expenses	49
4. Entry in Court	49
5. Alteration of Delivery of the VESSEL	49
ARTICLE XIV - RIGHTS OF ASSIGNMENT	50
ARTICLE XV - TAXES AND DUTIES	51
ARTICLE XVI - PATENTS, TRADEMARKS, COPYRIGHTS, ETC.	52
1. Patents, Trademarks and Copyrights	52
2. General Plans, Specifications and Working Drawings	52
ARTICLE XVII - BUYER's SUPPLIES	53
1. Responsibility of the BUYER	53
2. Responsibility of the BUILDER	54
ARTICLE XVIII - NOTICE AND CORRESPONDENCE	55
1. Address	55
2. Language	55
ARTICLE XIX - DEFAULT OF A CONTRACT PARTY	56
ARTICLE XX - EFFECTIVE DATE OF CONTRACT	57
ARTICLE XXI - INTERPRETATION	58
1. Laws Applicable	58
2. Discrepancies	58
3. Entire Agreement	58
4. Other	58
ARTICLE XXII - CONFIDENTIALITY	59
EXHIBIT "A"	61
Format of REFUND GUARANTEE	61
EXHIBIT "B"	68
Format of PERFORMANCE GUARANTEE	68
END OF CONTRACT	

**SHIPBUILDING CONTRACT
FOR
ONE (1) 64,000-DWT TYPE
MOTOR BULK CARRIER**

THIS CONTRACT, made on this 13th day of May, 2022 by and between NANTONG COSCO KHI SHIP ENGINEERING CO., LTD., a corporation organized and existing under the laws of the People's Republic of China, having its principal office at 901 Changjiang Middle Road, Nantong, Jiangsu, the People's Republic of China (hereinafter called the "BUILDER"), the party of the first part, and PARALUS SHIPHOLDING S.A., a corporation organized and existing under the laws of the Republic of the Marshall Islands, having its registered office at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960 (hereinafter called the "BUYER"), the party of the second part.

WITNESSETH:

In consideration of the mutual covenants contained herein, the BUILDER agrees to design, build, launch, equip and complete one (1) 64,000-DWT type motor bulk carrier (hereinafter called the "VESSEL") more fully described in ARTICLE I hereof at the BUILDER's shipyard (hereinafter called the "SHIPYARD") and to sell and deliver the VESSEL to the BUYER, and the BUYER agrees to purchase and take delivery of the VESSEL from the BUILDER and to pay for the same, all upon the terms and conditions hereinafter set forth.

ARTICLE I - DESCRIPTION AND CLASS

1. Description

The VESSEL shall be a 64,000-DWT type motor bulk carrier of the class described below. The VESSEL shall have the BUILDER's Hull No.NE443 and shall be designed, constructed, equipped and completed in accordance with the following Specifications and Plans of the date hereof signed by the parties hereto (hereinafter collectively called the "Specifications"), making an integral part hereof.

The Specifications (NB20-0700):

Part I&II (General and Hull Part)

Dwg. No. 02-011, 2nd Edition, August 2020

Part III (Machinery Part)

Dwg. No. 02-012, 2nd Edition, August 2020

Part IV (Electric and Automation Part)

Dwg. No. 02-013, 2nd Edition, August 2020

The Plans (NB20-0700):

Preliminary General Arrangement (1/2)

Dwg. No. 02-110 (1/2), 2nd Edition, August 2020

Preliminary General Arrangement (2/2)
(Accommodation)

Dwg. No. 02-110 (2/2), 2nd Edition, August 2020

Makers List (NB20-0700):

Dwg. No. 02-801, 3rd Edition, July 2021

Discussion Memorandum (NB22-0701)

Dwg. No. 08-001, 1st Edition, March 2022

Discussion Memorandum (NB22-0701)
Extra and Credit List (NB22-0701)

Dwg. No. 08-002, 1st Edition, May 2022
May 13,2022

2. Class and Rules

The VESSEL, including its machinery, equipment and outfittings, shall be constructed in accordance with the rules and regulations as described in the Specifications and under special survey of American Bureau of Shipping (hereinafter called the "Classification Society") under the following Class Notations.

ABS, ✕A1, , Ⓢ, Bulk Carrier, BC-A (holds No.2 and 4 may be empty), ✕AMS, ✕ACCU, ENVIRO, CSR, AB-CM, TCM, BWT, RW, IHM, CPS, GRAB[20], ESP, UWILD, NOx-Tier III

The BUILDER shall arrange with the Classification Society for the assignment by the Classification Society of a representative or representatives (hereinafter called the "Classification Surveyor") to the VESSEL during the construction.

All fees and charges incidental to classification and to compliance with the above specified rules, regulations and requirements of this Contract payable on account of the construction of the VESSEL shall be for the account of the BUILDER.

Decisions of the Classification Society as to the compliance or noncompliance with the classification rules and regulations including those statutory rules and regulations which the Classification Society is authorized to act on behalf of the relevant authorities shall be final and binding upon the parties hereto. In the event of any dispute within the Classification Society for such matter, decisions of the Head office of the Classification Society shall prevail.

The VESSEL's classification status, and all classification and other required certificates hereunder, are to be clean and free of all conditions, recommendations and restrictions whatsoever other than those permitted in the Specifications or otherwise mutually agreed under the terms of this Contract.

3. Principal Particulars of the VESSEL

(a) Hull:

Length overall	abt. 199.90 m
Length between perpendiculars	197.00 m
Breadth moulded	32.24 m
Depth moulded	19.40 m
Summer draught moulded	13.50 m
Scantling draught moulded	13.50 m

(b) Propelling machinery and Guaranteed speed:

The propelling machinery shall consist of one (1) MAN B&W 6S50ME-C9.7-HPSCR, two-stroke cycle, crosshead, reversible, marine diesel engine with exhaust gas turbocharger having a maximum continuous output of 6,940 Kilowatts (bhp) with 85 rpm, in accordance with the Specifications, giving the VESSEL a trial speed of 15.6 knots on a trial ballast condition at the maximum continuous output with clean bottom, on calm and deep open sea, under no wind, no wave and no current condition.

(c) Deadweight (guaranteed):

The VESSEL, when completed and ready for sea, shall be capable of carrying the deadweight tonnage of not less than 63,891 metric tons on the summer draught moulded of 13.50 m, in accordance with the definition described in Specifications General Part para. 6 "Deadweight calculation".

(d) Fuel oil consumption (guaranteed):

The fuel oil consumption of the VESSEL's main engine as determined on the shop trial as more fully specified in the Specifications, at the normal output shall be 158.2 grams/kW/hour using fuel oil having low calorific value of 42,700 kJ/kg.

If the fuel used on such trials has a greater or lesser calorific value than 42,700 kJ/kg (low calorific value), the actual fuel oil consumption of main engine shall be adjusted in inverse proportion to that which would have been achieved with fuel oil of the said calorific value.

4. Subcontracting

The BUILDER may, at its sole discretion and responsibility, subcontract any portion of the construction work of the VESSEL. Delivery and final assembly into the VESSEL of any such works subcontracted shall be at the Shipyard.

The BUILDER shall always remain fully and solely responsible for the work done or the materials supplied by such subcontractors. The BUYER has the right to dispatch Representative (as defined in Article IV) to the sub-contractors' premises, provided that the cost of any such representatives shall be borne by the BUYER.

5. Registration

The VESSEL shall be registered by the BUYER at its own cost and expense under the laws of the Republic of the Marshall Islands with its home port of City of Majuro at the time of delivery and acceptance of the VESSEL hereunder.

(End of Article)

ARTICLE II - CONTRACT PRICE AND TERMS OF PAYMENT

1. Contract Price

The purchase price of the VESSEL is United States Dollars Thirty Five Million One Hundred and Fifty Thousand (U.S.\$35,150,000.-) only net receivable by the BUILDER (hereinafter called the "Contract Price"), which is exclusive of the BUYER's Supplies as provided in Article XVII hereof and shall be subject to upward or downward adjustment, if any, as hereinafter set forth in this Contract.

2. Adjustment of Contract Price

Adjustment of the Contract Price, if any, in accordance with provisions of this Contract shall be made by way of addition to or subtraction from the final instalment due and payable upon delivery of the VESSEL in the manner as hereinafter provided.

3. Currency

Any and all payments by the BUYER to the BUILDER under this Contract shall be made in United States Dollars. All lifting charge, if any, incurred in respect of the payments made at other banks than the BUILDER's nominated bank in the People's Republic of China specified in Paragraph 5 of this ARTICLE shall be for the BUYER's account.

4. Terms of Payment

The Contract Price including any adjustment thereof shall be paid by the BUYER to the BUILDER in instalments as follows:

(a) 1st Instalment:

The sum of United States Dollars Six Million Nine Hundred and Ten Thousand only (U.S.\$6,910,000.-) shall be paid in accordance with Clause 5(a) of this Article within Five (5) banking days after the date of signing this Contract and receipt by BUYER of the Refund Guarantee (as defined in Article X) via Society for Worldwide Interbank Financial Telecommunication (hereinafter called the "SWIFT") , whichever is later.

(b) 2nd Instalment:

The sum of United States Dollars Three Million Four Hundred and Fifty Five Thousand only (U.S.\$3,455,000.-) shall be paid on or before November 14th, 2022 in accordance with Clause 5(b) of this Article.

(c) 3rd Instalment:

The sum of United States Dollars Three Million Four Hundred and Fifty Five Thousand only (U.S.\$3,455,000.-) shall be paid within five (5) banking days after keel laying of the VESSEL in accordance with Clause 5(c) of this Article.

(d) 4th Instalment:

The sum of United States Dollars Three Million Four Hundred and Fifty Five Thousand only (U.S.\$3,455,000.-) shall be paid within five (5) banking days after launching of the VESSEL in accordance with Clause 5(d) of this Article.

(e) 5th Instalment:

The sum of United States Dollars Seventeen Million Eight Hundred and Seventy Five Thousand only (U.S.\$17,875,000.-) plus any increase or minus any decrease due to adjustment of the Contract Price hereunder shall be paid upon delivery and acceptance of the VESSEL in accordance with Clause 5(e) of this Article.

5. Method of Payment

Each of the instalments due and payable of the VESSEL shall be remitted, as the net receivable sum to the BUILDER, by the due date by telegraphic transfer to BUILDER's bank with U.S. Dollar Saving Account for the account of the BUILDER with remarks of "Hull NE443".

(a) 1st Instalment:

Within Five (5) banking days after the date of signing of this Contract and receipt by the BUYER of the Refund Guarantee issued by the BUILDER's bank via SWIFT, the BUYER shall remit the amount of this Instalment by telegraphic transfer to the BUILDER's bank for the account of the BUILDER.

(b) 2nd Instalment:

The BUILDER shall give a notice to the BUYER at least seven (7) banking days prior to the due date of this Instalment.

On or before November 14th, 2022, the BUYER shall remit the amount of this Instalment by telegraphic transfer to the BUILDER's bank for the account of the BUILDER.

(c) 3rd Instalment:

The BUILDER shall give a notice to the BUYER about expected date of the keel laying of the VESSEL at least fifteen (15) days prior to the scheduled keel laying date.

Upon completion of the keel laying of the VESSEL, the BUILDER shall provide the BUYER with a notice together with a witness statement signed by the Classification Society, advising that the BUILDER has completed the keel laying of the VESSEL.

