UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 20-F

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

OR

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

For the fiscal year ended December 31, 2021

OR

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

OR

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

Date of event requiring this shell company report: Not applicable

For the transition period from _____ to _____

Commission file number 001-38802

CASTOR MARITIME INC.

(Exact name of Registrant as specified in its charter)

(Translation of Registrant's name into English)

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

223 Christodoulou Chatzipavlou Street
Hawaii Royal Gardens
3036 Limassol, Cyprus
(Address of principal executive offices)

Petros Panagiotidis, Chairman, Chief Executive Officer and Chief Financial Officer
223 Christodoulou Chatzipavlou Street, Hawaii Royal Gardens, 3036 Limassol, CY
Phone number: + 357 25 357 767
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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(s)	Name of each exchange on which registered
Common Shares, $0.001 par value	CTRM	Nasdaq Capital Market
Preferred Share Purchase Rights under Stockholders Rights Agreement		

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

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

Indicate the number of outstanding shares of each of the issuer's classes of share capital as of the close of the period covered by the annual report:

As of December 31, 2021, there were outstanding 94,610,088 common shares of the Registrant, $0.001 par value per share.

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

☐ Yes ☒ No

If this report is an annual report 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 this preceding 12 months (or for such shorter period that the registrant was required to submit such files).

☒ Yes ☐ No

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

Large accelerated filer ☐ Accelerated filer ☐
Non-accelerated filer ☐ Emerging Growth Company ☒

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

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of 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. ☐

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

☒ U.S. GAAP

☐ International Financial Reporting Standards as issued by the International Accounting Standards Board

☐ Other

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

☐ Item 17

☐ Item 18

If this is an annual report, indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

☐ Yes ☒ No

(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.

☐ Yes ☐ No

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Matters discussed in this annual report may constitute forward-looking statements. We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in Section 27A of the Securities Act of 1933, as amended (the "Securities Act") and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Forward-looking statements include all matters that are not historical facts or matters of fact at the date of this document.

We are including this cautionary statement in connection with this safe harbor legislation. This annual report and any other written or oral statements made by us or on our behalf may include forward-looking statements, which reflect our current views with respect to future events and financial performance. These forward-looking statements may generally, but not always, be identified by the use of works such as "anticipate," "believe," "targets," "likely," "will," "would," "could," "should," "seeks," "continue," "contemplate," "possible," "might," "expect," "intend," "estimate," "forecast," "project," "plan," "objective," "potential," "may," "anticipates" or similar expressions or phrases.

The forward-looking statements in this annual report are based upon various assumptions, many of which are based, in turn, upon further assumptions, including without limitation, management's examination of historical operating trends, data contained in our records and other data available from third parties. Although we believe that these assumptions were reasonable when made, because these assumptions are inherently subject to significant uncertainties and contingencies which are difficult or impossible to predict and are beyond our control, we cannot assure you that we will achieve or accomplish these forward-looking statements, including these expectations, beliefs or projections.

In addition to these assumptions, important factors that, in our view, could cause actual results to differ materially from those discussed in the forward-looking statements include generally:

- our business strategy, expected capital spending and other plans and objectives for future operations;
- dry bulk and tanker market conditions and trends, including volatility in charter rates, factors affecting supply and demand, fluctuating vessel values, opportunities for the profitable operations of dry bulk and tanker carriers and the strength of world economies;
- the rapid growth of our fleet, our ability to realize the expected benefits from our past or future vessel acquisitions, and the effects of our fleet's growth on our future financial condition, operating results, future revenues and expenses, future liquidity, and the adequacy of cash flows from our operations;
- our relationships with our current and future service providers and customers, including the ongoing performance of their obligations, compliance with applicable laws, and any impacts on our reputation due to our association with them;
- our ability to borrow under existing or future debt agreements or to refinance our debt on favorable terms and our ability to comply with the covenants contained therein, in particular due to economic, financial or operational reasons;
- our continued ability to enter into time or voyage charters with existing and new customers, and to re-charter our vessels upon the expiry of the existing charters;
- changes in our operating and capitalized expenses, including bunker prices, dry-docking, insurance costs, costs associated with regulatory compliance, and costs associated with climate change;

- our ability to fund future capital expenditures and investments in the acquisition and refurbishment of our vessels (including the amount and nature thereof and the timing of completion thereof, the delivery and commencement of operations dates, expected downtime and lost revenue);
- instances of off-hire, including due to limitations imposed by COVID-19 and/or due to vessel upgrades and repairs;
- future sales of our securities in the public market and our ability to maintain compliance with applicable listing standards;
- volatility in our share price, including due to high volume transactions in our shares by retail investors;
- potential conflicts of interest involving members of our Board of Directors, senior management and certain of our service providers that are related parties;
- general domestic and international political conditions or events, including "trade wars", global public health threats and major outbreaks of disease;
- changes in seaborne and other transportation, including due to fluctuating demand for dry bulk and tanker vessels and/or disruption of shipping routes due to accidents, political events, international hostilities and instability, piracy or acts of terrorism;
- changes in governmental rules and regulations or actions taken by regulatory authorities, including changes to environmental regulations applicable to the shipping industry;
- the impact of adverse weather and natural disasters; and
- any other factor detailed in this annual report and from time to time in our reports.

Any forward-looking statements contained herein are made only as of the date of this annual report, and except to the extent required by applicable law, we undertake no obligation to update any forward-looking statement or statements, whether as a result of new information, future events or otherwise. New factors emerge from time to time, and it is not possible for us to predict all or any of these factors. Further, we cannot assess the impact of each such factor on our business or the extent to which any factor, or combination of factors, may cause actual results to be materially different from those contained in any forward-looking statement. See "*Item 3. Key Information—D. Risk Factors*" for a more complete discussion of these risks and uncertainties and for other risks and uncertainties. These factors and the other risk factors described in this annual report are not necessarily all of the important factors that could cause actual results or developments to differ materially from those expressed in any of our forward-looking statements. Given these uncertainties, prospective investors are cautioned not to place undue reliance on such forward-looking statements.

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

Unless the context otherwise requires, as used in this annual report, the terms "Company", "we", "us", and "our" refer to Castor Maritime Inc. and all of its subsidiaries, and "Castor Maritime Inc." refers only to Castor Maritime Inc. and not to its subsidiaries. We use the term deadweight ton, or dwt, in describing the size of vessels. Dwt, expressed in metric tons, each of which is equivalent to 1,000 kilograms, refers to the maximum weight of cargo and supplies that a vessel can carry.

The descriptions of agreements contained herein are summaries that set forth certain material provisions. Such descriptions do not purport to be complete and are subject to, and are qualified in their entirety by reference to, the applicable provisions of each agreement, each of which is an exhibit to this annual report on Form 20-F or included as an exhibit to certain of our other of our reports and other information filed with the Securities and Exchange Commission (the "SEC"). We encourage you to refer to each agreement for additional information.

On May 28, 2021, we effected a one-for-ten reverse stock split on our common shares. All share and per share amounts have been retroactively adjusted to reflect the reverse stock split. The par value of the common shares remained unchanged at $0.001 per share.

A. [Reserved]

Not applicable.

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

Some of the following risks relate principally to the industry in which we operate. Other risks relate principally to the 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, cash available for dividends, as and if declared, or the trading price of our common shares.

Summary of Risk Factors

- Charter hire rates for dry bulk and tanker vessels are volatile. A decrease in charter rates may adversely affect our business, financial condition and operating results.
- An oversupply of dry bulk and/or tanker vessel capacity may prolong or further depress low charter rates when they occur, which may limit our ability to operate our vessels profitably.
- Global economic and financial conditions may negatively impact the dry bulk and tanker sectors of the shipping industry, including the extension of credit.
- Risks involved in operating ocean-going vessels could affect our business and reputation.

- The operation of tankers has unique operational risks associated with the transportation of oil.
- A decline in the market values of our vessels could limit the amount of funds that we can borrow, cause us to breach certain financial covenants in our credit facilities, and result in impairment charges or losses on sale.
- Political instability, terrorist attacks, international hostilities and global public health threats, including major outbreaks of diseases, could adversely affect our business.
- Compliance with safety and other vessel requirements imposed by classification societies may be costly and could reduce our net cash flows and negatively impact our results of operations.
- We are subject to laws, regulations and standards (including environmental standards such as IMO 2020, standards regulating ballast water discharge, etc.), which could adversely affect our business, results of operations, cash flows, and financial condition. In particular, climate change and greenhouse gas restrictions may adversely impact our operations and markets.
- Increased inspection procedures and tighter import and export controls could increase costs and disrupt our business.
- We have grown our fleet exponentially and we may have difficulty managing our growth properly which may adversely affect our operations and profitability.
- We may not be able to execute our growth strategy and we may not realize the benefits we expect from past acquisitions or future acquisitions or other strategic transactions.
- We operate secondhand vessels with an age above the industry average which may lead to increased technical problems for our vessels, higher operating expenses, affect our ability to profitably charter our vessels and to comply with environmental standards and future maritime regulations and result in a more rapid depreciation in our vessels' market and book values.
- We are dependent upon Castor Ships and Pavimar, which are related parties, and other third-party sub-managers (particularly for our tanker segments), for the management of our fleet and business, and failure of such counterparties to meet their obligations could cause us to suffer losses or negatively impact our results of operations and cash flows.
- Our credit facilities contain, and we expect that any new or amended credit facility we enter into will contain, restrictive financial covenants that we may not be able to comply with due to economic, financial or operational reasons and may limit our business and financing activities.
- Our Board may never declare dividends.
- Our share price has been highly volatile and may continue to be volatile in the future, and as a result, investors in our common shares could incur substantial losses.
- Nasdaq may delist our common shares from its exchange which could limit your ability to make transactions in our securities and subject us to additional trading restrictions.
- Recent share issuances and future issuances, or the potential of such issuances, may impact the price of our common shares and could impair our ability to raise capital through subsequent equity offerings. Shareholders may experience significant dilution as a result of any such issuances.
- We are incorporated in the Marshall Islands, which does not have a well-developed body of corporate and case law.
- Our Chairman, Chief Executive Officer and Chief Financial Officer, who may be deemed to beneficially own, directly or indirectly, 100% of our Series B Preferred Shares, has control over us.

Risks Related to Our Industry

Charter hire rates for dry bulk and tanker vessels are volatile. A decrease in charter rates may adversely affect our business, financial condition and operating results.

Fluctuations in charter rates may impact both our dry bulk and tanker operations and result from changes in the supply and demand for vessel capacity and changes in the supply and demand for the major commodities carried by water internationally, including oil and oil products.

The dry bulk shipping industry is cyclical with attendant volatility in charter hire rates and profitability, and in the past, time charter and spot market rates for dry bulk vessels have declined below operating costs of vessels. The degree of charter hire rate volatility among different types of dry bulk vessels has varied widely. The tanker industry is also both cyclical and volatile in terms of charter rates and profitability. Fluctuations in charter rates result from changes in the supply and demand for tanker capacity and changes in the supply and demand for oil and oil products.

Deterioration of charter rates resulting from various factors relating to the cyclicality and volatility of our business may adversely affect our ability to profitably charter or re-charter our vessels or to sell our vessels on a profitable basis. This could negatively impact our operating results, liquidity and financial condition.

As a result of the ongoing COVID-19 pandemic, it is likely that our dry bulk and tanker charter rates will continue to be exposed to volatility in the near to medium term. Such exposure could have a material adverse effect on our business, financial condition and operating results.

Demand for dry bulk capacity is affected by supply of and demand for, and changes in the production or manufacturing, of commodities, semi-finished and finished consumer and industrial products. Demand for tanker capacity is affected by supply of and demand for crude oil (for our Aframax/LR2 tanker segment) and supply and demand for oil and petroleum products (for our Handysize tanker segment). A variety of factors may impact supply of and demand for crude oil, oil and petroleum products, including regional availability of refining capacity and inventories and competition from alternative sources of energy.

Factors that influence demand for both dry bulk and tanker vessel capacity include:

- global and regional economic and political conditions and developments, including armed conflicts and terrorist activities, embargoes and strikes;
- developments in international trade;
- changes in seaborne and other transportation and distribution patterns, typically influenced by the relative advantage of the various sources of production, locations of consumption, pricing differentials and seasonality;
- pandemics, such as the COVID-19 outbreak;
- environmental and other regulatory developments;
- currency exchange rates; and
- the weather.

For a discussion of factors affecting the supply of both dry bulk and tanker vessel capacity, see "*—An oversupply of dry bulk and/or tanker vessel capacity may prolong or further depress low charter rates when they occur, which may limit our ability to operate our vessels profitably.*" These factors are outside of our control and are unpredictable, and accordingly we may not be able to correctly assess the nature, timing and degree of changes in charter rates. Any of these factors could have a material adverse effect on our business, financial condition and operating results. In particular, a significant decrease in charter rates would cause asset values to decline. See "*—A decline in the market values of our vessels could limit the amount of funds that we can borrow, cause us to breach certain financial covenants in our credit facilities and/or result in impairment charges or losses on sale. Elevated vessel values could also adversely affect our business, cash flows, financial condition and operating results*."

An oversupply of dry bulk and/or tanker vessel capacity may prolong or further depress low charter rates when they occur, which may limit our ability to operate our vessels profitably.

Factors that influence the supply of both dry bulk and tanker vessel capacity include:

- the number of newbuilding orders and deliveries;
- the number of shipyards and ability of shipyards to deliver vessels;
- port and canal congestion;
- scrapping of older vessels;
- the speed of vessels being operated;
- vessel casualties; and
- the number of vessels that are out of service or laid up.

In addition to the prevailing and anticipated charter rates, factors that affect the rate of newbuilding, scrapping and laying-up include newbuilding prices, secondhand vessel values in relation to scrap prices, drydock and special survey expenditures, 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 fleet in the market, and government and industry regulations of maritime transportation practices, particularly environmental protection laws and regulations.