Within five (5) banking days after the keel laying of the VESSEL, the BUYER shall remit the amount of this Instalment by telegraphic transfer to the BUILDER's bank for the account of the BUILDER.

(d) 4th Instalment:

The BUILDER shall give a notice to the BUYER about expected date of launching of the VESSEL at least fifteen (15) days prior to the scheduled launching date.

Upon completion of the launching of the VESSEL, the BUILDER shall provide the BUYER with a notice together with a witness statement signed by the Classification Society, advising that the BUILDER has completed the launching of the VESSEL.

Within five (5) banking days after the launching of the VESSEL, the BUYER shall remit the amount of this Instalment by telegraphic transfer to the BUILDER's bank for the account of the BUILDER.

(e) 5th Instalment:

The BUILDER shall give a detail notice to the BUYER regarding expected date of Delivery of the VESSEL and any price adjustment, credit or extra, of the Contract Price seven (7) banking days prior to the scheduled Delivery date.

The BUYER (or its financier on BUYER's behalf) shall, at least three (3) banking days prior to the scheduled Delivery date of the VESSEL, make cash deposit (the deposit interest to be for the account of the BUYER) with the BUILDER's bank, covering the amount of this instalment as adjusted, available or releasable to the BUILDER against a copy of mutually signed Protocol of Delivery and Acceptance of the VESSEL as set forth in Paragraph 3 of Article VII hereof.

6. Prepayment

Prepayment of any instalment due on or before delivery of the VESSEL shall be subject to mutual agreement between the parties hereto.

7. Special Conditions

- (a) For the purpose of this Contract, "banking days" means days excluding Saturday, Sunday and public holiday in New York, Zurich, Hamburg, Beijing and Athens.

- (b) The BUYER shall give the BUILDER prior notice of each remittance and shall use its best endeavours that the payment instruction from the BUYER's remitting banks will reach the BUILDER's bank latest 11:00 hours Beijing Time on each due date.
- (c) If any of the First, Second, Third and Fourth instalments is not paid in full by the BUYER to the BUILDER by the due date of each instalment as set forth in Paragraph 5 hereof, in such event, the BUYER shall pay the BUILDER interest on such unpaid instalments at the rate of six percent (6%) per annum from the due date of each instalment thereof to the date of full payments.

(End of Article)

ARTICLE III - ADJUSTMENT OF CONTRACT PRICE

The Contract Price shall be subject to adjustment, as hereinafter set forth, in the event of the following contingencies (it being understood by both parties that any reduction of the Contract Price is by way of liquidated damages and not by way of penalty):

1. Delivery

- (a) No adjustment shall be made and the Contract Price shall remain unchanged for the first thirty (30) days of delay in delivery of the VESSEL beyond the Delivery Date as defined in Article VII hereof (ending as of twelve o'clock midnight China Standard Time of the thirtieth (30th) day of delay).
- (b) If the delivery of the VESSEL is delayed more than thirty (30) days after the Delivery Date, then, in such event, beginning at twelve o'clock midnight of the thirtieth (30th) day after the Delivery Date, the Contract Price shall be reduced by deducting therefrom the sum of United States Dollars Seven Thousand only (U.S.\$ 7,000.-) for each day thereafter.

However, the total reduction in the Contract Price shall not be more than United States Dollars Eight Hundred and Forty Thousand only (U.S.\$ 840,000.-) as would be the case for a delay of one hundred and twenty (120) days, counting from twelve o'clock midnight of the thirtieth (30th) day after the Delivery Date at the above specified rate of reduction.

- (c) But if the delay in delivery of the VESSEL should continue for a period of one hundred and twenty (120) days from the thirty-first (31st) day after the Delivery Date, then, in such event, and after such period has expired, the BUYER may at its option rescind this Contract in accordance with the provisions of Article X hereof or may consent to delivery of the VESSEL at the total reduction provided for in above Subparagraph (b) at an agreed future date for delivery, by serving upon the BUILDER a written notice.

The BUILDER may, at any time after the expiration of the aforementioned one hundred and twenty (120) days of delay in delivery, if the BUYER has not served notice of rescission as provided in Article X hereof, notify the BUYER of the date upon which the BUILDER estimates the VESSEL will be ready for delivery and demand in writing that the BUYER shall make an election, in which case the BUYER shall, within fifteen (15) days after such demand is received by the BUYER, notify the BUILDER of its intention either to rescind this Contract or to consent to the acceptance of the VESSEL at agreed reduction price and at agreed future date; it being understood by the parties hereto that, if the VESSEL is not delivered by such future date, the BUYER shall have the same right of rescission upon the same terms and conditions as hereinabove provided.

If the BUYER fails to notify the BUILDER of its intention to rescind this Contract as above specified within the aforementioned fifteen (15) days, the BUYER shall be deemed to have consented to delivery of the VESSEL at the later date proposed by the BUILDER.

- (d) For the purpose of this Article, the delivery of the VESSEL shall be deemed to be delayed when and if the VESSEL, after taking into full account all postponements of the Delivery Date by reason of permissible delays as defined in Article VIII and/or any other reasons under this Contract, is not delivered by the date upon which delivery is required under the terms of this Contract.

2. Speed

- (a) The Contract Price shall not be affected or changed by reason of the actual speed, as determined by trial run in accordance with the Specifications, being less than three-tenths (3/10) of one (1) knot below the Guaranteed Speed of the VESSEL specified and required under Paragraph 3(b) of Article I of this Contract (hereinafter called the "Guaranteed Speed").

- (b) In the event, however, that the deficiency in the actual speed exceeds three-tenths (3/10) of one (1) knot below the Guaranteed Speed of the VESSEL, the Contract Price shall be reduced by United States Dollars Sixty Thousand (U.S.\$60,000.-) only for deficiency of each further complete one-tenth (1/10) of a knot in excess up to a maximum of deficiency of one (1) full knot below the Guaranteed Speed (but fractions less each complete 1/10 of a knot to be disregarded).
- (c) If the deficiency in actual speed of the VESSEL upon trial run is more than one (1) full knot below the Guaranteed Speed of the VESSEL, then the BUYER may, at its option, reject the VESSEL and rescind this Contract in accordance with the provisions of Article X hereof, or may accept the VESSEL at a reduction in the Contract Price as above provided for one (1) full knot only, that is, at a total reduction of United States Dollars Four Hundred and Twenty Thousand only (U.S.\$420,000.-).

3. Fuel Consumption

- (a) The Contract Price shall not be affected or changed by reason of the actual fuel consumption of the VESSEL's main engine, as determined by shop trial as per the Specifications, being more than the Guaranteed Fuel Consumption of the VESSEL's main engine specified and required under Paragraph 3(d) of Article I of this Contract (hereinafter called the "Guaranteed Fuel Consumption"), if such excess is not more than five percent (5%) over the Guaranteed Fuel Consumption.
- (b) In the event, however, that actual fuel consumption of the VESSEL's main engine as determined by the shop trial as specified in the Specifications exceeds five percent (5%) over the Guaranteed Fuel Consumption of the main engine, the Contract Price shall be reduced by the sum of United States Dollars Forty Thousand (U.S.\$40,000.-) only for each full one percent (1%) increase in fuel consumption above said five percent (5%) (fractions of one percent (1%) to be disregarded), up to a maximum of eight percent (8%) over the Guaranteed Fuel Consumption of the main engine.

- (c) If such actual fuel consumption of the VESSEL's main engine as determined by the shop trial as specified in the Specifications exceeds eight percent (8%) of the Guaranteed Fuel Consumption, the BUYER may, at its option, reject the VESSEL and rescind this Contract in accordance with the provisions of Article X hereof, or may accept the VESSEL at a reduction in the Contract Price as above specified for eight percent (8%) only, that is, at a total reduction of United States Dollars One Hundred and Twenty Thousand (U.S.\$120,000.-) only.

4. Deadweight

- (a) The Contract Price shall not be affected or changed by reason of the actual deadweight tonnage determined as provided for in the Specifications being below the deadweight tonnage specified and required under Paragraph 3(c) of Article I of this Contract (hereinafter called the "Guaranteed Deadweight"), if such deficiency in the actual deadweight tonnage is not more than Seven Hundred (700) metric tons.
- (b) In the event that the actual deadweight of the VESSEL as determined in accordance with the Specifications is less than the Guaranteed Deadweight of the VESSEL, the Contract Price shall be reduced by the sum of United States Dollars Four Hundred and Fifty (U.S.\$450.-) only for each full metric ton (but disregarding fractions of one (1) metric tons) more than Seven Hundred (700) metric tons deficiency, up to a maximum of One Thousand and Seven Hundred (1,700) metric tons below the Guaranteed Deadweight.
- (c) In the event of such deficiency in the actual deadweight of the VESSEL exceeds One Thousand and Seven Hundred (1,700) metric tons, then the BUYER may, at its option, reject the VESSEL and rescind this Contract in accordance with the provisions of Article X hereof, or may accept the VESSEL at a reduction in the Contract Price as above provided for One Thousand and Seven Hundred (1,700) metric tons only, that is, at a total reduction of United States Dollars Four Hundred and Fifty Thousand only (U.S.\$450,000.-).

5. Effect of Rescission

It is expressly understood and agreed by the parties hereto that in any case, if the BUYER rescinds this Contract under this Article, the BUYER shall not be entitled to any liquidated damages.

6. Method of Settlement

Every and all adjustment of the Contract Price provided in this Article shall be deducted from the final installment due upon Delivery of the VESSEL.

7. Cumulative Effect

The liquidated damages specified in each separate paragraph and sub-paragraph within this Article III shall be independent of each other and cumulative.

(End of Article)

ARTICLE IV - APPROVAL OF PLANS AND DRAWINGS AND INSPECTION DURING CONSTRUCTION

1. Approval of Plans and Drawings

- (a) The BUILDER shall submit to the BUYER in PDF format of the plans and drawings to be submitted thereto in accordance with the Specifications for its approval.

The BUYER shall after the date of receipt, within three (3) weeks before the keel laying of the VESSEL and within two (2) weeks after the keel laying of the VESSEL inform the BUILDER of the BUYER's approval or approval with comments as described in the Specifications.

A list of the plans and drawings to be submitted to the BUYER for its approval shall be mutually agreed upon between the parties hereto.

- (b) When and if the Representative (as defined hereinafter) shall have been sent by the BUYER to the SHIPYARD in accordance with Paragraph 2 of this Article, the BUILDER may, at the BUYER's written consent, submit the remainder, if any, of the plans and drawings in the list, to the Representative for his approval. The Representative shall, within two (2) weeks after receipt thereof, inform the BUILDER of the BUYER's approval or approval with comments, if any.

Approval by the Representative of the plans and drawings duly submitted to him at the BUYER's consent shall be deemed to be the approval by the BUYER for all purpose of this Contract.

- (c) In the event that the BUYER or the Representative shall fail to inform the BUILDER of the BUYER's approval or approval with comments if any within the time limit as hereinabove specified, such plans and drawings shall be deemed to have been automatically approved without any comment.

The plans and drawings so approved by the BUYER or the Representative shall be final and any alteration thereof shall be regarded as modifications specified in Article V hereof.

2. Appointment of the BUYER's Representative

The BUYER may timely send to and maintain at the SHIPYARD, at the BUYER's own cost and expense, no more than Five (5) representatives, BUYER's office personnel occasional visits excluded, who shall be duly authorized in writing by the BUYER (hereinafter called the "Representative") to act on behalf of the BUYER in connection with modifications of the Specifications, approval of the plans and drawings, attendance to the tests and inspections relating to the VESSEL, its machinery, equipment and outfitting, and any other matters for which he is specifically authorized by the BUYER.

The BUILDER shall, upon request by the BUYER, provide or assist to apply the necessary invitation letter and/or the other required documents for the Representative's visa to enter the People's Republic of China in accordance with the relevant rules, regulations and laws of the People's Republic of China.

3. Inspection by the Representative

The necessary inspection of the VESSEL, its machinery, equipment and outfitting shall be carried out by the Classification Society, other regulatory bodies and/or an inspection team of the BUILDER throughout the entire period of construction, in order to ensure that the construction of the VESSEL is duly performed in accordance with this Contract and the Specifications.

The Representative shall during the construction until delivery and acceptance of the VESSEL, have the right to attend such tests and inspections of the VESSEL, its machinery and equipment or materials at the SHIPYARD, its subcontractors' premises or any other place where work is being done or materials are stored in connection with the VESSEL as are mutually agreed between the BUYER and the BUILDER.

The BUILDER shall give a notice to the Representative reasonably in advance for tests and inspections within the SHIPYARD stating particulars of any tests and inspections which may be attended by the Representative provided that in exceptional circumstances the manner in which such notice is given may be modified by mutual agreement. Also, the BUILDER shall give a notice to the Representative of the date and place of such tests and inspections including three (3) days prior notice of auxiliary engines test and seven (7) days prior notice of main engine tests.

For tests and inspections outside the SHIPYARD sufficient advance notice to allow for the Representative to arrange transportation shall be given. This advance notice should not be less than seven (7) days for tests and inspections that require air travel for attendance.

Failure of the Representative to be present at such tests and inspections after due notice to him as above provided shall be deemed to be a waiver of his right to be present. In such case, the Representative shall be obligated to accept the results of such test, on the basis of the BUILDER's report(s) that the said results have conformed to the requirements of this Contract and the Specifications, and the BUILDER shall be entitled to proceed with the construction schedule without further awaiting the particular inspection in question.

In the event that the Representative discovers any construction or material or workmanship which is not deemed to conform to the requirements of this Contract and/or the Specifications, the Representative shall promptly give the BUILDER a notice in writing as to such non-conformity.

Upon receipt of such notice from the Representative, and provided there is no disagreement or argument between the BUILDER and the Representative, the BUILDER shall correct such non-conformity. In all working hours during the construction of the VESSEL until delivery thereof, the Representative shall be given free and ready access to the VESSEL, its engines and accessories, and to any other place where work is being done, or materials are being processed or stored, in connection with the construction of the VESSEL, including the yards, workshops, stores and offices of the BUILDER, and the premises of subcontractors of the BUILDER, who are doing work or storing materials in connection with the VESSEL's construction.

If the Representative fail to notify the BUILDER promptly of any such demand for correction with respect to the construction, arrangement or outfit of the VESSEL, its engines or accessories, or any other items or matters in connection therewith, which the Representative have examined or inspected or attended at the test of under this Contract and the Specifications, the Representative shall be deemed to have approved the same test and/or inspection and the BUILDER shall be entitled to proceed with the construction of the VESSEL without further awaiting the notice after the said test and/or inspection, only with the attendance and/or approval of the Classification Surveyor as far as required by Classification Society and the BUYER shall be obliged to accept the results of such test and inspections, provided that the VESSEL is constructed in accordance with the Contract and Specifications.

In the event any disputes arise between the Representative and the BUILDER, the BUYER and the BUILDER shall try to settle the dispute by negotiations. Should the dispute not be settled by negotiation either the BUYER or the BUILDER may, with the agreement of the other party, refer the matter for resolution by the Senior Principal Surveyor of the Classification Society as provided in Article I, or failing such agreement, refer such dispute to arbitration as per Article XIII.

4. Facilities

The BUILDER shall furnish the Representative with air-conditioned (with heating function) adequate office space with high speed internet connections and such other reasonable facilities according to the BUILDER's practice at the SHIPYARD as may be necessary to enable them to effectively carry out their duties. Usage cost of telephone call and high speed internet shall be for BUYER's account.

During the last two (2) months of the period of construction of the VESSEL, office space shall also be provided to accommodate the VESSEL's captain and chief engineer as per BUILDER's practice.

5. Liability of the BUILDER

The Representative shall at all times be deemed to be employees of the BUYER and not of the BUILDER. The BUILDER shall be under no liability whatsoever to the BUYER, the Representative for personal injuries, including death, suffered during the time when he or they are on the VESSEL, or within the premises of either the BUILDER or its subcontractors, or are otherwise engaged in and about the construction of the VESSEL, unless, however, such personal injuries including death were caused by a gross negligence of the BUILDER, or of any of its employees or agents or subcontractors.

The BUILDER shall be under no liability whatsoever to the BUYER, the Representative for damage to, or loss or destruction of property in the People's Republic of China of the BUYER or of the Representative, unless such damage, loss or destruction were caused by a gross negligence of the BUILDER, or of any of its employees or agents or subcontractors.

6. Responsibility of the BUYER

The BUYER shall undertake and assure that the Representative shall carry out his duties hereunder in accordance with the normal shipbuilding practice of the BUILDER and in such a way as to avoid any unnecessary increase in building cost, delay in the construction of the VESSEL, and/or any disturbance in the construction schedule of the BUILDER.

The BUILDER has the right to request the BUYER to replace the Representative who is deemed unsuitable and unsatisfactory for the proper progress of the VESSEL's construction. The BUYER shall investigate the situation, by sending its representative(s) to the SHIPYARD if necessary, and if the BUYER considers that such request of the BUILDER is justified, the BUYER shall effect such replacement as soon as conveniently arrangeable.

Nothing agreed in this Article IV nor any action whatsoever of the BUYER or the Representative shall waive or diminish in any way the sole and exclusive responsibilities and obligations of the BUILDER to design, construct, equip, launch and complete the VESSEL under this Contract and the Specifications nor shall any of the BUYER's rights under Article IX be diminish or waived in any way whatsoever.

7. Salaries and Expenses

All salaries and expenses of the Representative shall be for the BUYER's account except those mentioned under the Paragraph 4 in this Article.

(End of Article)

ARTICLE V - MODIFICATION

1. **Modification of Specifications**

It is not the intention of the parties hereto to make alteration or modifications to the Specifications and basically no modifications shall be applied as the VESSEL is to be built pursuant to the Specifications mutually agreed by the BUYER and the BUILDER, but the Specifications may be modified and/or changed by written agreement of the parties hereto, provided that such modifications and/or changes or an accumulation thereof will not in the BUILDER's reasonable judgement adversely affect the BUILDER's planning or program in relation to the BUILDER's other commitments, and provided, further, that the BUYER shall first agree, before such modifications and/or changes are carried out, to alterations in the Contract Price, the Delivery Date, the guaranteed figures and other terms and conditions of this Contract and the Specifications occasioned by or resulting from such modifications and/or changes.

Such agreement may be effected by e-mail or exchange of letters signed by the authorized representatives of the parties hereto which shall constitute amendments to this Contract and/or the Specifications.

The BUILDER may make changes to the Specifications, if found necessary for introduction of improved production methods or otherwise, provided that the BUILDER shall first obtain the BUYER's approval which shall not be unreasonably withheld.

2. **Change in Rules and Regulations, etc.**

In the event that, after the date of this Contract, any requirements as to class, or as to rules and regulations to which the construction of the VESSEL is required to conform are altered or changed by the Classification Society or the other regulatory bodies authorized to make such alterations or changes, the following provisions shall apply:

- (a) If such alterations or changes are compulsory for the VESSEL, either of the parties hereto, upon receipt of such information from the Classification Society or such other regulatory bodies, shall promptly transmit the same to the other in writing, and the BUILDER shall thereupon incorporate such alterations or changes into the construction of the VESSEL, provided that the BUYER shall first agree to reasonable adjustments required by the BUILDER in the Contract Price, the Delivery Date and other terms and conditions of this Contract and the Specifications occasioned by or resulting from such alterations or changes.
- (b) If such alterations or changes are not compulsory for the VESSEL, but the BUYER desires to incorporate such alterations or changes into the construction of the VESSEL, then, the BUYER shall notify the BUILDER of such intention. The BUILDER may accept such alterations or changes, provided that such alterations or changes will not, in the reasonable judgement of the BUILDER, adversely affect the BUILDER's planning or program in relation to the construction of the VESSEL and the BUILDER's other commitments, and provided, further, that the BUYER shall first agree to reasonable adjustments required by the BUILDER in the Contract Price, the Delivery Date and other terms and conditions of this Contract and the Specifications reasonably occasioned by or resulting from such alterations or changes.

Agreements as to such alterations or changes under this Paragraph shall be made in the same manner as provided in Paragraph 1 of this Article for modifications or changes to the Specifications.

3. Substitution of Materials

In the event that any of the materials required by the Specifications or otherwise under this Contract for the construction of the VESSEL cannot be procured in time or are in short supply to maintain the Delivery Date of the VESSEL, the BUILDER may, provided that the BUYER shall so agree in writing, which shall not be unreasonably withheld, supply other materials with equivalent quality and capable of meeting the requirements of the Classification Society and of the rules, regulations and requirements with which the construction of the VESSEL must comply. Any agreement as to such substitution of materials shall be effected in the manner provided in Paragraph 1 of this Article, and shall likewise, include alterations in the Contract Price and other terms and conditions of this Contract occasioned by or resulting from such substitution, unless otherwise mutually agreed.

(End of Article)

ARTICLE VI - TRIALS

1. **Notice**

The BUILDER shall notify the BUYER at least thirty (30) days and seven (7) days prior notice in writing or by facsimile/e-mail of the time and place of the trial run of the VESSEL and the BUYER shall promptly acknowledge receipt of such notice. The BUYER shall have its Representative on board the VESSEL to witness such trial run. Failure in attendance of the Representative of the BUYER at the trial run of the VESSEL for any reason whatsoever after due notice to the BUYER as above provided, shall be deemed to be a waiver by the BUYER of its right to have its Representative on board the VESSEL at the trial run, and the BUILDER and the class surveyor may conduct the trial run without the Representative of the BUYER being present, and in such case the BUYER shall be obliged to accept the VESSEL on the basis of a certificate of the BUILDER with an approval from the Classification Society certifying that the VESSEL, upon trial run, is found to conform to this Contract and the Specifications.

2. **Weather Condition**

The trial run shall be carried out under the weather condition which is deemed favourable enough by the reasonable judgement of the BUILDER in accordance with this Contract and the Specifications.

In the event of unfavourable weather on the date specified for the trial run, the same shall take place on the first available day thereafter that the weather condition permits. It is agreed that, if during the trial run of the VESSEL, the weather should suddenly become so unfavourable that orderly conduct of the trial run can no longer be continued, the trial run shall be discontinued and postponed until the first favourable day next following, unless the BUYER shall assent in writing to acceptance of the VESSEL on the basis of the trial run already made before such discontinuance has occurred.