The supply of dry bulk vessels has increased as a result of the delivery of numerous newbuilding orders over the last few years. As of December 31, 2021, newbuilding orders had been placed for an aggregate of about 7% of the existing global dry bulk fleet, with deliveries expected predominantly during the next three years.

The limited activity in the tanker newbuilding market during 2021 has retained the new contracting to active fleet ratio at relatively low levels. The total orderbook of tanker vessels as of the same date stood at 7.3% of the current fleet, with deliveries expected mainly during the next two years.

Vessel supply will continue to be affected by the delivery of new vessels and potential orders of more vessels than vessels removed from the global fleet, either through scrapping or accidental losses. An oversupply of vessel capacity could exacerbate decreases in charter rates or prolong the period during which low charter rates prevail which may have a material adverse effect on the profitability of our segments, our business, cash flows, financial condition, and operating results.

Global economic and financial conditions may negatively impact the dry bulk and tanker sectors of the shipping industry, including the extension of credit.

As the shipping industry is highly dependent on economic growth and the availability of credit to finance and expand operations, it may be negatively affected by a decline in economic activity or a deterioration of economic growth and financial conditions. This may have a number of adverse consequences for dry bulk and tanker shipping sectors in which we operate, including, among other things:

- low charter rates, particularly for vessels employed on short-term time charters, in the spot voyage market or pools;
- decreases in the market value of vessels and limited second-hand market for the sale of vessels;
- limited financing for vessels;
- widespread loan covenant defaults; and
- declaration of bankruptcy by certain vessel operators, vessel managers, vessel owners, shipyards and charterers.

The occurrence of one or more of these events could have a material adverse effect on our business, cash flows, compliance with debt covenants, financial condition, and operating results.

The Company is exposed to fluctuating demand and supply for maritime transportation services, as well as fluctuating prices of commodities (such as iron ore, coal, soybeans and aggregates) and oil and petroleum products, and may be affected by a decrease in the demand for such commodities and/or products and the volatility in their prices.

Our growth significantly depends on continued growth in worldwide and regional demand for dry bulk commodities (such as iron ore, coal, soybeans etc.) and oil and petroleum products and the shipping of those cargoes, which could be negatively affected by several factors, including declines in prices for such commodities and/or products, or general political, regulatory and economic conditions.

In past years, China and India have had two of the world's fastest growing economies in terms of gross domestic product and have been the main driving forces behind increases in shipping trade and the demand for marine transportation. While China in particular has enjoyed rates of economic growth significantly above the world average, slowing economic growth rates may reduce the country's contribution to world trade growth. If economic growth declines in China, India and other countries in the Asia Pacific region, we may face decreases in shipping trade and demand. 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) 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. Furthermore, a slowdown in the economies of the United States or the European Union, or certain other Asian countries may also have adverse impacts on economic growth in the Asia Pacific region. Therefore, a negative change in the economic conditions (including any negative changes resulting from any pandemic) of any of these countries or elsewhere may reduce demand for dry bulk and/or tanker vessels and their associated charter rates, which could have a material adverse effect on our business, financial condition and operating results, as well as our prospects.

Further, on the tanker side, sustained periods of low oil prices typically result in reduced exploration and extraction because oil companies' capital expenditure budgets are subject to cash flow from such activities and are therefore sensitive to changes in energy prices, a fact which could limit oil supply and lead to increases in oil and petroleum product prices. Consumer demand for oil and oil products, and as a result oil and oil product prices, could also be affected by a shift towards other (renewable) energy resources such as wind energy, solar energy, electricity or water energy. Changes in oil supply balance and oil prices can have a material effect on demand for oil and oil product shipping services. In particular, changes to the trade patterns of crude and refined oil products may have a significant negative or positive impact on the ton-mile, and therefore the demand for our tankers. Periods of low demand can cause excess vessel supply and intensify the competition in the industry, which often results in vessels being idle for long periods of time, which could reduce our revenues and materially harm the profitability of our Aframax/LR2 and Handysize tanker segments, our business, results of operations and available cash. The COVID-19 pandemic has also negatively impacted demand for oil and petroleum products during 2021. The global economy and demand for oil and oil products currently remains and is expected to continue to remain subject to substantial uncertainty due to the COVID-19 pandemic and related containment efforts throughout the world and disruptions in oil supply due to the recent conflict in Ukraine and related against Russia and Belarus, which may have a material effect on demand for tanker shipping services, and, consequently, on our business, financial condition, cash flows and operating results. See also "*—Political instability, terrorist attacks, international hostilities and global public health threats can affect the seaborne transportation industry, which could adversely affect our business.*"

Increases in bunker prices could affect our operating results and cash flows.

Fuel is a significant, if not the largest, expense in our shipping operations when vessels are under voyage charter and is an important factor in negotiating charter rates. Bunker prices have increased significantly during 2021. Prices for Very Low Sulphur Fuel Oil (VLSFO) in Singapore started at around $415 per metric ton in January 2021 and reached $640 per metric ton by the end of November 2021, or an increase of more than 50%, before falling to $600 per metric ton due to fears of global economic slowdown due to the new "Omicron" variant of COVID-19. Our bunker costs have further risen as a result of the eruption of armed conflict in Ukraine. As a result, our bunker costs for our vessels operating in the spot voyage charter market have increased substantially in 2021 and may increase further in the future, a fact which has and could further affect our operating results and cash flows.

Risks involved in operating ocean-going vessels could affect our business and reputation.

The operation of an ocean-going vessel carries inherent risks. These risks include the possibility of:

- a marine disaster;
- terrorism;
- environmental accidents;
- cargo and property losses and damage; and
- business interruptions caused by mechanical failure, human error, war, terrorism, piracy, political action in various countries, labor strikes, or adverse weather conditions.

Environmental laws often impose strict liability for remediation of spills and releases of oil and hazardous substances, which could subject us to liability without regard to whether we were negligent or at fault. A spill, either of oil or oil products cargo carried by our tankers or of bunkers on our vessels, or an accidental release of other hazardous substances from our vessels, could result in significant liability, including fines, penalties and criminal liability and remediation costs for natural resource damages, as well as third-party damages.

Any of these circumstances or events could increase our costs or lower our revenues. The involvement of our vessels in an oil spill or other environmental incident may harm our reputation as a safe and reliable dry bulk and tanker operator, which could have a material adverse effect on our business, cash flows, financial condition, and operating results.

In addition to the foregoing risks, the operation of tankers and transportation of oil presents unique operational risks. See *"—The operation of tankers has unique operational risks associated with the transportation of oil."*

The operation of tankers has unique operational risks associated with the transportation of oil.

The operation of oil and petroleum products tankers is inherently risky and presents unique operational risks. For example, an oil spill may cause significant environmental damage. Additionally, compared to other types of vessels, tankers are exposed to a higher risk of damage and loss by fire, whether ignited by a terrorist attack, collision, or other cause, due to the high flammability and high volume of the oil transported in tankers. As a result, the unique operational risks associated with transportation of oil could result in significantly more expensive insurance coverage and the associated costs of an oil spill could exceed the insurance coverage available to us. Any of the foregoing factors may adversely affect our tanker segments, our cash flows and segment and overall operating results.

The operation of tankers is subject to strict regulations and vetting requirements, that our technical manager and sub-managers need to comply with. Should either we or our managers and third-party sub-managers not continue to successfully clear the oil majors' risk assessment processes, our tanker vessels' employment, as well as our relationship with charterers, could be adversely affected.

Shipping, and especially crude oil, refined product and chemical tankers have been, and will remain, heavily regulated. For an overview of government regulations that may impact our tanker operations, see *"Item 4.B. Business Overview—Environmental and Other Regulations in the Shipping Industry."* The so called "oil majors" companies, together with a number of commodities traders, represent a significant percentage of the production, trading and shipping logistics (terminals) of crude oil and refined products worldwide. Concerns for the environment have led the oil majors to develop and implement a strict ongoing due diligence process when selecting their commercial partners. This vetting process has evolved into a sophisticated and comprehensive risk assessment of both the vessel operator and the vessel, including physical ship inspections, completion of vessel inspection questionnaires performed by accredited inspectors and the production of comprehensive risk assessment reports. In the case of term charter relationships, additional factors are considered when awarding such contracts, including:

- office assessments and audits of the vessel operator;
- the operator's environmental, health and safety record;
- compliance with the standards of the International Maritime Organization (the "IMO"), a United Nations agency that issues international trade standards for shipping;
- compliance with heightened industry standards that have been set by several oil companies;
- shipping industry relationships, reputation for customer service, technical and operating expertise;
- compliance with oil majors codes of conduct, policies and guidelines, including transparency, anti-bribery and ethical conduct requirements and relationships with third parties;
- shipping experience and quality of ship operations, including cost-effectiveness;
- quality, experience and technical capability of crews;
- the ability to finance vessels at competitive rates and overall financial stability;
- 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.

Should either we or our managers and third-party sub-managers not continue to successfully clear the oil majors' risk assessment processes on an ongoing basis, our tanker vessels' present and future employment, as well as our relationship with our existing charterers and our ability to obtain new charterers, whether medium or long-term, could be adversely affected. Such a situation may lead to the oil majors' terminating existing charters and refusing to use our tanker vessels which would adversely affect the growth of our tanker segments, our cash flows and segment and overall operating results.

We are new entrants to the tanker shipping business and may face difficulties in establishing our Aframax/LR2 and Handysize tanker segments.

We established our tanker operations and two reportable segments relating to tanker shipping in 2021 by acquiring seven Aframax/LR2 and two Handysize tanker vessels. As new entrants to the tanker shipping business, we may struggle to establish market share and broaden our customer base for our tanker operations due to our lesser known reputation for tanker shipping, while incurring high operating costs associated with the operation and upkeep of our tankers. Further, we likely possess less operational expertise relative to more experienced competitors and may be more heavily reliant on the knowledge and services of third-party providers for our operations. Accordingly, as of the date of this annual report, Pavimar, has subcontracted the technical management for our tanker vessels to third-party management companies. Failure to partner with third-party providers with the appropriate expertise to effectively deliver our services could tarnish our reputation as a tanker operator and impact the growth of our tanker operations, our financial condition and operating profits.

A decline in the market values of our vessels could limit the amount of funds that we can borrow, cause us to breach certain financial covenants in our credit facilities and/or result in impairment charges or losses on sale.

The fair market values of dry bulk and tanker vessels have generally experienced high volatility. The fair market values of our vessels depend on a number of factors, including:

- prevailing level of charter rates;
- general economic and market conditions affecting the shipping industry;
- the types, sizes and ages of the vessels, including as compared to other vessels in the market;
- supply of and demand for vessels;
- the availability and cost of other modes of transportation;
- distressed asset sales, including newbuilding contract sales below acquisition costs due to lack of financing;
- cost of newbuildings;
- governmental or other regulations, including those that may limit the useful life of vessels; and
- the need to upgrade vessels as a result of charterer requirements, technological advances in vessel design or equipment or otherwise.

If the fair market values of our vessels decline, we might not be in compliance with various covenants in our credit facilities, some of which require the maintenance of a certain percentage of the fair market values of the vessels securing the facility to the principal outstanding amount of the respective facility or a maximum ratio of total net debt to the market value adjusted total assets. See "*—Our credit facilities contain, and we expect that any new or amended credit facility we enter into will contain, restrictive covenants that we may not be able to comply with due to economic, financial or operational reasons and may limit our business and financing activities.*"

In addition, if the fair market values of our vessels decline, our access to additional funds may be affected and/or we may need to record impairment charges in our consolidated financial statements or incur loss on sale of vessels which can adversely affect our financial results. Because the market values of our vessels may fluctuate significantly, we may also incur losses when we sell vessels, which may adversely affect our earnings. Conversely, if vessel values are elevated at a time when we wish to acquire additional vessels, the cost of such acquisitions may increase and this could adversely affect our business, cash flows, financial condition and operating results.

Acts of piracy or other attacks on ocean-going vessels could adversely affect our business.

Acts of piracy have historically affected ocean-going vessels trading in regions of the world such as the South China Sea, the Indian Ocean and, in particular, the Gulf of Aden off the coast of Somalia and the Gulf of Guinea region off Nigeria, which experienced increased incidents of piracy in recent years. Sea piracy incidents continue to occur with dry bulk and tanker vessels particularly vulnerable to such attacks. Political conflicts have also resulted in attacks on vessels, mining of waterways and other efforts to disrupt international shipping. An attack on one of our vessels or merely the perception that our vessels are a potential piracy or terrorist target could have a material adverse effect on our business, financial condition and operating results.

Further, if these piracy attacks occur in regions in which our vessels are deployed that insurers characterize as "war risk" zones or by the Joint War Committee as "war and strikes" listed areas, premiums payable for such coverage could increase significantly and such insurance coverage may be more difficult to obtain, if available at all. In addition, crew costs, including costs that may be incurred to the extent we employ on-board security guards, could increase in such circumstances. We may not be adequately insured to cover losses from these incidents. This may result in loss of revenues, increased costs and decreased cash flows to our customers, which could impair their ability to make payments to us under our charters, which could have a material adverse impact on our business, cash flows, financial condition and operating results.

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

We expect that our vessels will call in ports in areas where smugglers attempt to hide drugs and other contraband on vessels, with or without the knowledge of crew members. To the extent 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 which could have an adverse effect on our business, results of operations, cash flows and financial condition.

Political instability, terrorist attacks, international hostilities and global public health threats can affect the seaborne transportation industry, which could adversely affect our business.

We conduct most of our operations outside of the United States, or the U.S., and our business, results of operations, cash flows, financial condition and ability to pay dividends, if any, in the future may be adversely affected by changing economic, political and government conditions in the countries and regions where our vessels are employed or registered. Moreover, we operate in a sector of the economy that is likely to be adversely impacted by the effects of political conflicts.