Any delay of trial run caused by such unfavourable weather condition shall operate to postpone the Delivery Date by the period of delay involved and such delay shall be deemed as a permissible delay in the delivery of the VESSEL.

3. How Conducted

All expenses in connection with the trial run are to be for the account of the BUILDER and the BUILDER shall provide at its own expense the necessary crew to comply with conditions of safe navigation. The trial run shall be conducted in the manner prescribed in the Specifications, and shall prove fulfilment of the performance requirements for the trial run as set forth in the Specifications. The course of trial run shall be determined by the BUILDER.

Notwithstanding the foregoing, lubricating oils and greases necessary for the period of construction and the trial run of the VESSEL shall be supplied by the BUYER at the SHIPYARD prior to the time required and fuel oils shall be supplied by the BUILDER. The lubricating oils and greases supplied by the BUYER shall be in accordance with the Specifications and instruction of the BUILDER.

4. Trial Condition

- (a) In addition to the supplies provided by the BUYER in accordance with Paragraph 3 of this Article, the BUILDER shall provide the VESSEL with the required quantity of sea and fresh water and others to bring the VESSEL to the trial condition for the BUILDER's account.
- (b) The dry-docking prior to the trial run is not applied. However, the BUILDER may place the VESSEL in drydock prior to the trial run.

5. Method of Acceptance or Rejection

- (a) Upon completion of the trial run, the BUILDER shall give the BUYER a notice by facsimile/email confirmed in writing of completion of the trial run together with the prompt result of trial run, as and if the BUILDER considers that the results of the trial run indicate conformity of the VESSEL to this Contract and the Specifications. The BUYER shall, within three (3) days after receipt of such notice from the BUILDER, notify the BUILDER by facsimile/email of its acceptance or rejection of the VESSEL.
- (b) However, should the results of the trial run indicate that the VESSEL, or any part or equipment thereof, does not conform to the requirements of this Contract and/or the Specifications, and if there is no disagreement or argument among the BUILDER and the BUYER as to the non-conformity specified in the BUYER's notice of rejection, then, the BUILDER shall take the necessary steps to correct such non-conformity. Upon completion of correction of such non-conformity, the BUILDER shall give the BUYER a notice thereof by facsimile/e-mail confirmed in writing. The BUYER shall, within three (3) days after its receipt of such notice from the BUILDER, notify the BUILDER, of its acceptance or rejection of the VESSEL.

Notwithstanding the above, if the non-conformities are of minor importance or relate to insubstantial items, which will be mutually agreed between the BUYER and the BUILDER, not affecting Class, the seaworthiness or the operation of the VESSEL but the BUILDER is unable to rectify the matter within a reasonable time, the BUILDER shall nevertheless have the right to require the BUYER to take delivery of the Vessel, on condition that the BUILDER shall undertake to remedy the non-conformities or insubstantial items for its own cost and expenses as soon as possible during the Warranty Period, unless otherwise mutually agreed, whereupon the BUYER shall accept delivery of the Vessel.

- (c) In any event that the BUYER rejects the VESSEL, the BUYER shall indicate in its notice of rejection in what respect the VESSEL, or any part or equipment thereof does not conform to this Contract and/or the Specifications.
- (d) In the event that the BUYER fails to notify the BUILDER by facsimile/email confirmed in writing of the acceptance, or the rejection together with the reason therefor of the VESSEL within the period as provided in the above Sub-paragraph (a) or (b), the BUYER shall be deemed to have accepted the VESSEL.
- (e) Any dispute arising between the parties hereto as to the result of any trial run of the VESSEL, or relating to the BUYER's rejection to take delivery of the VESSEL, shall be resolved in accordance with Article XIII. The decision of the arbitration shall be final and binding upon the both parties.

6. Effect of Acceptance

Acceptance of the VESSEL as above provided shall be final and binding so far as conformity of the VESSEL to this Contract and the Specifications is concerned, and shall preclude the BUYER from refusing formal delivery of the VESSEL as hereinafter provided, if the BUILDER complies with all other procedural requirements for delivery as provided in Article VII hereof.

7. Disposition of Surplus Consumable Stores

Lubricating oil and grease, in accordance with the applicable engine specifications, necessary for the operation of the VESSEL shall be supplied by the BUYER prior to the time of trial run and the BUILDER shall pay the cost of the quantity of lubricating oil and grease consumed during the trial runs and the contaminated lubricating oils, upon delivery of the VESSEL at the price as evidenced by the invoice issued by each supplier of the same. The consumption of lubricating oil and grease for the trial runs shall be calculated on the basis of the difference between the supplied amount and remaining amount including the same in pipe lines and in the systems.

The BUILDER shall supply fuel oil for use during the trials. Any fuel oil, fresh water and other consumable stores purchased by the BUILDER for the trials and remaining on board the VESSEL after its acceptance by the BUYER shall be taken over by the BUYER at the original purchase price including value added tax if any, as evidenced by the invoice issued by each supplier of the same. Any payment by the BUYER shall be effected upon delivery of the VESSEL.

(End of Article)

ARTICLE VII - DELIVERY

1. Time and Place

The VESSEL shall be delivered by the BUILDER to the BUYER safely afloat at the SHIPYARD or another place mutually agreed on by the BUYER and the BUILDER which shall not be unreasonably withheld, on or before November 8th, 2024, except that in the event of delays in the construction of the VESSEL or any performance required under this Contract due to causes which under the terms of this Contract permit postponement of the date for delivery, the aforementioned date for delivery of the VESSEL shall be postponed accordingly.

Provided however that, if the BUILDER tenders delivery of the VESSEL between November 8th and December 31st, 2024, then the BUYER shall have the right to either accept the VESSEL and take delivery thereof on such proposed delivery date or, at no extra cost or liability of any kind whatsoever to the BUYER, to delay acceptance of the VESSEL and take delivery of the same not later than January 5th, 2025.

The aforementioned date, or such later date to which the requirement of delivery is postponed pursuant to such terms, is herein called the "Delivery Date".

2. Notice

The BUILDER shall give an approximate prior written notice to the BUYER at least 30/15 calendar days of the scheduled Delivery Date. A definite notice shall be given to the BUYER at least seven (7) banking days prior to the scheduled Delivery Date.

3. When and How Effected

Provided that the BUILDER and the BUYER shall have fulfilled all of its obligations stipulated under this Contract, delivery of the VESSEL shall be effected forthwith by the concurrent delivery by each of the parties hereto to the other of the PROTOCOL OF DELIVERY AND ACCEPTANCE, acknowledging delivery of the VESSEL by the BUILDER and acceptance thereof by the BUYER, which shall be prepared in duplicate and executed by each of the parties hereto.

4. Documents to be delivered to the BUYER

Acceptance of the VESSEL by the BUYER shall be conditioned upon the BUILDER's delivery of the following documents to the BUYER, which shall accompany the PROTOCOL OF DELIVERY AND ACCEPTANCE:

- (a) PROTOCOL OF TRIALS OF THE VESSEL made pursuant to the Specifications.
- (b) PROTOCOL OF INVENTORY of the equipment of the VESSEL, including spare parts and the like, all as specified in the Specifications.
- (c) PROTOCOL OF STORES OF CONSUMABLE NATURE referred to under Paragraph 7 of Article VI hereof, including the original purchase price thereof.
- (d) ALL CERTIFICATES required to be furnished upon delivery of the VESSEL pursuant to this Contract and the Specifications. It is agreed that if, through no fault on the part of the BUILDER, the classification certificate and/or other certificates are not available at the time of delivery of the VESSEL, provisional certificates shall be accepted by the BUYER, provided that the BUILDER shall furnish the BUYER with the formal certificates as promptly as possible after such formal certificates have been issued before expiry of the provisional certificates.
- (e) DECLARATION OF WARRANTY of the BUILDER that the VESSEL is delivered to the BUYER free and clear of any liens, charges, claims, mortgages, or other encumbrances upon the BUYER's title thereto, and in particular, that the VESSEL is absolutely free of all burdens in the nature of imposts, taxes or charges imposed by the Chinese governmental authorities, as well as of all liabilities of the BUILDER to its subcontractors, employees and crew, and of all liabilities arising from the operation of the VESSEL in trial runs, or otherwise, prior to delivery.

- (f) DRAWINGS AND PLANS pertaining to the VESSEL as stipulated in the Specifications.
- (g) COMMERCIAL INVOICE in three (3) originals
- (h) BILL OF SALE in three (3) originals, duly notarized
- (i) BUILDER's CERTIFICATE in three (3) originals, duly notarized
- (j) Non-registration certificate issued by the BUILDER confirming that the VESSEL has not been registered in the P.R. of China or elsewhere prior to the Delivery Date ("non registration letter")
- (k) Declaration Letter for Not Containing the Hazardous Materials by the Builder.
- (l) any other documents reasonably required for the registration of the VESSEL as far as possible for the BUILDER;

5. Tender of the VESSEL

If the BUYER fails to take delivery of the VESSEL after completion thereof according to this Contract and the Specifications without any justifiable reason, the BUILDER shall have the right to tender delivery of the VESSEL after compliance with all procedural requirements as above provided.

6. Title and Risk

Title to and risk of loss of the VESSEL shall pass to the BUYER from the BUILDER only upon delivery and acceptance thereof having been completed as stated above; it being expressly understood that, until such delivery is effected, title to and risk of loss of the VESSEL and her machinery and equipment shall be entirely in the BUILDER.

7. Removal of the VESSEL

The BUYER shall take possession of the VESSEL immediately upon delivery and acceptance thereof, and shall remove the VESSEL from the mooring quay of the SHIPYARD or the place the VESSEL been delivered as soon as possible within three (3) days after delivery and acceptance thereof is effected. If the BUYER shall not remove the VESSEL from the mooring quay within the aforesaid three (3) days, then, in such event, the BUYER shall pay to the BUILDER the reasonable mooring charges of the VESSEL.

(End of Article)

ARTICLE VIII - DELAYS AND EXTENSION OF TIME FOR DELIVERY (FORCE MAJEURE)

1. Causes of Delay

If, at any time before the actual delivery, either the construction of the VESSEL or any performance required as a prerequisite of delivery of the VESSEL is delayed due to Acts of God; act of princes or rulers; requirements of government authorities; war, other hostilities or preparations thereof; blockade; revolution; insurrections; mobilization; civil war; civil commotion or riots; sabotages, strikes, lockout or other labour disturbances; labor shortage; plague or other epidemics; quarantines; flood, typhoons, hurricanes, storms or other weather conditions not included in normal planning; earthquakes; tidal waves; landslides; fires, explosions, collisions or strandings except the case caused by the gross negligence of people; embargoes; delays or failure in transportation; shortage of materials, machinery or equipment; import restrictions; inability to obtain delivery or delays in delivery of materials, machinery or equipment, provided that at the time of ordering the same could reasonably be expected by the BUILDER to be delivered in time; prolonged failure, shortage or restriction of electric current, oil or gas; defects in materials, machinery or equipment which could not have been detected by the BUILDER using reasonable care; major casting or forging rejects or the like not due to negligence; delays caused by the Classification Society or other regulatory bodies whose documents are required; destruction of or damage to the SHIPYARD or works of the BUILDER, its subcontractors or suppliers, or of or to the VESSEL or any part thereof, by any causes herein described; delays in the BUILDER's other commitments resulting from any causes herein described which in turn delay the construction of the VESSEL or the BUILDER's performance under this Contract; other causes or accidents beyond the control of the BUILDER, its subcontractors or suppliers of the nature whether or not indicated by the foregoing words; all the foregoing irrespective of whether or not these events could be foreseen at the day of signing this Contract; then and in any such case, the Delivery Date shall be postponed for a period of time, provided that the BUILDER shall take immediate steps to overcome any delay by any means within its control.