Currently, the world economy faces a number of challenges, including public health concerns stemming from the ongoing COVID-19 pandemic, trade tensions between the United States and China and between the United States and the European Union, continuing turmoil and hostilities in the Middle East, the Korean Peninsula, North Africa, Venezuela, Iran and other geographic areas and countries, continuing economic weakness in the European Union, geopolitical events such as the withdrawal of the U.K. from the European Union ("Brexit") the continuing threat of terrorist attacks around the world, and slowing growth in China.

In particular, the recent eruption of armed conflict between Russia and Ukraine and a severe worsening of Russia's relations with Western economies has created significant uncertainty in global markets, including increased volatility in fuel and oil products prices and shifts in trading patterns that may continue into the future. These changes are due in part to the imposition of sanctions against Russia and Belarus. See *"—Our charterers calling on ports located in countries or territories that are the subject of sanctions or embargoes imposed by the U.S. government (including OFAC) or other authorities or failure to comply with the U.S. Foreign Corrupt Practices Act (the "FCPA") or similar laws could lead to monetary fines or penalties and adversely affect our reputation. Such failures and other events could adversely affect the market for our common shares."* The shipping industry may be negatively affected by rising costs and changing patterns of supply and demand, and our tanker business in particular may be adversely affected by volatility in oil and oil products prices.

Additionally, in Europe, large sovereign debts and fiscal deficits, low growth prospects and high unemployment rates in a number of countries have contributed to the rise of Eurosceptic parties, which would like their countries to leave the Euro. Brexit has increased the risk of additional trade protectionism and has created supply chain disruptions. Similar events in other jurisdictions, could impact global markets, including foreign exchange and securities markets. Any resulting changes in currency exchange rates, tariffs, treaties and other regulatory matters could in turn adversely impact our business,-results of operations, financial condition and cash flows.

The threat of future terrorist attacks around the world also continues to cause uncertainty in the world's financial markets and international commerce and may affect our business, operating results and financial condition. Continuing conflicts and recent developments in the Middle East, including continuing unrest in Syria and Iran and the overthrow of Afghanistan's democratic government by the Taliban, may lead to additional acts of terrorism and armed conflict around the world. This may contribute to further economic instability in the global financial markets and international commerce. Additionally, any escalations between the United States and Iran could result in retaliation from Iran that could potentially affect the shipping industry, through increased attacks on vessels in the Strait of Hormuz (which already experienced an increased number of attacks on and seizures of vessels in 2019 and 2020). Any of these occurrences could have a material adverse impact on our operating results, revenues and costs. See also "*—Acts of piracy on ocean-going vessels could adversely affect our business.*"

Also, China and the US have implemented certain increasingly protective trade measures with continuing trade tensions, including significant tariff increases, between these countries. These trade barriers to protect domestic industries against foreign imports, depress shipping demand. Protectionist developments, such as the imposition of trade tariffs or the perception they may occur, may have a material adverse effect on global economic conditions, and may significantly reduce global trade. Moreover, increasing trade protectionism may cause an increase in (a) the cost of goods exported from regions globally, (b) the length of time required to transport goods and (c) the risks associated with exporting goods. Such increases may significantly affect the quantity of goods to be shipped, shipping time schedules, voyage costs and other associated costs, which could have an adverse impact on our charterers' business, operating results and financial condition and could thereby affect their ability to make timely charter hire payments to us and to renew and increase the number of their time charters with us. This could have a material adverse effect on our business, financial condition and operating results.

In addition, public health threats such as influenza and other highly communicable diseases or viruses, outbreaks of which have from time to time occurred in various parts of the world in which we operate, including China, Japan and South Korea, which may even become pandemics, could lead to a significant decrease of demand for the transportation of dry bulk commodities, crude-oil and other petroleum products. Such events have and may also in the future adversely impact our operations, including timely rotation of our crews, the timing of completion of any outstanding or future newbuilding projects or repair works in drydock as well as the operations of our customers. Delayed rotation of crew may adversely affect the mental and physical health of our crew and the safe operation of our vessels as a consequence.

A cyber-attack could materially disrupt our business and may result to a significant financial cost to us.

We rely on information technology systems and networks in our operations, our vessels and administration of our business. Information systems are vulnerable to security breaches by computer hackers and cyber terrorists. We rely on industry accepted security measures and technology to securely maintain confidential and proprietary information maintained on our information systems. However, these measures and technology may not adequately prevent security breaches. Our business operations could be targeted by individuals or groups seeking to sabotage or disrupt our information technology systems and networks, to steal data, or to ask for ransom. As a result of the ongoing COVID-19 pandemic, governmental actions have occasionally urged organizations across industries to have their employees to operate on a rotational basis remotely, which significantly increases the risk of cybersecurity attacks. A successful cyber-attack could materially disrupt our operations, including the safety of our operations, or lead to unauthorized release, alteration or unavailability 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 operating results. In addition, the unavailability of our 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 operating results to suffer.

In addition, recent action by the IMO's Maritime Safety Committee and United States agencies indicates that cybersecurity regulations for the maritime industry are likely to be further developed in the near future in an attempt to combat cybersecurity threats. Any inability to prevent security breaches (including the inability of our third-party vendors, suppliers or counterparties to prevent security breaches) could also cause existing clients to lose confidence in the Company's IT systems and could adversely affect our reputation, cause losses to us or our customers and/or damage our brand. This might require us to create additional procedures for monitoring cybersecurity, which could require additional expenses and/or capital expenditures. The impact of such regulations is difficult to predict at this time.

Major outbreaks of diseases (such as COVID-19) and governmental responses thereto, have affected our crews and operations, and could adversely affect our business and financial condition.

Since the beginning of 2020, the outbreak of the COVID-19 pandemic around the world has negatively affected economic conditions, the supply chain, the labor market and the demand for certain shipping sectors both regionally and globally. The COVID-19 pandemic has resulted in numerous actions taken by governments and governmental agencies in an attempt to mitigate the spread of the virus, including travel bans, quarantines and other emergency public health measures, and a number of countries implemented lockdown measures. These measures have resulted in a significant reduction in global economic activity and extreme volatility in the global financial markets. In the shipping industry, the pandemic has caused delays and uncertainties relating to the operation of the vessels, newbuilding projects, our ability to timely dry-dock our vessels and has affected our ability to timely rotate the crews of our vessels.

We expect that the COVID-19 pandemic will continue to impact our operations and the operations of our customers and suppliers and increase our operating costs. The extent of COVID-19's continuous impact on our financial and operational results, which could be material in the long run, will depend on the length of time that the pandemic continues, the ability to effectively vaccinate a large percentage of the population and whether subsequent waves of the virus happen globally or in certain geographic regions. Uncertainties regarding the economic impact of the ongoing COVID-19 pandemic are likely to result in sustained market volatility, which could impact our business, financial condition and cash flows to a greater extent. Governments have been approving large stimulus packages to mitigate the effects of the sudden decline in economic activity caused by the pandemic; however, we cannot predict the extent to which these measures will continue or will be sufficient to restore or sustain the business and financial condition of companies in the shipping industry.

It remains difficult to determine the full impact of COVID-19 on our business in the long run. Effects of the ongoing pandemic have included or may include, among others:

- deterioration of economic conditions and activity and of demand for shipping;
- operational disruptions to us or our customers due to worker health risks and the effects of new regulations, directives or practices implemented in response to the pandemic (such as travel restrictions for individuals, delays in replacing crews and vessels, and quarantining and physical distancing);
- delays in the loading and discharging of cargo on or from our vessels, vessel inspections and related certifications by class societies, customers or government agencies and maintenance, modifications or repairs to, or dry-docking of, our existing vessels due to worker health or other business disruptions;
- reduced cash flow as a result of the above and worsened financial condition, including potential liquidity constraints;
- potential non-performance by counterparties relying on force majeure clauses and potential deterioration in the financial condition and prospects of our customers or other business partners;
- 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; and
- potential disruptions, delays or cancellations in the construction of new vessels, which could reduce our future growth opportunities.

The occurrence or continued occurrence of any of the foregoing events or other epidemics or an increase in the severity or duration of the COVID-19 pandemic could have a material adverse effect on our business, cash flows, financial condition and operating results.

In particular, we face significant risks to our onshore or offshore personnel and operations due to the COVID-19 pandemic, which have resulted in increased operational costs and decreased revenues by reason of off-hires associated with crew rotation and related logistical complications associated with supplying our vessels with spares or other supplies. Our crews generally work on a rotation basis, relying largely on international air transport for crew changes plan fulfillment. Quarantine restrictions placed on persons and limitations on commercial aviation and other forms of public transportation have at times delayed our crew in embarking or disembarking on our ships and resulted in additional operating complexities. While such delays have not functionally affected our ability to sufficiently crew our vessels, such disruptions have affected the cost of rotating our crew and could impact our ability to maintain a full crew synthesis on-board all our vessels at any given time. In 2021, we experienced, and we expect to continue to experience, disruptions to our normal vessel operations caused by deviation time associated with positioning our vessels to countries in which we can undertake a crew rotation in compliance with applicable measures against COVID-19. Delays in crew rotations have led to issues with crew fatigue and may continue to do so, which may result in delays or other operational issues. We have had and expect to continue to have increased expenses due to incremental fuel consumption and days in which our vessels are unable to earn revenue in order to deviate to certain ports on which we would ordinarily not call during a typical voyage. It may also be difficult for our team to inspect new vessels we acquire as part of our growth strategy or our in-house technical teams to travel to shipyards to observe vessel maintenance, and we may need to hire local experts, who may vary in skill and are difficult to supervise remotely for work we ordinarily address in-house.

Our crews also face risk of exposure to COVID-19 as a result of travel to ports in which cases of COVID-19 have been reported. Our shore-based personnel likewise face risk of such exposure, as we maintain offices in areas that have been impacted by the spread of COVID-19.

Although our vessels' deviations, repositioning and/or delays in ports that are or will be open for crew rotations should be considered as the most notable impact of the COVID-19 pandemic on us, we have incurred and expect to continue to incur considerable expenses in relation to health protocols imposed by both departure and arrival countries for the incoming and outgoing of crew members, which must be strictly followed (e.g., repeated PCR tests, quarantine periods of up to 21 days, governmental special permissions and/or visas, personal protective equipment etc.). Furthermore, reduced flights availability, limitation of selected routes for our flight schedule and imposed health measures by air carrier companies, caused us and may continue to cause us significant increases in the average airfare costs.

Our charterers calling on ports located in countries or territories that are the subject of sanctions or embargoes imposed by the U.S. government (including OFAC) or other authorities or failure to comply with the U.S. Foreign Corrupt Practices Act (the "FCPA") or similar laws could lead to monetary fines or penalties and adversely affect our reputation. Such failures and other events could adversely affect the market for our common shares.

Certain countries (including certain regions of Ukraine, Russia, Belarus, Cuba, Iran, North Korea and Syria), entities and persons are targeted by economic sanctions and embargoes imposed by the United States, the European Union and other jurisdictions, and a number of those countries have been identified as state sponsors of terrorism by the U.S. Department of State. Such economic sanctions and embargo laws and regulations vary in their application with regard to countries, entities or persons and the scope of activities they subject to sanctions. These sanctions and embargo laws and regulations may be strengthened, relaxed or otherwise modified over time. Any violation of sanctions or embargoes could result in the Company incurring monetary fines, penalties or other sanctions. In addition, certain institutional investors may have investment policies or restrictions that prevent them from holding securities of companies that have contacts with countries or entities or persons within these countries that are identified by the U.S. government as state sponsors of terrorism. We are required to comply with such policies in order to maintain access to capital.

Current or future counterparties of ours may be affiliated with persons or entities that are or may be in the future the subject of sanctions imposed by the governments of the U.S., EU, and/or other international bodies. Further, it is possible that, in the future, our vessels may call on ports located in sanctioned jurisdictions on charterers' instructions, without our consent and in violation of their charter party. 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. As a result, we may be required to terminate existing or future contracts to which we, or our subsidiaries, are party.

We operate in a number of countries throughout the world, including countries known to have a reputation for corruption. We are committed to doing business in accordance with applicable anti-corruption laws, and have adopted a code of business conduct and ethics. However, we are subject to the risk that we, or our affiliated entities, or our or our affiliated entities' respective officers, directors, employees or agents actions may be deemed to be in violation of such anti-corruption laws, including the FCPA. Any such violation could result in substantial fines, sanctions, civil and/or criminal penalties and curtailment of operations in certain jurisdictions.

If the company, our affiliated entities, or our or their respective officers, directors, employees and agents, or any of our charterers are deemed to have violated economic sanctions and embargo laws, or any applicable anti-corruption laws, our results of operations may be adversely affected due to the resultant monetary fines, penalties or other sanctions. In addition, we may suffer reputational harm as a result of any actual or alleged violations. This may affect 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. 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. Investor perception of the value of our common shares may also be adversely affected by the consequences of war, the effects of terrorism, civil unrest and governmental actions in the countries or territories in which we operate in. Any of these factors could adversely affect our business, financial condition, and operating results.

Furthermore, detecting, investigating and resolving actual or alleged violations is expensive and can consume significant time and attention of our senior management and adversely affect our business, results of operations or financial condition as a result.

Compliance with safety and other vessel requirements imposed by classification societies may be costly and could reduce our net cash flows and negatively impact our results of operations.

The hull and machinery of every commercial vessel must be certified as being "in class" by a classification society authorized by its country of registry. The classification society certifies that a vessel is safe and seaworthy in accordance with the applicable rules and regulations of the country of registry of the vessel and the Safety of Life at Sea Convention.

A vessel must undergo annual surveys, intermediate surveys and special surveys. In lieu of a special survey, a vessel's machinery may be placed on a continuous survey cycle, under which the machinery would be surveyed periodically over a five-year period. We expect our vessels to be on special survey cycles for hull inspection and continuous survey cycles for machinery inspection. Most vessels are also required to be dry-docked, or inspected by divers, every two to three years for inspection of underwater parts.

While the Company believes that it has adequately budgeted for compliance with all currently applicable safety and other vessel operating requirements, newly enacted regulations applicable to the Company and its vessels may result in significant and unanticipated future expense. If any vessel does not maintain its class or fails any annual, intermediate, or special survey, the vessel will be unable to trade between ports and will be unemployable, which could have a material adverse effect on our business, cash flows, financial condition and operating results.

We are subject to laws, regulations and standards (including environmental standards such as IMO 2020, standards regulating ballast water discharge, etc.), which can adversely affect our business, results of operations, cash flows, and financial condition. In particular, climate change and greenhouse gas ("GHG") restrictions may adversely impact our operations and markets.

Our operations are subject to numerous international, national, state and local laws, regulations, treaties and conventions in force in international waters and the jurisdictions in which our vessels operate or are registered, which can significantly affect the ownership and operation of our vessels. See "*Item 4. Information on the Company—B. Business Overview—Environmental and Other Regulations in the Shipping Industry*" for a discussion of certain of these laws, regulations and standards. Compliance with such laws, regulations and standards, where applicable, may require installation of costly equipment or implementation of operational changes and may affect the resale value or useful lives of our vessels. These costs could have a material adverse effect on our business, cash flows financial condition, and operating results. A failure to comply with applicable laws and regulations may result in administrative and civil penalties, criminal sanctions or the suspension or termination of our operations.

Environmental laws often impose strict liability for emergency response and remediation of spills and releases of oil and hazardous substances, which could subject us to liability without regard to whether we were negligent or at fault. See "*—Risks involved in operating ocean-going vessels could affect our business and reputation. In particular, the operation of tankers has unique operational risks associated with the transportation of oil.*"

Fuel is a significant, if not the largest, expense in our shipping operations when vessels are under voyage charter and is an important factor in negotiating charter rates. In connection with IMO 2020 regulations and requirements relating fuel sulfur levels, as of the date of this report one of our vessels is equipped with scrubbers and for our remaining vessels that are not equipped with scrubbers, we have transitioned to burning IMO compliant fuels. 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.

The IMO has also imposed updated guidelines for ballast water management systems specifying the maximum amount of viable organisms allowed to be discharged from a vessel's ballast water. Depending on the date of the International Oil Pollution Prevention (IOPP) renewal survey, existing vessels constructed before September 8, 2017, must comply with the updated D-2 standard on or after September 8, 2019. For most vessels, compliance with the D-2 standard involves installing on-board systems to treat ballast water and eliminate unwanted organisms. Currently, four of our dry bulk vessels and four of our tanker vessels will be required to comply with the regulation at our IOPP renewal surveys scheduled for 2022. The costs of compliance may be substantial and adversely affect our revenues and profitability. The 21 remaining vessels in our fleet are currently in compliance with this regulation.

Due to concern over climate change, a number of countries and the IMO have adopted 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. In addition, although the emissions of GHG from international shipping currently are not subject to the Paris Agreement or the Kyoto Protocol to the United Nations Framework Convention on Climate Change, 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.

In June 2021, IMO's Marine Environment Protection Committee ("MEPC") adopted amendments to the International Convention for the Prevention of Pollution from Ships (MARPOL) Annex VI that will require ships to reduce their GHG emissions. These amendments combine technical and operational approaches to improve the energy efficiency of ships, also providing important building blocks for future GHG reduction measures. The new measures require the IMO to review the effectiveness of the implementation of the Carbon Intensity Indicator ("CII") and Energy Efficiency Existing Ship Index ("EEXI") requirements by 1 January 2026 at the latest.

The EEXI and CII regulations require reductions in the CO_2 emissions of vessels. Based on the pertinent official calculations and estimations, merchant vessels built before 2013, including certain of our older vessels, do not satisfy the upcoming EEXI requirements which will come into force on January 1, 2023. To ensure compliance with EEXI requirements most owners/operators, including us, may choose to limit engine power, a solution less costly than applying energy saving devices and/ or effecting certain alterations on existing propeller designs. The engine power limitation is predicted to lead to reduced ballast and laden speeds (at scantling draft,) in the non-compliant vessels which will affect their commercial utilization but also decrease the global availability of vessel capacity. Furthermore, required software and hardware alterations as well as documentation and recordkeeping requirements will increase a vessel's capital and operating expenditures.

On November 13, 2021, the Glasgow Climate Pact was announced following discussions at the 2021 United Nations Climate Change Conference ("COP26"). The Glasgow Climate Pact calls for signatory states to voluntarily phase out unabated coal usage and fossil fuels subsidies. A shift away from these products could potentially affect the demand for our dry bulk, crude and product tankers and negatively impact our future business, operating results, cash flows and financial position. COP26 also produced the Clydebank Declaration, in which 22 signatory states (including the United States and United Kingdom) announced their intention to voluntarily support the establishment of zero-emission shipping routes. Governmental and investor pressure to voluntarily participate in these green shipping routes could cause the Company to incur significant additional expenses to "green" our vessels.

Developments in safety and environmental requirements relating to the recycling and demolition of vessels may result in escalated and unexpected costs.

The 2009 Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships, or the Hong Kong Convention, aims to ensure ships, being recycled once they reach the end of their operational lives, do not pose any unnecessary risks to the environment, human health and safety. On November 28, 2019, the Hong Kong Convention was ratified by the required number of countries but as of January 10, 2022, was not yet in force as the ratifying states do not represent 40% of world merchant shipping by gross tonnage. Upon the Hong Kong Convention's entry into force, each ship sent for recycling will have to carry an inventory of its hazardous materials. The hazardous materials, the use or installation of which are prohibited in certain circumstances, are listed in an appendix to the Hong Kong Convention. Ships will be required to have surveys to verify their inventory of hazardous materials initially, throughout their lives and prior to the ship being recycled. When implemented, the foregoing requirement may lead to cost escalation by shipyards, repair yards and recycling yards. This may then result in a decrease in the residual scrap value of a vessel, and a vessel could potentially not cover the cost to comply with latest requirements, which may have an adverse effect on our future performance, cash flows, financial position and operating results.

Further, on November 20, 2013, the European Parliament and the Council of the EU adopted the Ship Recycling Regulation, which, among other things, requires any non-EU flagged vessels calling at a port or anchorage of an EU member state, including ours, to set up and maintain an Inventory of Hazardous Materials from December 31, 2020. Such a system includes information on the hazardous materials with a quantity above the threshold values specified in relevant EU Resolution and are identified in the ship's structure and equipment. This inventory must be properly maintained and updated, especially after repairs, conversions or unscheduled maintenance on board the ship.

We are subject to international safety standards and the failure to comply with these regulations may subject us to increased liability, may adversely affect our insurance coverage and may result in a denial of access to, or detention in, certain ports.

The operation of our vessels is affected by the requirements set forth in the International Safety Management Code, or the ISM Code, promulgated by the IMO under the SOLAS Convention. The ISM Code requires ship owners, ship managers and bareboat charterers to develop and maintain an extensive "Safety Management System" that includes the adoption of a safety and environmental protection policy setting forth instructions and procedures for safe operation of vessels and describing procedures for dealing with emergencies. In addition, vessel classification societies impose significant safety and other requirements on our vessels. Failure to comply with these regulations may subject us to increased liability, may adversely affect our insurance coverage and may result in a denial of access to, or detention in, certain ports, and have a material adverse effect on our business, financial condition and operating results.

Maritime claimants could arrest our vessels, which could interrupt our cash flow and business.

Crew members, suppliers of goods and services to a vessel, shippers and receivers of cargo and other parties may be entitled to a maritime lien against a vessel for unsatisfied debts, claims or damages. In many jurisdictions, a maritime lien holder may enforce its lien by "arresting" or "attaching" a vessel through judicial proceedings. The arrest or attachment of our vessels could have significant ramifications for the Company, including off-hire periods and/or potential cancellations of charters, high costs incurred in discharging the maritime lien, other expenses to the extent such arrest or attachment is not covered under our insurance coverage, breach of covenants in certain of our credit facilities and reputational damage. This in turn could negatively affect the market for our shares and adversely affect our business, financial condition, results of operations, cash flows and ability to service or refinance our debt. In addition, in jurisdictions where the "sister ship" theory of liability applies, such as South Africa, a claimant may arrest the vessel that is subject to the claimant's maritime lien and any "associated" vessel, which is any vessel owned or controlled by the same owner. In countries with "sister ship" liability laws, claims might be asserted against us or any of our vessels for liabilities of other vessels that we then own, compounding the negative effects of an arrest or attachment on the Company.

Governments could requisition our vessels during a period of war or emergency resulting in a loss of earnings.

A government of a vessel's registry could requisition for title or seize a vessel. Requisition for title occurs when a government takes control of a vessel and becomes the owner. A government could also requisition a vessel for hire. 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. Government requisition of our vessels could have a material adverse effect on our business, cash flows, financial condition and operating results.

Increased inspection procedures and tighter import and export controls could increase costs and disrupt our business.

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 may result in the seizure of contents of our vessels, delays in the loading, offloading, trans-shipment 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. 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 uneconomical or impractical. Any such changes or developments may have a material adverse effect on our business, financial condition and operating results.

Our business has inherent operational risks, which may not be adequately covered by insurance.

Our vessels and their cargoes are at risk of being damaged or lost because of events such as marine disasters, adverse weather conditions, mechanical failures, human error, environmental accidents, war, terrorism, piracy and other circumstances or events. In addition, transporting cargoes across a wide variety of international jurisdictions creates a risk of business interruptions due to political circumstances in foreign countries, hostilities, labor strikes and boycotts, the potential changes in tax rates or policies, and the potential for government expropriation of our vessels. Any of these events may result in loss of revenues, increased costs and decreased cash flows to our customers, which could impair their ability to make payments to us under our charters.

We procure insurance for our vessels against those risks that we believe the shipping industry commonly insures against. This insurance includes marine hull and machinery insurance, protection and indemnity insurance, which include environmental damage, pollution insurance coverage, crew insurance, and war risk insurance. Currently, the amount of coverage for liability for pollution, spillage and leakage available to us on commercially reasonable terms through protection and indemnity associations and providers of excess coverage is $1 billion per occurrence. For certain of our vessels, we also maintain insurance against loss of hire, which covers business interruptions that result from the loss of use of a vessel.

Despite the above policies, we may not be insured in amounts sufficient to address all risks and may not be able to obtain adequate insurance coverage for our fleet in the future or may not be able to obtain certain coverage at reasonable rates. For example, in the past more stringent environmental regulations have led to increased costs for, and in the future may result in the lack of availability of, insurance against risks of environmental damage or pollution.

Further, insurers may not pay particular claims. Our insurance policies contain deductibles for which we will be responsible and limitations and exclusions which may increase our costs or lower our revenues. Moreover, insurers may default on claims they are required to pay. Any of these factors could have a material adverse effect on our financial condition.

Risks Relating To Our Company

We have grown our fleet exponentially and we may have difficulty managing our growth properly which may adversely affect our operations and profitability.

We are a company formed for the purpose of acquiring, owning, chartering, and operating oceangoing cargo vessels. Since December 31, 2020, and as of the date of this annual report, we have grown our fleet from six vessels to 29 vessels.

Growing any business presents numerous risks such as undisclosed liabilities and obligations, difficulty in obtaining additional qualified personnel and managing relationships with customers and suppliers and integrating newly acquired operations into existing infrastructures. The significant expansion of our fleet may impose significant additional responsibilities on our management and the management and staff of our commercial and technical managers, and may necessitate that we, and/or they, increase the number of our and/or their personnel.

Our or our managers' current operating and financial systems may not be adequate as we continue to implement our plan to expand the size of our fleet and our attempts to improve those systems may be ineffective. In addition, if we further expand our fleet, we will need to recruit suitable additional seafarers and shore-side administrative and management personnel. We cannot guarantee that we will be able to hire suitable employees as we expand our fleet. If we encounter business or financial difficulties, we may not be able to adequately staff our vessels or our shore-side personnel. If we are unable to grow our 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 our available free cash may be reduced.

We may be dependent on a small number of charterers for the majority of our business.

Historically, a small number of charterers have accounted for a significant part of our revenues. Indicatively, for the years ended December 31, 2021 and 2020, we derived 43% and 58% of our consolidated operating revenues from three and two charterers, respectively. In particular, for the years ended December 31, 2021 and 2020, we derived 55% and 58% of our dry bulk segment operating revenues from three and two charterers, respectively. Further, for year ended December 31, 2021, we derived 100% of our Handysize tanker segment operating revenues from the pool in which both our Handysize tankers participate and 52% of our Aframax/LR2 tanker segment revenues from two charterers. All the charters for our fleet have fixed terms, but may be terminated early due to certain events, such as a charterer's failure to make charter payments to us because of financial inability, disagreements with us or otherwise. The ability of each of our counterparties to perform their obligations under a charter with us will depend on a number of factors that are beyond our control and may include, among other things, general economic conditions, the condition of the shipping industry, prevailing prices for commodities and oil and oil related products and the overall financial condition of the counterparty. Should a counterparty fail to honor its obligations under an agreement with us, we may be unable to realize revenue under that charter and could sustain losses. In addition, if we lose an existing charterer, it may be difficult for us to promptly replace the revenue we derived from that customer. Any of these factors could have a material adverse effect on our business, financial condition, cash flows and operating results. For further information, see Note 2 of our consolidated financial statements included elsewhere in this annual report.

We may not be able to execute our growth strategy and we may not realize the benefits we expect from past acquisitions or future acquisitions or other strategic transactions.

As our business grows, we intend to acquire additional dry bulk, tanker and other vessels and expand our activities. Our future growth will primarily depend upon a number of factors, some of which may not be within our control. These factors include our ability to:

- identify suitable vessels, including newbuilding slots at reputable shipyards and/or shipping companies for acquisitions at attractive prices;
- realize anticipated benefits, such as new customer relationships, cost-savings or cash flow enhancements from past acquisitions;
- obtain required financing for our existing and new operations;
- integrate any acquired vessels, assets or businesses successfully with our existing operations, including obtaining any approvals and qualifications necessary to operate vessels that we acquire;
- hire, train and retain qualified personnel and crew to manage and operate our growing business and fleet;
- improve our operating, financial and accounting systems and controls; and
- cope with competition from other companies, many of which have significantly greater financial resources than we do, and may reduce our acquisition opportunities or cause us to pay higher prices.