2. Notice of Delays

Within ten (10) days from the date of occurrence of any cause of delay, on account of which the BUILDER claims that it is entitled under this Contract to a postponement of the Delivery Date, the BUILDER shall notify the BUYER in writing or by facsimile/email together with supporting evidence of the date such cause of delay occurred. Likewise, within ten (10) days after the date of ending of such cause of delay, the BUILDER shall notify the BUYER in writing or by facsimile/email of the date such cause of delay ended. The BUILDER shall also notify the BUYER of the period, by which the Delivery Date is postponed by reason of such cause of delay, with all reasonable despatch after it has been determined.

Failure of the BUYER to object to the BUILDER's claim for postponement of the Delivery Date within ten (10) days after receipt by the BUYER of such notice of claim shall be deemed to be a waiver by the BUYER of its right to object such postponement of the Delivery Date.

3. Definition of Permissible Delays

Delays on account of such causes as specified in Paragraph 1 of this Article and other delays of a nature which under the terms of this Contract permits postponement of the Delivery Date shall be understood to be permissible delays and are to be distinguished from unauthorized delays on account of which the Contract Price is subject to adjustment as provided in Article III hereof.

4. Right to Rescind for Excessive Delay

If the total accumulated time of all delays on account of causes specified in Paragraph 1 of this Article, excluding delays of a nature which under the terms of this Contract permit postponement of the Delivery Date, amounts to One Hundred and Fifty (150) days or more, then, in such event, the BUYER may rescind this Contract in accordance with the provisions of Article X hereof.

If the total accumulated amount of the delays being the aggregate of all permissible delays, specified in Paragraph 1 of this Article, and non-permissible delays excluding delays of a nature which under the terms of this Contract permit postponement of the Delivery Date, amounts to two hundred and ten (210) days or more, then, in such event the BUYER may rescind this Contract in accordance with the provisions of Article X hereof.

The BUILDER may, at any time after the accumulated time of the aforementioned delays justifying rescission by the BUYER, demand in writing that the BUYER shall make an election, in which case the BUYER shall, within fourteen (14) days after such demand is received by the BUYER, either notify the BUILDER of its intention to rescind this Contract, or consent to a postponement of the Delivery Date to a specific future date; it being understood and agreed by the parties hereto that, if any further delay occurs on account of causes justifying rescission as specified in this Article, the BUYER shall have the same right of rescission upon the same terms as hereinabove provided. If the BUYER fails to notify the BUILDER of its rescission of this Contract as specified above within such fourteen (14) days period, the BUYER shall be deemed to have consented to the delivery of the VESSEL at the future date for delivery proposed by the BUILDER.

(End of Article)

ARTICLE IX - WARRANTY OF QUALITY

1. Guarantee of Material, Workmanship

The BUILDER, for a period of twelve (12) months from the date of delivery of the VESSEL to the BUYER, shall guarantee the VESSEL, its hull and machinery and all parts and equipment thereof including machinery appurtenances that are manufactured or furnished or supplied by the BUILDER and/or its sub-contractors under this Contract against all defects which are due to defective material, design and/or poor workmanship of the BUILDER and/or its sub-contractors provided that such defects have not been caused by perils of the sea, rivers or navigation, or by normal wear and tear, fire, accident, incompetence, mismanagement, negligence or willful neglect, or by alteration or addition by the BUYER.

The provisions set forth under this Article as to the Guarantee of the BUILDER shall not apply to any articles supplied by the BUYER.

2. Notice of Defects

The BUYER shall notify the BUILDER in writing, or by facsimile/email confirmed in writing of any defects for which claim is made under this guarantee as promptly as possible after discovery thereof. The BUYER's written notice shall describe the nature of the defect and the extent of the damage caused thereby. The BUILDER shall have no obligation for any defects discovered prior to the expiry date of the said twelve (12) months period, unless notice of such defects is received by the BUILDER not later than seven (7) days after such expiry date.

3. Remedy of Defects

- (a) The BUILDER shall remedy, at its expense, any defect against which the VESSEL or any part of equipment thereof is guaranteed under this Article by repairing or replacing the defective parts in the BUILDER's nominated shipyard.

- (b) Such repairs or replacement will be made at the BUILDER's nominated shipyard unless the VESSEL cannot be practically brought there. However, if it is impractical for the BUYER to bring the VESSEL to the BUILDER's nominated shipyard and if it is likewise impractical for the BUILDER to forward replacements for the defective parts so as to avoid impairment and delay to the VESSEL's operation or working, then, in such event, the BUYER may cause the necessary repairs or replacements to be made at any shipyard or works other than the BUILDER's nominated shipyard at the discretion of the BUYER, provided, however, that the BUYER shall give the BUILDER notice in writing or by facsimile/email confirmed in writing of the time and place such repairs will be made, if the VESSEL is not thereby delayed or her operation or working is not thereby impaired, the BUILDER shall have the right to verify by its own representative the nature and extent of the defects complained of. The BUILDER, in such cases, shall promptly advise the BUYER by facsimile/email, after such impartial verification has been completed, of its acceptance or rejection of the defect as one that is subject to the Guarantee herein provided. Upon receipt by the BUYER of the BUILDER's facsimile/email acceptance of the defect as one justifying remedy under this Article, the BUYER may cause necessary repairs or replacements to be made and the BUILDER shall pay to the BUYER for such repairs or replacements a sum equal to the same cost of making such repairs and/or replacements in the SHIPYARD.
- (c) In the event it is necessary to forward the replacement for the defective parts under the BUILDER's guarantee, the BUILDER shall forward the same to the agent designated by the BUYER at Cost Insurance and Freight by sea. However, if such replacement(s) is/are indispensably essential to and urgently required for the seaworthiness of the VESSEL, the BUILDER shall forward the same to the agent designated by the BUYER at Cost Insurance and Freight by airfreight. Seafreight and/or airfreight thereby incurred are for account of the BUILDER, but such replacement shall be taken to the Vessel and installed at the BUYER's cost.

- (d) In any case, the VESSEL shall be taken at the BUYER's cost and responsibility to the place elected, ready in all respects for such repairs or replacements.
- (e) All disputes in this connection, including any disputes arising on the question of cost or upon the rejection by the BUILDER, upon impartial verification of the defects as aforesaid and all other disputes connected with or arising upon the discovery by the BUYER of the defects which cannot be amicably settled between the BUYER and the BUILDER shall be referred to the Classification Society. However, if the decision of the Classification Society is not acceptable to either or both parties, such disputes shall be then referred to arbitration as provided in ARTICLE XIII of this Contract.

4. Extent of BUILDER's Liability

The BUILDER shall be under no obligation with respect to defects discovered after the expiration of the period of guarantee specified above. The BUILDER shall be liable to the BUYER for the defects specified in Paragraph 1 of this ARTICLE provided that such liability of the BUILDER shall be limited to damage occasioned within the guarantee period specified in Paragraph 1 above. The BUILDER shall however be under no obligation for any remote and/or consequential damages occasioned by any defect or for any loss of time in operating or repairing the VESSEL, or both, caused by any defect.

The BUILDER shall not be obliged to repair, or be liable for, damages to the VESSEL, or any part or equipment thereof, which after acceptance of the VESSEL by the BUYER are caused by other than the defects of the nature specified in Paragraph 1 above, nor shall there be any BUILDER's liability hereunder for defects in the VESSEL, or any part or equipment thereof, caused by fire or accidents at sea or elsewhere subsequent to acceptance of the VESSEL by the BUYER, or mismanagement, accident, negligence, or wilful neglect on the part of the BUYER, its employees or agents, or of any persons other than employees, agents or sub-contractors of the BUILDER, on or doing work on, the VESSEL, including the VESSEL's officers, crew and passengers.

Likewise, the BUILDER shall not be liable for defects in the VESSEL, or any part or equipment thereof, which are due to repairs, which were made by others than the BUILDER at the direction of the BUYER. Should the facsimile/email advice of defects in guarantee period be noticed by the BUYER to the BUILDER, notwithstanding the nature of such defects being in compliance with the Specifications described in Paragraph 1 of the Article as guarantee item or not, the BUILDER shall take active measures to assist the BUYER to remedy the defects.

The guarantee contained as hereinabove in the Article replaces and excludes any other liability, guarantee, warranty and/or condition imposed or implied by the law, customary, statutory or otherwise, applying to the construction and sale of the VESSEL by the BUILDER for and to the BUYER.

The BUYER shall be entitled on or after delivery and acceptance of the VESSEL to assign its rights under this Article to any purchaser or bareboat charterer or financier of the VESSEL with the prior written consent of the BUILDER which shall not be unreasonably withheld. Notice of any such assignment shall be given by the BUYER to the BUILDER. In case of an assignment, the BUYER shall remain liable under this Contract.

(End of Article)

ARTICLE X - RESCISSION OF THE CONTRACT

1. Notice

All payments made by the BUYER to the BUILDER prior to the delivery of the VESSEL shall be in the nature of advances to the BUILDER. In the event that the BUYER shall exercise its right of rescission of this Contract under and pursuant to any of the provisions of this Contract specifically permitting the BUYER to do so, then the BUYER shall notify the BUILDER in writing or by facsimile/email confirmed in writing and such rescission shall be effective as of the date notice thereof is received by the BUILDER.

2. Refund by the BUILDER

In case the BUILDER receives the notice stipulated in Paragraph 1 of this Article the BUILDER shall refund in United States Dollars to the BUYER the full amount of all sums paid by the BUYER to the BUILDER on account of the VESSEL within Twenty One (21) Chinese banking days after the date of the notice as provided in paragraph 1 of this Article hereof together with, if appropriate, an amount equal to the original purchase prices of the BUYER's Supplies as evidenced by the invoice issued by the each supplier of the same including lubricating oil, grease and fuel oil, if any, which are purchased by the BUYER to the VESSEL, except those items which are able to return to the BUYER as they are, unless the BUILDER proceeds to the arbitration under the provisions of Article XIII hereof.

In such event, the BUILDER shall pay the BUYER interest at the rate of six percent (6%) per annum on the amount required herein to be refunded to the BUYER, computed from the respective dates on which such sums were received by the BUILDER from the BUYER to the date of remittance by telegraphic transfer of such refund with interest to the BUYER by the BUILDER, provided, however, that if the said rescission by the BUYER is made under the provisions of Paragraph 4 of Article VIII hereof, then in such event the BUILDER shall not be required to pay the BUYER any interest for the days/delay caused by permissible delays.

3. **Discharge of Obligations**

Upon such refund by the BUILDER to the BUYER, all obligations, duties and liabilities of each of the parties hereto to the other under this Contract shall be forthwith completely discharged and the BUYER shall have no right to claim any further damages whatsoever in respect of any breach or alleged breach of this Contract.