Our failure to effectively identify, acquire, develop and integrate any vessels could adversely affect our business, financial condition, investor sentiment and operating results. Finally, acquisitions may require additional equity issuances, which may dilute our common shareholders if issued at lower prices than the price they acquired their shares, or debt issuances (with amortization payments), both of which could lower our available cash. See "*—Recent share issuances and future issuances of additional shares, or the potential for such issuances, may impact the price of our common shares and could impair our ability to raise capital through subsequent equity offerings. Shareholders may experience significant dilution as a result of any such issuances.*" If any such events occur, our financial condition may be adversely affected.

We operate secondhand vessels with an age above the industry average which may lead to increased technical problems for our vessels, higher operating expenses, affect our ability to profitably charter our vessels, to comply with environmental standards and future maritime regulations and result in a more rapid deterioration in our vessels' market and book values.

Our current fleet consists only of secondhand vessels. While we have inspected our vessels and we intend to inspect any potential future vessel acquisition, this does not provide us with the same knowledge about its condition that we would have had if the vessel had been built for and operated exclusively by us. Generally, purchasers of secondhand vessels do not receive the benefit of warranties from the builders for the secondhand vessels that they acquire.

The average age of our current fleet is 13.9 years. The average age of our dry bulk vessels is 12.3 years, compared to an industry standard of 11.0 years; the average age of our Aframax/LR2 vessels is 17.5 years, compared to an industry standard of 11.5 years; and the average age of our Handysize vessels is 16.1 years, compared to an industry average of 14.7 years. In general, the cost of maintaining a vessel in good operating condition and operating it increases with the age of the vessel, because, amongst other things:

- as our vessels age, typically, they become less fuel-efficient and more costly to maintain than more recently constructed vessels due to improvements in engine technology and increased maintenance requirements;
- cargo insurance rates increase with the age of a vessel, making our vessels more expensive to operate;
- governmental regulations, environmental and safety or other equipment standards related to the age of vessels may also 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.

Charterers also have age restrictions on the vessels they charter which may result to a lower utilization of our vessels resulting to lower revenues. Our charterers have a high and increasing focus on quality and compliance standards with their suppliers across the entire supply chain, including the shipping and transportation segment. Our continued compliance with these standards and quality requirements is vital for our operations. The charter hire rates and the value and operational life of a vessel are determined by a number of factors including the vessel's efficiency, operational flexibility and physical life. Efficiency includes speed, fuel economy and the ability to load and discharge cargo quickly. Flexibility includes the ability to enter harbors, operate in extreme climates, utilize related docking facilities and pass-through canals and straits. The length of a vessel's physical life is related to its original design and construction, its maintenance and the impact of the stress of operations. We face competition from companies with more modern vessels with more fuel-efficient designs than our vessels ("eco–vessels"). If new dry bulk vessels and tanker vessels are built that are more efficient or more flexible or have longer physical lives than even the current eco-vessels, competition from the current eco-vessels and any more technologically advanced vessels could adversely affect the amount of charter hire payments we receive for our vessels once their charters expire and the resale value of our vessels could significantly decrease. We cannot assure you that, as our vessels age, market conditions will justify expenditures to maintain or update our vessels or enable us to operate our vessels profitably during the remainder of their useful lives. This could have a material adverse effect on our business, financial condition and operating results.

We are subject to certain risks with respect to our counterparties on contracts, and failure of such counterparties to meet their obligations could cause us to suffer losses or negatively impact our results of operations and cash flows.

We have entered into, and may enter into in the future, various contracts, including charter agreements, pool agreements, management agreements, shipbuilding contracts and credit facilities. Such agreements subject us to counterparty risks. The ability of each of our counterparties to perform its obligations under a contract with us will depend on a number of factors that are beyond our control and may include, among other things, general economic conditions, the condition of the maritime and offshore industries, the overall financial condition of the counterparty, charter rates received for specific types of vessels, and various expenses. For example, the combination of a reduction of cash flow resulting from a decline in world trade and the lack of availability of debt or equity financing may result in a significant reduction in the ability of our charterers to make charter payments to us. In addition, in depressed market conditions, our charterers and customers may no longer need a vessel that is then under charter or contract or may be able to obtain a comparable vessel at lower rates and our pool operators may not be able to profitably employ our participating vessels. As a result, charterers and customers may seek to renegotiate the terms of their existing charter agreements or avoid their obligations under those contracts and pool operators may terminate the pool agreements or admit inability to comply with their obligations under those agreements. Should a counterparty fail to honor its obligations under agreements with us, we could sustain significant losses which could have a material adverse effect on our business, cash flows, financial condition, and operating results.

We are dependent upon Castor Ships and Pavimar, which are related parties, and other third-party sub-managers for the management of our fleet and business, particularly for our tanker segments, and failure of such counterparties to meet their obligations could cause us to suffer losses or negatively impact our results of operations and cash flows.

The management of our business, including, but not limited, the commercial and technical management of our fleet as well as administrative, financial and other business functions, is carried out by Castor Ships S.A. (“Castor Ships”), which is a company controlled by our Chairman, Chief Executive Officer and Chief Financial Officer, Petros Panagiotidis, and Pavimar S.A. (“Pavimar”), which is a company controlled by Ismini Panagiotidis, the sister of our Chairman, Chief Executive Officer and Chief Financial Officer. We are reliant on Castor Ships and/or Pavimar continued and satisfactory provision of their services.

As of the date of this annual report, Pavimar has subcontracted, with our consent, the technical management for our nine tanker vessels and three of our dry bulk vessels to third-party management companies. Our subcontracting arrangements with these third-parties may expose us to risks such as low customer satisfaction with the service provided by these subcontractors, increased operating costs compared to those we would achieve for our vessels, and an inability to maintain our vessels according to our standards or our current or potential customers’ standards, such as the rigorous vetting requirements of some of the world’s most selective major international oil companies.

Moreover, we currently have subcontracted the commercial management for six of our tanker vessels to third-party managers. Our ability to enter into new charters and expand our customer relationships depends largely on our ability to leverage our relationship with our commercial managers and Pavimar and their reputations and relationships in the shipping industry. If our commercial managers and/or Pavimar suffer material damage to their reputations or relationships, it may also harm our ability to renew existing charters upon their expiration, obtain new charters or maintain satisfactory relationships with suppliers and other third parties. In addition, the inability of our commercial managers to fix our vessels at competitive charter rates either due to prevailing market conditions at the time or due to their inability to provide the requisite quality of services, could adversely affect our revenues and profitability and we may have difficulty meeting our working capital and debt obligations.

Our operational success and ability to execute our growth strategy will depend significantly upon the satisfactory and continued performance of these services by our managers and/or sub-managers, as well as their reputations. Any of the foregoing factors could have an adverse effect on our and their reputations and on our business, financial condition and operating results. Although we may have rights against our managers and/or sub-managers if they default on their obligations to us, our shareholders will share that recourse only indirectly to the extent that we recover funds.

We periodically employ vessels in the spot market and exposing us to risk of losses based on short-term decreases in shipping rates.

We periodically employ some of our vessels in the spot market, either in the trip charter market or in spot-market oriented pools. The spot charter market is highly competitive and rates within this market are highly volatile, fluctuating significantly based upon supply of and demand of vessels and cargoes. Conversely, longer-term charter contracts have pre-determined rates over more extended periods of time providing, a fixed source of revenue to us. The successful operation of our vessels in the competitive spot charter market depends upon, among other things, our commercial and pool managers obtaining profitable spot charters and minimizing, to the extent possible, time spent waiting for charters and time spent traveling unladen to pick up cargo. We cannot assure you that we will be successful in keeping our vessels fully employed in these short-term markets, or that future spot rates will be sufficient to enable such vessels to operate profitably. In the past, there have been periods when trip charter rates have declined below the operating cost of vessels. A significant decrease in spot market rates or our inability to fully employ our vessels by taking advantage of the spot market would result in a reduction of the revenues received from spot chartering and adversely affect operating results, including our profitability and cash flows, with the result that our ability to serve our working capital and debt service needs could be impaired.

Additionally, if spot market rates or short-term time charter rates become significantly lower than the time charter equivalent rates that some of our charterers are obligated to pay us under our existing charters, the charterers may have incentive to default under that charter or attempt to renegotiate the charter. If our charterers fail to pay their obligations, we might have to attempt to re-charter our vessels at lower charter rates, which could affect our ability to comply with our loan covenants and operate our vessels profitably.

Our credit facilities contain, and we expect that any new or amended credit facility we enter into will contain, restrictive covenants that we may not be able to comply with due to economic, financial or operational reasons and may limit our business and financing activities.

The operating and financial restrictions and covenants in our current credit agreements, and any new or amended credit facility we may enter into in the future, could adversely affect our ability to finance future operations or capital needs or to engage, expand or pursue our business activities.

For example, our current facilities require the consent of our lenders to, among other things:

- incur or guarantee additional indebtedness outside of our ordinary course of business;
- charge, pledge or encumber our vessels;
- change the flag, class, management or ownership of our vessels;
- change the commercial and technical management of our vessels;
- declare or pay any dividends or other distributions at a time when the Company has an event of default or the payment of such distribution would cause an event of default;
- form or acquire any subsidiaries;
- make any investments in any person, asset, firm, corporation, joint venture or other entity;
- merge or consolidate with any other person;
- sell or change the beneficial ownership or control of our vessels if there has been a change of control directly or indirectly in our subsidiaries or us; and
- to enter into time charter contracts above a certain duration or bareboat charters.

Our facilities also require us to comply with certain financial covenants, in each case subject to certain exceptions, including:

(i) maintaining a certain minimum level of cash on pledged deposit accounts with the borrowers;

(ii) maintaining a certain minimum value ratio at the borrowers' level, which is the ratio of the aggregate market value of the mortgaged vessels plus the value of any additional security and value of the pledged deposit and/or the value of dry dock reserve accounts to the aggregate principal amounts due under the facilities;

(iii) maintaining a dry dock reserve at the borrowers' level;

(iv) not having a ratio of net debt to assets adjusted for the market value of the vessels above a certain level;

(v) maintaining a certain level of minimum free cash at Castor Maritime; and

(vi) maintaining a trailing 12 months EBITDA to net interest expense ratio at and above a certain level.

Our ability to comply with the covenants and restrictions contained in our current or future credit facilities may be affected by events beyond our control, including prevailing economic, financial and industry conditions, interest rate developments, changes in the funding costs of our banks and changes in vessel earnings and asset valuations. If market or other economic conditions deteriorate, our ability to comply with these covenants may be impaired. We may be obligated to prepay part of our outstanding debt in order to remain in compliance with the relevant covenants in our current or future credit facilities. If we are in breach of any of the restrictions, covenants, ratios or tests in our current or future credit facilities, or if we trigger a cross-default contained in our current or future credit facilities, a significant portion of our obligations may become immediately due and payable. We may not have, or be able to obtain, sufficient funds to make these accelerated payments. In addition, obligations under our current and future credit facilities are and are expected to be secured by our vessels, and if we are unable to repay debt under our current or future credit facilities, the lenders could seek to foreclose on those assets. Any of these factors could have a material adverse effect on our business, financial condition and operating results.

Furthermore, any contemplated vessel acquisitions will have to be at levels that do not impair the required ratios set out above. If the estimated asset values of the vessels in our fleet decrease, such decreases may limit the amounts we can draw down under our future credit facilities to purchase additional vessels, limit our ability to raise equity capital and our ability to expand our fleet. If funds under our current or future credit facilities become unavailable or we need to repay them as a result of a breach of our covenants or otherwise, we may not be able to perform our business strategy which could have a material adverse effect on our business, financial condition and operating results.

Most of our outstanding debt is exposed to Interbank Offered Rate ("LIBOR") Risk. We may be adversely affected by the transition from LIBOR as a reference rate and are exposed to volatility in LIBOR and the Secured Overnight Financing Rate, or SOFR. If volatility in LIBOR and/or SOFR occurs, the interest on our indebtedness could be higher than prevailing market interest rates and our profitability, earnings and cash flows may be materially and adversely affected.

We are exposed to the risk of interest rate variations, principally in relation to the U.S. dollar LIBOR. Most of our outstanding indebtedness is exposed to LIBOR risk, including amounts borrowed under six of our credit facilities which bear interest at annual rates ranging from 3.10% to 4.50% over LIBOR. We have also entered into one credit facility which is based on adjusted SOFR, an adjusted new index that measures the cost of borrowing cash overnight, backed by U.S. Treasury securities and may enter into additional SOFR-based loans in the future.

On July 27, 2017, the United Kingdom's Financial Conduct Authority ("FCA") announced that it expected, by no later than the end of 2021, to cease taking steps aimed at ensuring the continuing availability of LIBOR in its current form. On November 24, 2017, the FCA announced that the panel banks that submit information to ICE Benchmark Administration Limited ("IBA"), as administrator of LIBOR, had undertaken to continue to do so until the end of 2021. On November 30, 2020, the IBA announced that it would consult on ceasing to determine one-week and two-month U.S. dollar LIBOR with effect from December 31, 2021, but ceasing to determine the remaining U.S. dollar LIBOR tenors on June 30, 2023. These reforms may cause LIBOR to perform differently than in the past or to disappear entirely.

In accordance with recommendations from the committee appointed by the U.S. Federal Reserve Board to manage the transition away from LIBOR, U.S. dollar LIBOR is expected to be replaced with SOFR. Given that SOFR is a secured rate backed by government securities, it will be a rate that does not take into account bank credit risk (as is the case with LIBOR). SOFR is therefore likely to be lower than LIBOR and is less likely to correlate with the funding costs of financial institutions. As a result, parties may seek to adjust the spreads relative to such reference rate in underlying contractual arrangements. Certain market constituencies have also criticized SOFR's suitability as a LIBOR replacement, and the extent of SOFR-based instruments issued or trading in the market remains a fraction of LIBOR-based instruments. As a result, there remains uncertainty regarding the future utilization of LIBOR and the nature of any replacement rates. The consequences of these developments with respect to LIBOR cannot be entirely predicted but may result in financial market disruptions and may impact the level of interest payments on the portion of our indebtedness that bears interest at variable rates. This may increase the amount of our interest payments under such debt.

The majority of our senior secured credit facilities described in "*Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources—Our Borrowing Activities*" provide that interest may be based on LIBOR and for the use of an alternate rate to LIBOR in the event LIBOR is phased-out. We and the lenders under our LIBOR-based senior secured credit facilities may seek to amend such agreements to replace LIBOR with a different benchmark index that is expected to mirror developments in the rest of the debt markets at the time and make certain other conforming changes to the agreements. However, the new rate may not be as favorable as those in effect prior to any LIBOR phase-out. In some cases, our lenders have insisted on provisions that entitle the lenders, following consultation with the borrowers and in the absence of agreement, in their discretion, and under certain market disruption events, to replace published LIBOR as the base for the interest calculation with another benchmark or with their cost-of-funds rate. As a result, our lending costs under our LIBOR-based credit facilities could increase significantly.

LIBOR has historically been volatile, with the spread between LIBOR and the prime lending rate widening significantly at times. These conditions are the result of the disruptions in the international credit markets. SOFR or any other replacement reference rate may behave similarly. Because the interest rates borne by our variable interest-bearing outstanding indebtedness fluctuate with changes in LIBOR and SOFR, if this volatility were to occur, it would affect the amount of interest payable on our debt.

In order to manage our exposure to interest rate fluctuations, we may from time to time use interest rate derivatives to effectively fix some of our floating rate debt obligations. We currently do not have any derivative instruments in place. LIBOR and SOFR are currently at relatively low levels, but may rise in the future as the current low interest rate environment comes to an end. Our financial condition could be materially adversely affected at any time that we have not entered into interest rate hedging arrangements to hedge our exposure to the interest rates applicable to our credit facilities and any other financing arrangements we may enter into in the future. Conversely, the use of derivative instruments, if any, may not effectively protect us from adverse interest rate movements. The use of interest rate derivatives may result in substantial losses and may affect our results through mark to market valuation of these derivatives. Also, adverse movements in interest rate derivatives may require us to post cash as collateral, which may impact our free cash position. Interest rate derivatives may also be impacted by the transition from LIBOR to SOFR or other alternative rates. Entering into swaps and derivatives transactions is inherently risky and presents various possibilities for incurring significant expenses.

Any of the foregoing factors, including any combination of them, could have an adverse effect on our business, financial condition, cash flow and operating results.

We may not be able to obtain debt or equity financing on acceptable terms which may negatively impact our planned growth. In particular, in the past we have relied on financial support from our Chairman, Chief Executive Officer and Chief Financial Officer, Petros Panagiotidis, which may not be available in the future.

As a result of concerns about the stability of financial markets generally and the solvency of counterparties, among other factors, the ability to obtain money from the credit markets has become more difficult as many lenders have increased interest rates, enacted tighter lending standards, refused to refinance existing debt at all or on terms similar to current debt and reduced, and in some cases ceased, to provide funding to borrowers. Due to these factors, we cannot be certain that financing or refinancing will be available if needed and to the extent required, on acceptable terms. If financing is not available when needed, or is available only on unfavorable terms, we may be unable to enhance our existing business, complete additional vessel acquisitions or otherwise take advantage of business opportunities as they arise.

In the past, we have obtained loans from Petros Panagiotidis to meet vessel purchase obligations of the Company. These loans may not be available to the Company in the future or may only be available on more unfavorable terms. Even if we are able to borrow money from Mr. Panagiotidis, such borrowing could create a conflict of interest of management. See also *"—Our Chairman, Chief Executive Officer and Chief Financial Officer, who may be deemed to own, directly or indirectly, 100% of our Series B Preferred Shares, has control over us*." Any of these factors could have a material adverse effect on our business, financial condition and operating results.

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

We are a holding company and have no significant assets other than the equity interests in our subsidiaries. Our subsidiaries own all of our existing vessels, and subsidiaries we form or acquire will own any other vessels we may acquire in the future. All payments under our charters are made to our subsidiaries. As a result, our ability to meet our financial and other obligations, and to pay dividends in the future, as and if declared, will depend on the performance of our subsidiaries and their ability to distribute funds to us. The ability of a subsidiary to make these distributions could be affected by a claim or other action by a third party, including a creditor, by the terms of our financing arrangements, or by the applicable law regulating the payment of dividends in the jurisdictions in which our subsidiaries are organized.

In particular, the applicable loan agreements entered into by our subsidiaries, prohibit such subsidiaries from paying any dividends to us if we or such subsidiary breach a covenant in a loan agreement or any financing agreement we may enter into. See "*—Our credit facilities contain, and we expect that any new or amended credit facility we enter into will contain, restrictive covenants that we may not be able to comply with due to economic, financial or operational reasons and may limit our business and financing activities*." If we are unable to obtain funds from our subsidiaries, we will not be able to meet our liquidity needs unless we obtain funds from other sources, which we may not be able to do.

Our Board may never declare dividends.

Our Board will continue to assess our dividend policy. The declaration and payment of dividends, if any, will always be subject to the discretion of our Board, restrictions contained in our debt agreements or debt agreements that we may enter into in the future and the requirements of Marshall Islands law. If the Board determines to declare dividends, the timing and amount of any dividends declared will depend on, among other things, our earnings, financial condition and cash requirements and availability, our ability to obtain debt and equity financing on acceptable terms as contemplated by our growth strategy, our compliance with the terms of our outstanding indebtedness and the ability of our subsidiaries to distribute funds to us. The dry bulk and tanker industries are highly volatile, and we cannot predict with certainty the amount of cash, if any, that will be available for distribution as dividends in any period. Also, there may be a high degree of variability from period to period in the amount of cash that is available for the payment of dividends.

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, including as a result of the risks described herein. Our growth strategy contemplates that we will finance our acquisitions of additional vessels using cash from operations, through debt financings and/or from the net proceeds of future equity issuances on terms acceptable to us. If financing is not available to us on acceptable terms or at all, our Board may determine to finance or refinance acquisitions with cash from operations, which would reduce the amount of any cash available for the payment of dividends, if any.

The Republic of Marshall Islands laws generally prohibits the payment of dividends other than from surplus (retained earnings and the excess of consideration received for the sale of shares above the par value of the shares) or while a company is insolvent or would be rendered insolvent by the payment of such a dividend. We may not have sufficient surplus in the future to pay dividends and our subsidiaries may not have sufficient funds or surplus to make distributions to us. We currently pay no dividends and we may never pay dividends.

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. Indicatively, the U.S. consumer price index, an inflation gauge that measures costs across dozens of items, rose 7% in December 2021 compared to the prior year, the fastest pace since June 1982, and further rose to 7.9% in February 2022. Certain goods, including fuel, oil and oil products, as well as certain grains such as wheat and corn, have experienced disproportionate price increases due to trading pattern disruptions attributable to the armed conflict in Ukraine. 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 which could in turn negatively impact our operating results, and in particular, our cash flows.

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

Companies across all industries are facing increasing scrutiny relating to their ESG practices and policies. Investor advocacy groups, certain institutional investors, investment funds, lenders and other market participants are increasingly focused on ESG practices and in recent years have placed increasing importance on the implications and social cost of their investments. The increased focus and activism related to ESG and similar matters may hinder access to capital, as investors and lenders may decide to reallocate capital or to not commit capital as a result of their assessment of a company's ESG practices. Companies which do not adapt to or comply with investor, lender or other industry shareholder expectations and standards, which are evolving, or which are perceived to have not responded appropriately to the growing concern for ESG issues, regardless of whether there is a legal requirement to do so, may suffer from reputational damage and the business, financial condition, and/or stock price of such a company could be materially and adversely affected.

We may face increasing pressures from investors, lenders and other market participants, who are increasingly focused on climate change, to prioritize sustainable energy practices, reduce our carbon footprint and promote sustainability. As a result, we may be required to implement more stringent ESG procedures or standards so that our existing and future investors and lenders remain invested in us and make further investments in us, especially given the highly focused and specific trade of dry bulk, crude oil and petroleum products transportation in which we are engaged. If we do not meet these standards, our business and/or our ability to access capital could be harmed.

These limitations in both the debt and equity capital markets may affect our ability to grow as our plans for growth may include accessing the equity and debt capital markets. If those markets are unavailable, or if we are unable to access alternative means of financing on acceptable terms, or at all, we may be unable to implement our business strategy, which could impair our ability to service our indebtedness. Further, it is likely that we will incur additional costs and require additional resources to monitor, report, comply with and implement wide ranging ESG requirements. Any of the foregoing factors could have a material adverse effect on our business, financial condition and operating results.

We are a relatively new company, and our anti-fraud and corporate governance procedures might not be as advanced as those implemented by our listed peer competitors having a longer presence in the shipping industry.

We are a listed company with a relatively limited operating history. As a publicly traded company, the SEC, Nasdaq Capital Market, and other regulatory bodies subject us to increased scrutiny on the way we manage and operate our business by urging us or mandating us to a series of actions that have nowadays become an area of focus among policymakers and investors. Listed companies are occasionally encouraged to follow best practices, while often must comply with these rules and/or practices addressing a variety of corporate governance and anti-fraud matters such as director independence, board committees, corporate transparency, ethical behavior, prevention and controls of corruption and fraud etc. While we believe we follow all requirements that regulatory bodies may from time to time impose on us, our internal processes and procedures might not be as advanced or mature as those implemented by other listed shipping companies with a longer experience and presence in the US capital markets, with could be an area of concern to our investors and expose us to greater operational risks.

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

We may, from time to time, be involved in various litigation matters. These matters may include, among other things, contract disputes, personal injury claims, environmental claims or proceedings, asbestos and other toxic tort claims, employment matters, governmental claims for taxes or duties, and other litigation that arises in the ordinary course of our business. We cannot predict with certainty the outcome or effect of any claim or other litigation matter, and the ultimate outcome of any litigation or the potential costs to resolve it may have a material adverse effect on our business. Insurance may not be applicable or sufficient in all cases and/or insurers may not remain solvent, which could have a material adverse effect on our financial condition.

A change in tax laws, treaties or regulations, or their interpretation, of any country in which we operate could result in a higher tax rate on our worldwide earnings, which could result in a significant negative impact on our earnings and cash flows from operations.

We conduct our operations through subsidiaries which can trade worldwide. Tax laws and regulations are highly complex and subject to interpretation. Consequently, we are subject to changing tax laws, treaties and regulations in and between countries in which we operate. Our income tax expense, if any, is based upon our interpretation of tax laws in effect in various countries at the time that the expense was incurred. A change in these tax laws, treaties or regulations, or in the interpretation thereof, could result in a materially higher tax expense or a higher effective tax rate on our worldwide earnings, and such change could be significant to our financial results. If any tax authority successfully challenges our operational structure, or the taxable presence of our operating subsidiaries in certain countries, or if the terms of certain income tax treaties are interpreted in a manner that is adverse to our structure, or if we lose a material tax dispute in any country, our effective tax rate on our worldwide earnings could increase substantially. An increase in our taxes could have a material adverse effect on our earnings and cash flows from these operations.

Our subsidiaries may be subject to taxation in the jurisdictions in which its activities are conducted. The amount of any such taxation may be material and would reduce the amounts available for distribution to us.

Investors are encouraged to consult their own tax advisors concerning the overall tax consequences of the ownership of the common shares arising in an investor's particular situation under U.S. federal, state, local or foreign law.

We are dependent on our management and their ability to hire and retain key personnel, in particular our Chairman, Chief Executive Officer and Chief Financial Officer, Petros Panagiotidis.

Our success will depend upon our and our management's ability to hire and retain key members of our management team, including Petros Panagiotidis. The loss of Mr. Panagiotidis could adversely affect our business prospects and financial condition.

Difficulty in hiring and retaining personnel could adversely affect our results of operations. We do not maintain "key man" life insurance on any of our officers.

Risks Relating To Our Common Shares

Our share price has recently been highly volatile and may continue to be volatile in the future, and as a result, investors in our common shares could incur substantial losses.

The stock market in general, and the market for shipping companies in particular, have experienced extreme volatility that has often been unrelated or disproportionate to the operating performance of particular companies. As a result of this volatility, investors may experience rapid and substantial losses on their investment in our common shares that are unrelated to our operating performance. Our stock price has recently been volatile and may continue be volatile, which may cause our common shares to trade above or below what we believe to be their fundamental value. During 2021, the market price of our common shares on the Nasdaq Capital Market has fluctuated from an intra-day low of $1.36 per share on December 30, 2021 to an intra-day high of $19.50 per share on February 11, 2021. On December 31, 2021, the closing price of our common shares was $1.42 per share. Significant historical fluctuations in the market price of our common shares have been accompanied by reports of strong and atypical retail investor interest, including on social media and online forums.

The market volatility and trading patterns we have experienced may create several risks for investors, including but not limited to the following:

- the market price of our common shares may experience rapid and substantial increases or decreases unrelated to our operating performance or prospects, or macro or industry fundamentals;
- to the extent volatility in our common shares is caused by a "short squeeze" in which coordinated trading activity causes a spike in the market price of our common shares as traders with a short position make market purchases to avoid or to mitigate potential losses, investors may purchase at inflated prices unrelated to our financial performance or prospects, and may thereafter suffer substantial losses as prices decline once the level of short-covering purchases has abated;
- if the market price of our common shares declines, you may be unable to resell your shares at or above the price at which you acquired them. We cannot assure you that the equity issuance of our common shares will not fluctuate, increase or decline significantly in the future, in which case you could incur substantial losses.

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;
- 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 the ongoing 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.