4. **Refund Guarantee**

Within Sixty (60) days after signing this Contract, the BUILDER shall provide the BUYER with an irrevocable and unconditional letter of guarantee (the “**Refund Guarantee**”) by SWIFT which to be issued and furnished by the bank nominated by the BUILDER and accepted by the BUYER for each advance instalment, in favour of the BUYER, guaranteeing the BUILDER's refund to the BUYER in case of contingencies as described in this Article, in the form exhibit "A" attached hereto.

(End of Article)

ARTICLE XI - BUYER'S DEFAULT

1. **Definition of Default**

The BUYER shall be deemed to be in default of performance of its obligations under this Contract in the following cases:

- (a) If the BUYER fails to pay any of the First, Second, Third and Fourth Instalments to the BUILDER after such Instalment becomes due and payable under the provision of Article II hereof; or
- (b) If the BUYER fails to pay the Fifth Instalment to the BUILDER concurrently with the delivery of the VESSEL by the BUILDER to the BUYER as provided in Article II hereof; or
- (c) If the BUYER fails to take delivery of the VESSEL when the VESSEL is duly tendered for delivery by the BUILDER under the provisions of Article VII hereof.

2. **Interest and Charge**

If the BUYER is in default of payment as to any Instalment as provided in Paragraph 1 (a) and (b) of this Article, the BUYER shall pay interest on such Instalments at the rate of six percent (6%) per annum from the due date thereof to the date of payment to the BUILDER of the full amount including interest; in case the BUYER shall fail to take delivery of the VESSEL as provided in Paragraph 1 (c) of this Article, the BUYER shall be deemed to be in default of payment of the Fifth Instalment and shall pay interest thereon at the same rate as aforesaid from and including the day on which the VESSEL is tendered for delivery by the BUILDER.

In any event of default by the BUYER, the BUYER shall also pay all charges and expenses incurred by the BUILDER which are caused by such default.

The payment of interest shall be made simultaneously with the payment of the principal by telegraphic transfer in the manner as provided for in Paragraph 5, Article II of this Contract.

3. Effect of Default

- (a) If any default by the BUYER occurs as provided hereinbefore, the Delivery Date shall be automatically postponed for a period of continuance of such default by the BUYER.
- (b) If any such default by the BUYER continues for a period of fifteen (15) days, the BUILDER may, at its option, rescind this Contract by giving notice of such effect to the BUYER by facsimile/e-mail confirmed in writing. Upon receipt by the BUYER of such notice of rescission, this Contract shall forthwith become null and void, and any lien, interest or property right that the BUYER may have in and to the VESSEL or to any part or equipment thereof and to any material or part acquired for construction of the VESSEL but not yet utilized for such purpose, shall forthwith cease, and the VESSEL and all parts and equipment thereof shall become the sole property of the BUILDER.

In the event of such rescission of this Contract, the BUILDER shall be entitled to retain any Instalment or Instalments theretofore paid by the BUYER to the BUILDER on account of this Contract.

4. Sale of the VESSEL

- (a) In the event of rescission of this Contract as above provided, the BUILDER shall have full right and power either to complete or not to complete the VESSEL as it deems fit, and to sell the VESSEL at a public or private sale on such terms and conditions as the BUILDER thinks fit without being answerable for any loss or damage.
- (b) In the event of the sale of the VESSEL in its completed state, the proceeds of the sale received by the BUILDER shall be applied firstly to payment of all expenses attending such sale and otherwise incurred by the BUILDER as a result of the BUYER's default, and then to payment of all unpaid Instalments of the Contract Price and interest on such Instalments at the rate of six percent (6%) per annum from the respective due dates thereof to the date of application.

- (c) In the event of sale of the VESSEL in its incompleted state, the proceeds of sale received by the BUILDER shall be applied firstly to all expenses attending such sale and otherwise incurred by the BUILDER as a result of the BUYER's default, and then to payment of all costs of construction of the VESSEL less the Instalments so retained by the BUILDER and compensation to the BUILDER for reasonable loss of profit due to the rescission of this Contract.
- (d) In either of the above events of sale, if the proceeds of sale exceeds the total amount to which such proceeds are to be applied as aforesaid, the BUILDER shall promptly pay the excess to the BUYER without interest, provided, however, that the amount of such payment to the BUYER shall in no event exceed the total amount of Instalments already paid by the BUYER and the cost of the BUYER's Supplies, if any.
- (e) If the proceeds of sale are insufficient to pay such total amounts payable as aforesaid, the BUYER shall promptly pay the deficiency to the BUILDER upon request.

(End of Article)

ARTICLE XII - INSURANCE

1. Extent of Insurance Coverage

From the time of the keel laying of the VESSEL until the same is completed, delivered to and accepted by the BUYER, the BUILDER shall at its own cost and expense, keep the VESSEL and all machinery, materials, equipment, appurtenances and outfit, delivered to the SHIPYARD for the VESSEL or built into, or installed in or upon the VESSEL, including the BUYER's Supplies, fully insured with Chinese prime insurance companies under coverage corresponding to "Institute Clause for BUILDER's Risks".

The amount of such insurance coverage shall, up to the date of delivery of the VESSEL, be in an amount at least equal to, but not limited to, the aggregate of the payment made by the BUYER to the BUILDER including the value of the BUYER's Supplies.

The policy referred to hereinabove shall be taken out in the name of the BUILDER and all proceeds under such policy shall be payable to the BUILDER.

One copy of the BUILDER's risk insurance shall be delivered to the BUYER, if required by the BUYER.

Notwithstanding anything to the contrary in this Contract, if the BUILDER has made valid tender of delivery of the VESSEL, the cost of any insurance placed on the VESSEL from the time of valid tender, as defined in Paragraph 5 Article VII, until the time of actual delivery thereof shall be for the account of the BUYER.

2. Application of Recovered Amount

(a) Partial Loss:

In the event the VESSEL shall be damaged by any insured cause whatsoever prior to acceptance thereof by the BUYER and in the further event that such damage shall not constitute an actual or a constructive total loss of the VESSEL, the BUILDER shall apply the amount recovered under the insurance policy referred to in Paragraph 1 of this Article to the repair of such damage satisfactory to the Classification Society and also to the satisfaction of the Representative without additional expense to the BUYER, and the BUYER shall accept the VESSEL under this Contract if completed in accordance with this Contract and the Specifications.

(b) Total Loss:

However, in the event that the VESSEL is determined to be an actual or constructive total loss, the BUILDER shall by the mutual agreement between the parties hereto, either:

- i) Proceed in accordance with the terms of this Contract, in which case the amount recovered under said insurance policy shall be applied to the reconstruction of the VESSEL's damage, provided the parties hereto shall have first agreed in writing as to such reasonable postponement of the Delivery Date and adjustment of other terms of this Contract including the Contract Price as may be necessary for the completion of such reconstruction; or
- ii) Refund immediately to the BUYER the amount of all instalments paid to the BUILDER under this Contract and cost of BUYER's supplies which have been installed on board of the VESSEL without any interest, whereupon this Contract shall be deemed to be rescinded and all rights, duties, liabilities and obligations of each of the parties to the other shall terminate forthwith.

If the parties hereto fail to reach such agreement within two (2) months after the VESSEL is determined to be an actual or constructive total loss, the provisions of Sub-paragraph b) ii) as above shall be applied.

3. Termination of the BUILDER's obligation to insure

The BUILDER's obligation to insure the VESSEL hereunder shall cease and terminate forthwith upon delivery and acceptance thereof by the BUYER.

(End of Article)

ARTICLE XIII - DISPUTES AND ARBITRATION

1. Proceedings

Any dispute arising under or by virtue of this Contract shall be referred to arbitration in London and such arbitration shall take place according to English Law. The arbitration shall be referred to a single arbitrator to be appointed by the parties hereto.

If the parties cannot agree upon the appointment of the single arbitrator within four (4) weeks after one of the parties has given notice to the other party notifying that the other party to refer the dispute to arbitration, the dispute shall be settled by three arbitrators, each party appointing one arbitrator, the third being appointed by the London Maritime Arbitrators Association. If either of the appointed arbitrators refuses or is incapable of acting, the party who appointed him shall appoint a new arbitrator in his place.

If one party fails to appoint an arbitrator – either originally or by way of substitution – for two (2) weeks after the other party having appointed its arbitrator, has served the party making default with notice to make the appointment, the London Maritime Arbitrators Association shall, after application from the party having appointed its arbitrator, also appoint an arbitrator on behalf of the party making default.

The award of the arbitration made by the sole arbitrator or by the majority of the three arbitrators as the case may be shall be final, conclusive and binding upon the parties hereto.

Notwithstanding the preceding provisions of this Paragraph, it is agreed that in the event of any dispute or difference of opinion arising in regard to the construction of the VESSEL, its machinery or equipment, or concerning the quality of materials or workmanship thereof or thereon during the construction and the warranty period, such dispute will be referred to the Classification Society upon mutual agreement of the parties hereto as far as the Classification Society agrees to determine such dispute. The decision of the Classification Society shall be final and binding upon the parties hereto.

2. Notice of Award

The award shall immediately be given to the parties hereto in writing or by facsimile/e-mail.

3. Expenses

The Arbitration Board shall determine which party shall bear the expenses of the arbitration or the portion of such expenses which each party shall bear.

4. Entry in Court

Enforcement upon the award may be entered in any court having jurisdiction thereof.

5. Alteration of Delivery of the VESSEL

In the event of the arbitration of any dispute or differences arising or occurring prior to delivery to, or acceptance by the BUYER of the VESSEL, the award by the arbitrator shall include a finding as to whether or not the contractual delivery date of the VESSEL should, as a result of such dispute, be in any way altered thereby.

(End of Article)

ARTICLE XIV - RIGHTS OF ASSIGNMENT

Neither of the parties hereto shall assign this Contract to a third party unless prior consent of the other party is given in writing.

In the case of the BUYER assigning this Contract to Globus Maritime Limited (“Globus”), or to Globus’ wholly owned subsidiary or a bank or financial institution financing any of the instalments payable hereunder, the BUILDER’s consent shall not be unreasonably withheld.

In case of an assignment, the assignor shall remain liable under this Contract.

This Contract shall enure to the benefit of and shall be binding upon the lawful successors or the legitimate assigns of either of parties hereto.

(End of Article)

ARTICLE XV - TAXES AND DUTIES

The BUILDER shall only bear and pay all taxes and duties imposed in the People's Republic of China in connection with execution and/or performance of this Contract, excluding any taxes and duties imposed in the People's Republic of China upon fuel oils and consumable stores remaining on board as specified in Paragraph 7 of Article VI hereof and the BUYER's Supplies described in the Specifications.

The BUYER shall bear and pay all taxes and duties imposed outside of the People's Republic of China in connection with execution and/or performance of this Contract, except for taxes and duties imposed upon those items to be procured by the BUILDER for construction of the VESSEL.

(End of Article)

ARTICLE XVI - PATENTS, TRADEMARKS, COPYRIGHTS, ETC.

1. Patents, Trademarks and Copyrights

Machinery and equipment of the VESSEL may bear the patent number, trademarks or trade names of the manufacturers.

The BUILDER shall defend and save harmless the BUYER from patent liability or claims of patent infringement of any nature or kind, including costs and expenses for, or on account of any patented or patentable invention made or used in the performance of this Contract and also including costs and expenses of litigation, if any.