Nasdaq may delist our common shares from its exchange which could limit your ability to make transactions in our securities and subject us to additional trading restrictions.

On April 14, 2020, we received written notification from Nasdaq indicating that because the closing bid price of the Company's common shares for 30 consecutive business days, from February 27, 2020 to April 13, 2020, was below the minimum $1.00 per share bid price requirement for continued listing on the Nasdaq Capital Market, the Company was not in compliance with the minimum bid price requirement of Nasdaq Listing Rule 5550(a)(2). Following certain extension periods obtained, we had until June 28, 2021, to regain compliance with the minimum bid price requirement. On May 28, 2021, we effected a one-for-ten reverse stock split in order to regain compliance with the minimum bid price requirement, and, as a result, we regained compliance on June 14, 2021.

During the month of January 2022, our closing bid price ranged between $1.08 and $1.53 per share. If a breach of the minimum bid price requirement of Nasdaq were to occur again, we might be unable to regain compliance, which, in turn could lead to a suspension or delisting of our common shares. If a suspension or delisting of our common shares were to occur, there would be significantly less liquidity in the suspended or delisted common shares. In addition, our ability to raise additional capital through equity or debt financing would be greatly impaired. A suspension or delisting may also breach the terms of certain of our material contracts, such as our at-the-market program Equity Distribution Agreement. Please see *"Item 5. Operating and Financial Review and Prospects—B. Equity Transactions"* for further details on this program. There can be no assurance that we will maintain compliance with the minimum bid price requirements of Nasdaq in the future.

Recent share issuances and future issuances of additional shares, or the potential for such issuances, may impact the price of our common shares and could impair our ability to raise capital through subsequent equity offerings. Shareholders may experience significant dilution as a result of any such issuances.

We have already issued and sold large quantities of our common shares pursuant to previous public and private offerings of our equity and equity-linked securities. The Company had 94,610,088 issued and outstanding common shares as of December 31, 2021. Upon the exercise of our outstanding warrants, the Company may issue up to an additional 19,360,978 common shares. Additionally, the Company has an authorized share capital of 1,950,000,000 common shares that it may issue without further shareholder approval. Our growth strategy may require the issuance of a substantial amount of additional shares. We cannot assure you at what price the offering of our shares in the future, if any, will be made but they may be offered and sold at a price significantly below the current trading price of our common shares or the acquisition price of common shares by shareholders and may be at a discount to the trading price of our common shares at the time of such sale. Purchasers of the common shares we sell, as well as our existing shareholders, will experience significant dilution if we sell shares at prices significantly below the price at which they invested.

In addition, we may issue additional common shares or other equity securities of equal or senior rank in the future in connection with, among other things, debt prepayments, future vessel acquisitions, without shareholder approval, in a number of circumstances. To the extent that we issue restricted stock units, stock appreciation rights, options or warrants to purchase our common shares in the future and those stock appreciation rights, options or warrants are exercised or as the restricted stock units vest, our shareholders may experience further dilution. Holders of shares of our common shares have no preemptive rights that entitle such holders to purchase their pro rata share of any offering of shares of any class or series and, therefore, such sales or offerings could result in increased dilution to our shareholders.

Our issuance of additional common shares or other equity securities of equal or senior rank, or the perception that such issuances may occur, could have the following effects:

- our existing shareholders' proportionate ownership interest in us will decrease;
- the earnings per share and the per share amount of cash available for dividends on our common shares (as and if declared) could decrease;
- the relative voting strength of each previously outstanding common share could be diminished;
- the market price of our common shares could decline; and
- our ability to raise capital through the sale of additional securities at a time and price that we deem appropriate, could be impaired.

The market price of our common shares could also decline due to sales, or the announcements of proposed sales, of a large number of common shares by our large shareholders, or the perception that these sales could occur.

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

We are organized in the Republic of the Marshall Islands, which does not have a well-developed body of corporate or case law, and as a result, shareholders may have fewer rights and protections under Marshall Islands law than under a typical jurisdiction in the United States. Our corporate affairs are governed by our Articles of Incorporation and Bylaws and by the Marshall Islands Business Corporations Act (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 the United States. The rights of shareholders of companies incorporated in the Marshall Islands may differ from the rights of shareholders of companies incorporated in the United States. While the BCA provides that it is to be interpreted according to the laws of the State of Delaware and other states with substantially similar legislative provisions, there have been few, if any, court cases interpreting the BCA in the Marshall Islands and we cannot predict whether Marshall Islands courts would reach the same conclusions as U.S. courts. Thus, you may have 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 which has developed a relatively more substantial body of case law.

We are incorporated in the Marshall Islands, and all of our officers and directors are non-U.S. residents. It may be difficult to serve legal process or enforce judgments against us, our directors or our management.

We are incorporated under the laws of the Republic of the Marshall Islands, and substantially all of our assets are located outside of the United States. Our principal executive office is located in Cyprus. In addition, all of our directors and officers are non-residents of the United States, and substantially all of their assets 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. Even if you are successful in bringing an action of this kind, the laws of the Republic of the Marshall Islands and of other jurisdictions may prevent or restrict you from enforcing a judgment against our assets or our directors and officers. Although you may bring an original action against us or our affiliates in the courts of the Marshall Islands, and the courts of the Marshall Islands may impose civil liability, including monetary damages, against us or our affiliates for a cause of action arising under Marshall Islands law, it may be impracticable for you to do so.

We are subject to certain anti-takeover provisions that could have the effect of discouraging, delaying or preventing a merger or acquisition, or could make it difficult for our shareholders to replace or remove our current Board, and could adversely affect the market price of our common shares.

Several provisions of our Articles of Incorporation and Bylaws could make it difficult for our shareholders to change the composition of our Board in any one year, preventing them from changing the composition of management. In addition, the same provisions may discourage, delay or prevent a merger or acquisition that shareholders may consider favorable. These provisions include:

- authorizing our Board to issue "blank check" preferred shares without shareholder approval;
- providing for a classified Board with staggered, three-year terms;
- establishing certain advance notice requirements for nominations for election to our Board or for proposing matters that can be acted on by shareholders at shareholder meetings;
- prohibiting cumulative voting in the election of directors;
- limiting the persons who may call special meetings of shareholders; and
- establishing supermajority voting provisions with respect to amendments to certain provisions of our Articles of Incorporation and Bylaws.

On November 21, 2017, our Board declared a dividend of one preferred share purchase right (a "Right"), for each outstanding common share and adopted a shareholder rights plan, as set forth in the Stockholders Rights Agreement dated as of November 20, 2017 (the "Rights Agreement"), by and between the Company and American Stock Transfer & Trust Company, LLC, as rights agent. Each Right allows its holder to purchase from the Company one one-thousandth of a share of Series C Participating Preferred Stock, or a Series C Preferred Share, for the Exercise Price of $150.00 once the Rights become exercisable. This portion of a Series C Preferred Share will give the shareholder approximately the same dividend, voting and liquidation rights as would one common share. The Board adopted the Rights Agreement to protect shareholders from coercive or otherwise unfair takeover tactics. In general terms, it imposes a significant penalty upon any person or group that acquires 15% or more of our outstanding common shares without the approval of our Board. If a shareholder's beneficial ownership of our common shares as of the time of the public announcement of the rights plan and associated dividend declaration is at or above the applicable threshold, that shareholder's then-existing ownership percentage would be grandfathered, but the rights would become exercisable if at any time after such announcement, the shareholder increases its ownership percentage by 1% or more. Our Chairman, Chief Executive Officer and Chief Financial Officer, Petros Panagiotidis and Thalassa Investment Co. S.A. ("Thalassa") are exempt from these provisions. For a full description of the rights plan, see *"Item 10. Additional Information—B. Stockholders Rights Agreement"* and Exhibit 2.2 to this annual report.

The Rights may have anti-takeover effects. The Rights will cause substantial dilution to any person or group that attempts to acquire us without the approval of our Board. As a result, the overall effect of the Rights may be to render more difficult or discourage any attempt to acquire us. Because our Board can approve a redemption of the Rights for a permitted offer, the Rights should not interfere with a merger or other business combination approved by our Board.

In addition to the Rights above, we have issued 12,000 Series B Preferred Shares (representing all the issued and outstanding Series B Preferred Shares) to a company controlled by Petros Panagiotidis, Thalassa, each of which has the voting power of 100,000 common shares. The Series B Preferred Shares currently represent 92.7% of the aggregate voting power of our total issued and outstanding share capital and therefore grant Mr. Panagiotidis a controlling vote in most shareholder matters. See "*—Our Chairman, Chief Executive Officer and Chief Financial Officer, who may be deemed to beneficially own, directly or indirectly, 100% of our Series B Preferred Shares, has control over us"* and *"Item 10. Additional Information—B. Memorandum and Articles of Association."*

Further, lenders have imposed provisions prohibiting or limiting a change of control, subject to certain exceptions, on all of our credit facilities. See *"—Our credit facilities contain, and we expect that any new or amended credit facility we may enter into will contain, restrictive covenants that we may not be able to comply with due to economic, financial or operational reasons and can limit, or may limit the future, our business and financing activities."* Our management agreements similarly permit our fleet managers to terminate these agreements in the event of a change of control. For further information on our management agreements, see *"Item 7.B. Major Shareholders and Related Party Transactions — Related Party Transactions"* and Note 3 to our consolidated financial statements included elsewhere in this annual report.

The foregoing anti-takeover provisions could substantially impede the ability of public shareholders to benefit from a change in control and, as a result, may adversely affect the market price of our common shares and your ability to realize any potential change of control premium.

Our Chairman, Chief Executive Officer and Chief Financial Officer, who may be deemed to beneficially own, directly or indirectly, 100% of our Series B Preferred Shares, has control over us.

Our Chairman, Chief Executive Officer and Chief Financial Officer, Mr. Petros Panagiotidis, may be deemed to beneficially own, directly or indirectly, all of the 12,000 outstanding shares of our Series B Preferred Shares. The shares of Series B Preferred Shares each carry 100,000 votes. The Series B Preferred Shares currently represent 0.01% of our total issued and outstanding share capital and 92.7% of the aggregate voting power of our total issued and outstanding share capital. By his ownership of 100% of our Series B Preferred Shares, Mr. Panagiotidis has control over our actions. The interests of Mr. Panagiotidis may be different from your interests.

We are an "emerging growth company", and we cannot be certain if the reduced requirements applicable to emerging growth companies make our securities less attractive to investors.

We are an "emerging growth company" as defined in the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"). As an emerging growth company, we are not required to comply with, among other things, the auditor attestation requirements of the Sarbanes-Oxley Act. Investors may find our securities less attractive because we rely on this provision. If investors find our securities less attractive as a result, there may be a less active trading market for our securities and prices of the securities may be more volatile.

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

A foreign corporation will be treated as a "passive foreign investment company" (a "PFIC"), for U.S. federal income tax purposes if either (1) at least 75% of its gross income for any taxable year consists of certain types of "passive income" or (2) 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 which 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," whereas rental income would generally constitute "passive income" to the extent not attributable to the active conduct of a trade or business. 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.

We do not believe that we will be treated as a PFIC for any taxable year. However, our status as a PFIC is determined on an annual basis and will depend upon the operations of our vessels and our other activities during each taxable year. In this regard, we intend to treat the gross income we derive or are deemed to derive from our spot chartering and time chartering activities as services income, rather than rental income. Accordingly, we believe that our income from our time chartering activities does not constitute "passive income," and the assets that we own and operate in connection with the production of that income do not constitute passive assets.

There is, however, no direct legal authority under the PFIC rules addressing our method of operation. Accordingly, no assurance can be given that the U.S. Internal Revenue Service (the "IRS"), or a court of law will accept our position, and there is a risk that the IRS or a court of law could determine that we are a PFIC. Moreover, no assurance can be given that we would not constitute a PFIC for any taxable year we become unable to acquire vessels in a timely fashion or if there were to be changes in the nature and extent of our operations.

If the IRS were to find that we are or have been a PFIC for any taxable year, our U.S. shareholders would face adverse U.S. federal income tax consequences and information reporting obligations. Under the PFIC rules, unless those shareholders made an election available under the Internal Revenue Code (which election could itself have adverse consequences for such shareholders, as discussed below under "Taxation—U.S. Federal Income Tax Considerations—Passive Foreign Investment Company Status and Significant Tax Consequences"), such shareholders would be liable to pay U.S. federal income tax upon excess distributions and upon any gain from the disposition of our common shares at the then prevailing income tax rates applicable to ordinary income plus interest as if the excess distribution or gain had been recognized ratably over the shareholder's holding period of our common shares. Please see the section of this annual report entitled "*Item 10. Additional Information—E. Taxation—U.S. Federal Income Tax Considerations—Passive Foreign Investment Company Status and Significant Tax Consequences*" for a more comprehensive discussion of the U.S. federal income tax consequences to U.S. shareholders if we are treated as a PFIC.

We may have to pay tax on United States source income, which would reduce our earnings, cash from operations and cash available for distribution to our shareholders.

Under the United States Internal Revenue Code of 1986 (the "Code"), 50% of the gross shipping income of a vessel owning or chartering corporation, such as ourselves and our subsidiaries, that is attributable to transportation that begins or ends, but that does not both begin and end, in the United States, may be subject to a 4% U.S. federal income tax without allowance for deduction, unless that corporation qualifies for exemption from tax under Section 883 of the Code and the applicable Treasury Regulations promulgated thereunder.

We intend to take the position that we and each of our subsidiaries qualify for this statutory tax exemption for our 2021 and future taxable years. However, as discussed below under "*Taxation—U.S. Federal Income Tax Considerations—U.S. Federal Income Taxation of Our Company*", whether we qualify for this exemption in view of our share structure is unclear, and there can be no assurance that the exemption from tax under Section 883 of the Code will be available to us.