Nothing contained herein shall be construed as transferring any patent or trademark rights or copyright in equipment covered by this Contract, and all such rights are hereby expressly reserved to the true and lawful owners thereof.

The BUILDER's warranty herein does not extend to the BUYER's Supplies.

2. General Plans, Specifications and Working Drawings

The BUILDER retains all rights with respect to the Specifications, and plans and working drawings, technical descriptions, calculations, test results and other data, information and documents concerning the design and construction of the VESSEL and the BUYER undertakes therefore not to disclose the same or divulge any information contained therein to any third parties, without the prior written consent of the BUILDER, excepting where it is necessary for usual operation, repair and maintenance of the VESSEL or for enforcing its rights under this Contract.

(End of Article)

ARTICLE XVII - BUYER'S SUPPLIES

1. **Responsibility of the BUYER**

- (a) The BUYER shall, at its own risk, cost and expense, supply and deliver to the SHIPYARD all of the items to be furnished by the BUYER as specified in the Specifications (herein called throughout this Contract the "BUYER's Supplies") at the warehouse or other storage of the SHIPYARD in the proper condition ready for installation in or on the VESSEL, in accordance with the time schedule designated by the BUILDER.
- (b) In order to facilitate installation by the BUILDER of the BUYER's Supplies in or on the VESSEL, the BUYER shall furnish the BUILDER with necessary specifications, plans, drawings, instruction books, manuals, test reports and certificates required by the rules and regulations. The BUYER, if so requested by the BUILDER, shall, without any charge to the BUILDER, cause the representatives of the manufacturers of the BUYER's Supplies to assist the BUILDER in installation thereof in or on the VESSEL and/or to carry out installation thereof by themselves or to make necessary adjustments thereof at the SHIPYARD.
- (c) Any and all of the BUYER's Supplies shall be subject to the BUILDER's reasonable right of rejection, as and if they are found to be unsuitable or in improper condition for installation. However, if so requested by the BUYER, the BUILDER shall repair or adjust the BUYER's Supplies without prejudice to the BUILDER's other rights hereunder and without being responsible for any consequences therefrom. In such case, the BUYER shall reimburse the BUILDER for all costs and expenses incurred by the BUILDER in such repair or adjustment and the Delivery Date shall be postponed for a period of time necessary for such repair or replacement, if the BUILDER requests.

- (d) Should the BUYER fail to deliver any of the BUYER's Supplies within the time designated by the BUILDER, the Delivery Date shall be automatically extended for a period of such delay in delivery, provided that such delay in delivery shall affect delivery of the VESSEL. In such event, the BUYER shall be responsible and pay to the BUILDER for all losses and damages incurred by the BUILDER by reason of such delay in delivery of the BUYER's Supplies and such payment shall be made upon delivery of the VESSEL.

If delay in delivery of any of the BUYER's Supplies exceeds thirty (30) days, then, the BUILDER shall be entitled to proceed with construction of the VESSEL without installation thereof in or on the VESSEL, without prejudice to the BUILDER's other rights as hereinabove provided, and the BUYER shall accept and take delivery of the VESSEL so constructed.

2. Responsibility of the BUILDER

The BUILDER shall be responsible for storing and handling with reasonable care of the BUYER's Supplies after delivery thereof at the SHIPYARD, and shall at its own cost and expense, install them in or on the VESSEL, unless otherwise provided herein or agreed by the parties hereto, provided, always, that the BUILDER shall not be responsible for quality, efficiency and/or performance of any of the BUYER's Supplies and is under no obligation with respect to guarantee of such equipment against any defects caused by poor quality, performance and /or efficiency of the BUYER's supplies.

(End of Article)

ARTICLE XVIII - NOTICE AND CORRESPONDENCE

1. Address

Any and all notices and communications in connection with this Contract shall be addressed as follows:

To the BUYER: C/O GLOBUS MARITIME LIMITED
128 Vouliagmenis Avenue, 3rd Floor, 166 74 Glyfada,
Athens, Greece
E-mail:
Telephone No:

To the BUILDER: NANTONG COSCO KHI SHIP ENGINEERING CO., LTD.
901 Changjiang Middle Road, Nantong, Jiangsu
The People's Republic of China
E-mail:
Telephone No:

2. Language

Any and all notices and communications in connection with this Contract shall be written in English Language.

(End of Article)

ARTICLE XIX - DEFAULT OF A CONTRACT PARTY

Each of the BUILDER or the BUYER or the GUARANTOR under Performance Guarantee in Exhibit B (each such party for the purposes of this Clause called the "Default Party") shall be deemed to be in default under this Contract, and the counter party shall be entitled, but not bound, to rescind this Contract forthwith whereupon the provisions of Article X hereof shall apply, by the giving of notice to the Default Party in writing, in any of the following cases:

- (a) the cessation of the carrying on of business or the filing of a petition or the making of an order or the passing of an effective resolution for the winding-up of or the appointment of a receiver of the undertaking or property of, or the insolvency of, the Default Party; or
- (b) the placing of the Default Party under court protection or analogous proceedings or corporate reorganization; or
- (c) If the Default Party is dissolved, liquidated, rehabilitated or ceases to be registered as a company in its registration country.

If the Default Party is the BUILDER, upon the return of such sums from the BUILDER to the BUYER, all obligations, duties and liabilities of each of the parties hereto to the other under this Contract shall be forthwith completely discharged and the BUYER shall have no right to claim any further damages whatsoever in respect of any breach or alleged breach of this Contract.

If the Default Party is the BUYER or the GUARANTOR, Clause 3 and Clause 4 of Article XI shall be applied, for which the BUILDER may at its option rescind this Contract in accordance with the provisions of Article XI hereof.

(End of Article)

ARTICLE XX - EFFECTIVE DATE OF CONTRACT

This Contract shall become effective as from the date of execution hereof by the BUYER and the BUILDER.

(End of Article)

ARTICLE XXI - INTERPRETATION

1. Laws Applicable

The parties hereto agree that the validity and interpretation of this Contract and of each Article and part hereof shall be governed by the laws of England.

2. Discrepancies

All general language or requirements embodied in the Specifications are intended to amplify, explain and implement the requirements of this Contract. However, in the event that any language or requirements so embodied permit an interpretation inconsistent with any provisions of this Contract, then in each and every such event, the applicable provisions of this Contract shall prevail and govern. The Specifications and plan are also intended to explain each other, and anything shown on the plan and not stipulated in the Specifications or stipulated in the Specifications and not shown on the plan shall be deemed and considered as if embodied in both. In the event of conflict between the Specifications and plan, the Specifications shall prevail and govern.

3. Entire Agreement

This Contract contains the entire agreement and understanding between the parties hereto and supersedes all prior negotiations, representations, undertakings and agreements on any subject matter of this Contract.

4. Other

All the dates and times shown in this Contract shall be construed as based on the China Standard time.

(End of Article)

ARTICLE XXII - CONFIDENTIALITY

Without prejudice to Article XVI - 2, this Contract, especially the Contract Price, is confidential between the parties and its terms and conditions may not be divulged except (1) if the disclosing party (i) is obliged to disclose all or part of this Contract or the Specifications because of any applicable law, regulation, including the rules and regulations of the US Securities and Exchange Commission and/or the New York Stock Exchange of the BUYER or its guarantor, or official order, whereby the disclosing party will immediately inform the other party and (ii) has informed the other party of its intention to disclose all or part of this Contract or the Specifications (with a detailed list of the information to be disclosed) and has received the prior written consent of the other party for such disclosure or (2) as necessary in the performance of the Contract to the third parties in a business relationship such as financial sources, government agencies, vendors and in connection with any arbitration of this Contract.

(End of Article)

IN WITNESS WHEREOF, the parties hereto have caused this Contract to be executed the day and year first above written.

BUYER:
PARALUS SHIPHOLDING S.A.

BUILDER:
NANTONG COSCO KHI SHIP ENGINEERING CO., LTD.

/s/ Athanasios Feidakis

Name : Athanasios Feidakis
Title : Attorney in Fact

/s/ Gao Yongqiang

Name : Gao Yongqiang
Title : President

EXHIBIT "A"

Format of REFUND GUARANTEE

Our Ref. No. []
Issuing Date: []

To: PARALUS SHIPHOLDING S.A.

Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960

1. At the request of NANTONG COSCO KHI SHIP ENGINEERING CO., LTD., a corporation organized and existing under the laws of the People's Republic of China, having its principal office at 901 Changjiang Middle Road, Nantong, Jiangsu, the People's Republic of China (hereinafter called the "Builder") and in consideration of you entering into a shipbuilding contract by and between you and the Builder dated May 13, 2022 (hereinafter as amended or supplemented from time to time called the "Contract") for the construction of one (1) 64,000 DWT motor bulk carrier to be built by the Builder as Hull No. NE443 (hereinafter called the "Vessel"), and your agreeing to pay pre-delivery instalments under the Contract aggregating to USD17,275,000.00 (Say United States Dollars Seventeen Million Two Hundred and Seventy Five Thousand only) representing the first installment of the Contract price, in the amount of USD6,910,000.00 (Say United States Dollars Six Million Nine Hundred and Ten Thousand only), the second installment of the Contract price, in the amount of USD3,455,000.00 (Say United States Dollars Three Million Four Hundred and Fifty Five Thousand only), the third installment of the Contract price, in the amount of USD3,455,000.00 (Say United States Dollars Three Million Four Hundred and Fifty Five Thousand only) and the fourth installment of the Contract price, in the amount of USD3,455,000.00 (Say United States Dollars Three Million Four Hundred and Fifty Five Thousand only), we, Industrial and Commercial Bank of China, Jiangsu Provincial Branch, No.408, Zhongshan Road, Nanjing City, Jiangsu Province, the People's Republic of China, a bank organized under the laws of the People's Republic of China, do hereby absolutely and unconditionally guarantee, as primary obligor and not merely as surety, the repayment to you by the Builder of an amount up to but not exceeding USD17,275,000.00 (Say United States Dollars Seventeen Million Two Hundred and Seventy Five Thousand only), representing the first, second, third and fourth installment of the Contract price as you may have paid to the Builder under the Contract prior to the delivery of the Vessel, together with no interest for the relevant period if cancellation of the Contract is exercised by you for the delay caused by permissible delays in accordance with the provisions of Paragraph 4 of Article VIII of the Contract or total loss in accordance with the provisions of Article XII of the Contract, or together with an interest at the rate of six percent (6%) per annum if the cancellation of the Contract is exercised by you in accordance with the provisions of Article X of the Contract, within twenty one (21) Chinese business days after our receipt of your relevant demand for repayment by authenticated SWIFT through your bank, if and when the same or any part thereof becomes repayable to you from the Builder in accordance with the terms of the Contract.

2. Should the Builder fail to make such repayment in accordance with the terms of the Contract within twenty one (21) Chinese business days, we shall pay you the amount the Builder ought to pay including interest as described above within twenty one (21) Chinese business days after our receipt of your relevant demand for repayment by authenticated SWIFT through your bank indicating that the Builder is in breach of his obligation(s) under the Contract, the provision of the Contract in which the Builder is in breach and the amount which the Builder has failed to repay under the Contract.

3. However, in the event of any dispute between you and the Builder in relation to:

(1) whether the Builder shall be liable to repay any of the above pre delivery installments paid by you under the Contract and

(2) consequently whether you shall have the right to demand payment from us, either you or the Builder shall inform us in writing once such dispute is submitted for arbitration and if either within twenty one (21) Chinese business days of our receipt of your demand or before any such demand is made, we receive a notice made by the Builder or you indicating that there is a dispute between you and the Builder and such dispute is submitted either by the Builder or by you for arbitration in accordance with Article XIII of the Contract, we shall be entitled to withhold and defer payment until the earliest of (i) an arbitration award is published, or (ii) the final court judgment/order is published. In case of reference to arbitration, we shall not be obligated to make any payment to you unless the arbitration award or final court judgment orders the Builder to make repayment. If the Builder fails to honor the award or court judgment within seven (7) Chinese business days of publication of such award or court judgment then we shall refund to you within twenty (20) Chinese business days on your further demand (hereinafter called the "Further Demand"), in substitution for the demand previously submitted, by authenticated SWIFT through your bank to the extent the arbitration award or court judgment orders but not exceeding the aggregate amount of the Contract installments guaranteed under this Letter of Guarantee plus the interest described above.

Such further demand, which is accompanied by a copy of the arbitration award or final judgment, shall be received by us by authenticated SWIFT through your bank within thirty (30) calendar days after the publication or conclusion (as the case may be) of the award or judgment, specifying

- 1). The final arbitration award or the final court judgment has been awarded or concluded (as the case may be), and
- 2). The amount the Builder is obliged to pay you pursuant to such final arbitration award or the final court judgment, and
- 3). That you have not received from the Builder the amount payable by the Builder to you in satisfaction of such award or the final court judgment, and accordingly,
- 4). the amount demanded by you under this Letter of Guarantee.

4. The said repayment shall be made by us in US Dollars. This Letter of Guarantee shall become effective from the time of the actual receipt of the first installment of USD6,910,000.00 under the Contract (Say United States Dollars Six Million Nine Hundred and Ten Thousand only) by the Builder on its account No. 1111820109914132524 held with Industrial and Commercial Bank of China, Nantong Branch with quoting this Letter of Guarantee Ref. No. [] and the amounts effective under this Letter of Guarantee shall correspond to the total payments actually made by you from time to time under the Contract prior to the delivery of the Vessel provided that the relative installment has been remitted to the Builder's account No. 1111820109914132524 held with Industrial and Commercial Bank of China, Nantong Branch. However, the available amount under this Letter of Guarantee shall in no event exceed above mentioned amount actually paid to the Builder, together with interest calculated as described above at six percent (6%) per annum, as the case may be, for the period commencing with the date of receipt by us for the Builder of the respective installment to the date of our repayment(s) thereof. Our liability under this Letter of Guarantee shall be reduced automatically in accordance with the repayment made by the Builder or by ourselves.

5. This Letter of Guarantee shall remain in force until (I) the Vessel has been delivered to and accepted by you evidenced by presentation to us of a copy of protocol of delivery and acceptance or (II) refund has been made by the Builder or ourselves under this Letter of Guarantee evidenced by our receipt of payment certificate or (III) November 10th, 2025, whichever occurs earliest. Upon expiry, this Letter of Guarantee shall automatically become null and void whether or not it is returned to us for cancellation. However, in the event there is still an outstanding arbitration or court proceedings initiated by you or the Builder for such matters as described in above, then, the validity of this Letter of Guarantee shall be automatically extended to such date being sixty (60) days after a final, unappealable arbitration award or final court judgement is published and in any event this Letter of Guarantee shall not expire until receipt by you of the sum due to you in accordance with the terms of the said final award or final court judgement.

6. This Letter of Guarantee shall become automatically null and void, having no effect whatsoever, if due to whatever reasons, the Builder does not receive the first installment under the Contract on its account No. 1111820109914132524 held with Industrial and Commercial Bank of China, Nantong Branch on or before August 15th, 2022.

7. This Letter of Guarantee may be assigned by you provided that:

(a) the notice of assignment duly signed by both you and the assignee has been duly acknowledged by us (and we cannot unreasonably withhold same); and

(b) your signature on such notice of assignment has been authenticated by your bank.

(c) the right of making demand under this Letter of Guarantee shall always remain with you.

Our obligations under this Letter of Guarantee shall not be increased or otherwise affected by any such assignment. Any amendment or modification of this Letter of Guarantee could only be made at our prior written consent.

8. This Letter of Guarantee and any non-contractual obligations arising from or in connection to it shall be governed by and construed in accordance with the laws of England.

In the event of any dispute as to any matter arising out of or relating to this Letter of Guarantee or any stipulation herein or with respect thereto, such dispute shall be referred to arbitration in London in accordance with the Arbitration Act 1996 of the United Kingdom or any statutory modification or re-enactment thereof then in force save to the extent necessary to give effect to the provisions of this clause including our obligation to appoint an Agent for Service of Process in London. 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. Any such arbitration shall follow the procedure outlined in the Article XIII of the Contract.

In the event of arbitration, we shall irrevocably appoint an Agent in London to act as our agent to receive and accept on our behalf any service of document relating to any proceedings in the English courts, or any notice or other communication in connection with any arbitration, under or in relation to this Letter of Guarantee.

9. Neither our liability nor our obligations under this Letter of Guarantee shall be affected or discharged by any amendment or variation or extension of the terms of the Contract or any invalidity, irregularity or unenforceability or otherwise of the Contract or any time or indulgence granted to the Builder under the terms of the Contract and/or any insolvency, bankruptcy, liquidation, dissolution or reorganization (or analogous procedure) of the Builder or by any act, omission, fact or circumstances whatsoever, which could or might, but for the foregoing, diminish in any way our obligations under this Letter of Guarantee provided however that notwithstanding the foregoing, our liability under this Letter of Guarantee shall in no event be greater than the aforesaid guarantee amount plus interest (as the case may be). We further hereby waive and disclaim all rights whatsoever to claim sovereign immunity for ourselves or our assets in respect of any claim or proceedings brought under this Letter of Guarantee, and waive and disclaim any claim that any proceedings brought against us under or in respect of this Letter of Guarantee have been brought in an inconvenient or inappropriate forum provided always that such proceedings are brought in accordance with the terms of this Letter of Guarantee.

10. We confirm herewith that we are permitted by the laws of the People's Republic of China to issue this Letter of Guarantee and especially to designate English law as the applicable law and London as place of arbitration. With regard to the rules, regulations and requirements of foreign exchange imposed by the state administration of foreign exchange ("S.A.F.E.") of the People's Republic of China, we confirm herewith that this Letter of Guarantee will be registered with the relevant S.A.F.E. authority after the issuance and confirm further that we have obtained all necessary approvals and authorizations to issue this Letter of Guarantee and that we are authorized to transfer funds out of the People's Republic of China in the currency of this Letter of Guarantee as and when required.

11. All the banking charges outside of the People's Republic of China are on your account and all the banking charges inside the People's Republic of China are for account of the Builder.

12. All payments by us under this Letter of Guarantee shall be made without any set-off or counterclaim and without deduction or withholding for or on account of any taxes, duties or charges whatsoever unless we are obliged by law to deduct or withhold the same. In the latter event we shall make the minimum deduction or withholding required and will pay you such additional amounts as may be necessary in order that the net amount received by you after such deduction or withholding shall equal the amount which would have been received had such deduction or withholding not been made.

13. Breaches of local and international anti-money laundering or economic sanctions laws and regulations administered by, including but not limited to the People's Republic of China, United Nations, United States, are not acceptable. Our bank may reject any transaction in violation of any of these laws and regulations without any liability on our part.

EXHIBIT "B"

Format of PERFORMANCE GUARANTEE

[OMITTED]

SUBSIDIARIES OF GLOBUS MARITIME LIMITED

Name	Jurisdiction of Incorporation	Name Under Which the Subsidiaries do Business
Globus Shipmanagement Corp.	Marshall Islands	Globus Shipmanagement Corp.
Devocean Maritime Ltd.	Marshall Islands	Devocean Maritime Ltd.
Domina Maritime Ltd.	Marshall Islands	Domina Maritime Ltd.
Dulac Maritime S.A.	Marshall Islands	Dulac Maritime S.A.
Artful Shipholding S.A.	Marshall Islands	Artful Shipholding S.A.
Longevity Maritime Limited	Malta	Longevity Maritime Limited
Serena Maritime Limited	Marshall Islands	Serena Maritime Limited
Talisman Maritime Limited	Marshall Islands	Talisman Maritime Limited
Daxos Maritime Limited	Marshall Islands	Daxos Maritime Limited
Argo Maritime Limited	Marshall Islands	Argo Maritime Limited
Salaminia Maritime Limited	Marshall Islands	Salaminia Maritime Limited
Paralus Shipholding S.A.	Marshall Islands	Paralus Shipholding S.A.
Calypso Shipholding S.A.	Marshall Islands	Calypso Shipholding S.A.
Olympia Shipholding S.A.	Marshall Islands	Olympia Shipholding S.A.

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Athanasios Feidakis, certify that:

1. I have reviewed this annual report on Form 20-F of Globus Maritime Limited;
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.

Date: March 20, 2023

By: /s/ Athanasios Feidakis

Name: Athanasios Feidakis

Title: President and Chief Executive Officer (Principal Executive Officer)

CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Athanasios Feidakis, certify that:

1. I have reviewed this annual report on Form 20-F of Globus Maritime Limited;
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.

Date: March 20, 2023

By: /s/ Athanasios Feidakis

Name: Athanasios Feidakis

Title: Chief Financial Officer (Principal Financial Officer)

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE U.S. SARBANES-OXLEY ACT OF 2002**

In connection with this annual report of Globus Maritime Limited (the “Company”) on Form 20-F for the year ended December 31, 2022 as filed with the Securities and Exchange Commission on or about the date hereof (the “Report”), I, Athanasios Feidakis, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement has been provided to the Company and will be retained by the Company and furnished to the SEC or its staff upon request.

Date: March 20, 2023

By: /s/ Athanasios Feidakis

Name: Athanasios Feidakis

Title: President and Chief Executive Officer (Principal Executive Officer)

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE U.S. SARBANES-OXLEY ACT OF 2002**

In connection with this annual report of Globus Maritime Limited (the “Company”) on Form 20-F for the year ended December 31, 2022 as filed with the Securities and Exchange Commission on or about the date hereof (the “Report”), I, Athanasios Feidakis, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement has been provided to the Company and will be retained by the Company and furnished to the SEC or its staff upon request.

Date: March 20, 2023

By: /s/ Athanasios Feidakis

Name: Athanasios Feidakis

Title: Chief Financial Officer (Principal Financial Officer)

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

- (1) Registration Statement (Form F-3 No. 333-239250) of Globus Maritime Limited,
- (2) Registration Statement (Form F-3 No. 333-240042) of Globus Maritime Limited, and
- (3) Registration Statement (Form F-3 No. 333-240265) of Globus Maritime Limited

of our report dated March 20, 2023, with respect to the consolidated financial statements of Globus Maritime Limited included in this Annual Report (Form 20-F) of Globus Maritime Limited for the year ended December 31, 2022.

/s/ Ernst & Young (Hellas) Certified Auditors Accountants S.A.

Athens, Greece

March 20, 2023