If we or our subsidiaries are not entitled to this exemption, we would be subject to an effective 2% U.S. federal income tax on the gross shipping income we derive during the year that are attributable to the transport of cargoes to or from the United States. If this tax were imposed for our 2021 taxable year, we anticipate that U.S. source income taxes of approximately $497,339 would be recognized for the year ended December 31, 2021, and we have included a reserve for this amount in our annual consolidated financial statements. However, there can be no assurance that such taxes would not be materially higher or lower in future taxable years.

ITEM 4. INFORMATION ON THE COMPANY

A. History and Development of the Company

We are a growth-oriented global shipping company that was incorporated in the Republic of the Marshall Islands in September 2017 for the purpose of acquiring, owning, chartering and operating oceangoing cargo vessels. We are a provider of worldwide seaborne transportation services for dry bulk cargo as well as crude oil and refined petroleum products. During 2021 and as of the date of this report, we grew our dry bulk fleet from six to 20 dry bulk vessels, and we established our tanker operations by acquiring seven Aframax/LR2 and two Handysize tanker vessels. As a result, as of the date of this annual report, our fleet consisted of 20 dry bulk carriers with an aggregate cargo carrying capacity of 1.7 million dwt and an average age of 12.3 years, seven Aframax/LR2 tankers with an aggregate cargo carrying capacity of 0.8 million dwt and an average age of 17.5 years and two Handysize tankers with an aggregate cargo carrying capacity of 0.1 million dwt and an average age of 16.1 years. The average age of our entire fleet is 13.9 years.

Our fleet vessels operate in the time charter and voyage charter markets, while some of our tanker vessels currently operate in pools. Our commercial strategy primarily focuses on deploying our fleet under a mix of period time charters and trip time charters according to our assessment of market conditions, adjusting the mix of these charters to take advantage of the relatively stable cash flows and high utilization rates associated with period time charters or to profit from attractive trip charter rates during periods of strong charter market conditions.

Our principal executive office is at 223 Christodoulou Chatzipavlou Street, Hawaii Royal Gardens, 3036 Limassol, Cyprus. Our telephone number at that address is + 357 25 357 767. Our website is www.castormaritime.com. The SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC. The address of the SEC's internet site is www.sec.gov. None of the information contained on, or that can be accessed through, these websites is incorporated into or forms a part of this annual report.

For an overview of our fleet and information regarding the development of our fleet, including vessel acquisitions, please see "*—Item 4.B. Business Overview—Our fleet."*

Equity Transactions

For a description of our recent equity transactions, please see "*Item 5.B. Operating and Financial Review and Prospects— Liquidity and Capital Resources—Equity Transactions.*"

Fleet Development and Vessel Capital Expenditures

From the end of 2020 until the date of this annual report, we grew our fleet from six vessels to 29 vessels through the acquisition of 23 new vessels, consisting of two Handysize tanker vessels that currently comprise our Handysize tanker segment, seven Aframax/LR2 tanker vessels that currently comprise our Aframax/LR2 tanker segment and 14 dry bulk vessels that brought the current size of our dry bulk segment to 20 vessels. For further information on vessel acquisitions and the series of financing transactions that enabled our vessel acquisitions, see "*—B. Business Overview—Fleet Development"* below and Notes 6 and 7 to our consolidated financial statements included in this annual report.

As of the date of this annual report, 16 of the 20 dry-bulk segment vessels, one of the two Handysize tanker segment vessels and four of the seven Aframax/LR2 tanker segment vessels are equipped with ballast water management system ("BWMS"). We expect to retrofit the seven non-fully equipped and one non-equipped vessels with BWMS during 2022, obtaining operational flexibility worldwide. As of December 31, 2021, we had entered into contracts for the purchase and installation of a BWMS on all of these eight discussed vessels. It is estimated that the contractual obligations related to the purchases on these four dry bulk, one Handysize and three Aframax/LR2 vessels, excluding installation costs, will be approximately $1.0 million, $0.2 million and $2.1 million, respectively, with scheduled payments of $2.6 million in 2022 and $0.7 million in 2023. As of December 31, 2021, we also had outstanding contractual commitments on one fully equipped dry-bulk vessel and one fully equipped Handysize tanker vessel amounting to $0.1 million, expected to be settled in 2022, bringing our total capital commitment for BWMS to $3.4 million. All remaining BWMS commitments are expected to be settled until 2023 and we expect to finance these capital expenditures with cash on hand.

During the years ended December 31, 2019, 2020 and 2021, we made capital expenditures of approximately $0.2 million, $1.0 million and $1.8 million, respectively, relating to the installation of BWMS on our vessels.

Financing Transactions

On January 22, 2021, we entered into a $15.29 million senior term loan facility with Hamburg Commercial AG, through and secured by two of the Company's dry bulk vessel ship-owning subsidiaries, those owning the *Magic Horizon* and the *Magic Nova*. This facility has a tenor of four years from the drawdown date and bears interest at a 3.30% margin over LIBOR per annum. The loan was drawn down in full on January 27, 2021. We used the net proceeds from the facility to support our growth plans and for general corporate purposes.

On April 27, 2021, we entered into a $18.0 million senior term loan facility with Alpha Bank S.A., through and secured by two of the Company's tanker vessel ship-owning subsidiaries, those owning the *Wonder Sirius* and the *Wonder Polaris*. This facility has a tenor of four years from the drawdown date and bears interest at a 3.20% margin over LIBOR per annum. The loan was drawn down in full in two tranches on May 7, 2021. We used the net proceeds from the facility to support our growth plans and for general corporate purposes.

On July 23, 2021, we entered into a $40.75 million senior term loan facility with Hamburg Commercial Bank AG, through and secured by four of the Company's dry bulk vessel ship-owning subsidiaries, those owning the *Magic Thunder,* the *Magic Nebula,* the *Magic Eclipse* and the *Magic Twilight*. This facility has a tenor of five years from the drawdown date and bears interest at a 3.10% margin over LIBOR per annum. The loan was drawn down in full in four tranches on July 27, 2021. We used the net proceeds from the respective facility to support our growth plans and for general corporate purposes.

On November 22, 2021, we entered into a $23.15 million term loan facility with Chailease International Financial Services (Singapore) Pte. Ltd., through and secured by the two of the Company's dry bulk vessel ship-owning subsidiaries, those owning the *Magic Rainbow* and *Magic Phoenix*, and guaranteed by the Company. This facility has a tenor of five years and bears interest at a 4.00% margin over LIBOR per annum. The loan was drawn down in full in two tranches on November 24, 2021. We have used and intend to further use the net proceeds from the facility to support our growth plans and for general corporate purposes.

On January 12, 2022, we entered into a $55.0 million term loan facility with Deutsche Bank AG, through and secured by the five of the Company's dry bulk vessel ship-owning subsidiaries, those owning the *Magic Starlight*, the *Magic Mars*, the *Magic Pluto*, the *Magic Perseus* and the *Magic Vela*, and guaranteed by the Company. This facility has a tenor of five years and bears interest at a 3.15% margin over adjusted SOFR per annum. The loan was drawn down in full in five tranches on January 13, 2022. We intend to use the net proceeds from the facility to support our growth plans and for general corporate purposes.

For more information about our financing agreements which we have entered into in connection with the expansion of our fleet and for other general corporate purposes, please see "*Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources—Our Borrowing Activities.*"

Nasdaq Listing Standards Compliance

On April 14, 2020, we received written notification from the Nasdaq indicating that because the closing bid price of our common shares for 30 consecutive business days, from February 27, 2020, to April 13, 2020, was below the minimum $1.00 per share bid price requirement for continued listing on the Nasdaq, we were not in compliance with Nasdaq Listing Rule 5550(a)(2). Due to the COVID-19 crisis, we were granted temporary relief and our compliance period was suspended until June 30, 2020. Following certain extension periods obtained, we had until June 28, 2021 to regain compliance with Nasdaq's minimum bid price requirement. On May 28, 2021, we effected a one-for-ten reverse stock split of our common shares, and, as a result, on June 14, 2021, we regained compliance.

B. Business Overview

We operate dry-bulk vessels that engage in the worldwide transportation of commodities such as iron ore, coal, soybeans etc., Aframax/LR2 tanker vessels that are engaged in the worldwide transportation of crude oil and Handysize tanker vessels that carry oil and petroleum products. Our management reviews and analyzes operating results for our business over three reportable segments, (i) Dry bulk vessels, (ii) Aframax/LR2 tanker vessels, and (iii) Handysize tanker vessels. During the year ended December 31, 2021, our dry-bulk vessels operated exclusively under time charter contracts, our Aframax/ LR2 tanker vessels operated under time charter contracts, voyage charter contracts and pools and our Handysize tanker vessels operated in a pool. We do not disclose geographic information relating to our segments. When the Company charters a vessel to a charterer, the charterer is free, subject to certain exemptions, to trade the vessel worldwide and, as a result, the disclosure of geographic information is impracticable. For further information, see Note 2 to our consolidated financial statements included elsewhere in this annual report.

Our Fleet

The following tables summarize key information about our fleet in each segment as of March 28, 2022:

Dry Bulk Segment

Vessel Name	Year Built	Type of Charter	Capacity (dwt)	Delivered to Castor	Gross Charter Rate ($/day)	Estimated Earliest Charter Expiration	Estimated Latest Charter Expiration
Panamax							
Magic Nova	2010	Period Time Charter	78,833	October 2020	$25,300(1)	October 2022	February 2023
Magic Mars	2014	Period Time Charter	76,822	September 2021	$21,500(2)	November 2022	February 2023
Magic Phoenix	2008	Period Time Charter	76,636	October 2021	102% of BPI4TC(3) (4)	September 2022	December 2022
Magic Horizon	2010	Trip Time Charter	76,619	October 2020	$20,100(5)	March 2022	March 2022
Magic Moon	2005	Trip Time Charter	76,602	October 2019	$25,000	April 2022	April 2022
Magic P	2004	Period Time Charter	76,453	February 2017	$27,500	April 2022	July 2022
Magic Sun	2001	Trip Time Charter	75,311	September 2019	$17,500 plus $750,000 Ballast Bonus	April 2022	April 2022
Magic Vela	2011	Trip Time Charter	75,003	May 2021	$16,000 plus $550,000 Ballast Bonus	April 2022	April 2022
Magic Eclipse	2011	Period Time Charter	74,940	June 2021	$28,500	April 2022	July 2022
Magic Pluto	2013	Period Time Charter	74,940	August 2021	$24,000(6)	November 2022	February 2023
Magic Callisto	2012	Period Time Charter	74,930	January 2022	$27,000(7)	October 2022	January 2023
Magic Rainbow	2007	Trip Time Charter	73,593	August 2020	$16,000	April 2022	April 2022
Kamsarmax							
Magic Venus	2010	Trip Time Charter	83,416	March 2021	$16,300 plus $630,000 Ballast Bonus (8)	April 2022	April 2022
Magic Thunder	2011	Period Time Charter	83,375	April 2021	100% of BPI5TC	October 2022	January 2023
Magic Argo	2009	Trip Time Charter	82,338	March 2021	$16,600(9)	April 2022	April 2022
Magic Perseus	2013	Period Time Charter	82,158	August 2021	100% of BPI5TC	October 2022	January 2023
Magic Starlight	2015	Period Time Charter	81,048	May 2021	$32,000(10)	September 2022	March 2023
Magic Twilight	2010	Period Time Charter	80,283	April 2021	$25,000(11)	January 2023	April 2023
Magic Nebula	2010	Period Time Charter	80,281	May 2021	$23,500	September 2022	November 2022
Capesize							
Magic Orion	2006	Period Time Charter	180,200	March 2021	101% of BCI5TC (12)	October 2022	January 2023

(1) The vessels' daily gross charter rate is equal to 92% of BPI5TC. In accordance with the prevailing charter party, on 17/02/2022 owners converted the index-linked rate to fixed from 01/03/2022 until 30/09/2022, at a rate of $25,300 per day. Upon completion of said period, the rate will be converted back to index linked. The benchmark vessel used in the calculation of the average of the Baltic Panamax Index 5TC routes is a non-scrubber fitted 82,500mt dwt vessel (Kamsarmax) with specific age, speed - consumption, and design characteristics.

(2) The vessels' daily gross charter rate is equal to 91% of BPI5TC. In accordance with the prevailing charter party, on 20/01/2022 owners converted the index-linked rate to fixed from 01/02/2022 until 30/09/2022, at a rate of $21,500 per day. Upon completion of said period, the rate will be converted back to index linked.

(3) The benchmark vessel used in the calculation of the average of the Baltic Panamax Index 4TC routes is a non-scrubber fitted 74,000mt dwt vessel (Panamax) with specific age, speed - consumption, and design characteristics.

(4) In accordance with the prevailing charter party, on 03/03/2022 owners converted the index-linked rate to fixed from 01/04/2022 until 30/09/2022, at a rate of $28,100 per day. Upon completion of said period, the rate will be converted back to index linked.

(5) Upon completion of current time charter trip, estimated within April, the vessel has been fixed on a time charter period at a gross daily charter rate equal to 103% of the average of Baltic Panamax Index 4TC routes, with a minimum duration of 12 months and a maximum duration of 15 months, at the charterer's option.

(6) The vessels' daily gross charter rate is equal to 91% of BPI5TC. In accordance with the prevailing charter party, on 08/02/2022 owners converted the index-linked rate to fixed from 01/03/2022 until 30/09/2022, at a rate of $24,000 per day. Upon completion of said period, the rate will be converted back to index linked.

(7) The vessels' daily gross charter rate is equal to 101% of BPI4TC. In accordance with the prevailing charter party, on 22/02/2022 owners converted the index-linked rate to fixed from 01/03/2022 until 30/09/2022, at a rate of $27,000 per day. Upon completion of said period, the rate will be converted back to index linked.

(8) Upon completion of current time charter trip, estimated within April, the vessel has been fixed on a time charter period at a gross daily charter rate equal to 100% of the average of Baltic Panamax Index 5TC routes, with a minimum duration of about 13 months and a maximum duration of about 15 months, at the charterer's option.

(9) Upon completion of current time charter trip, estimated within April, the vessel has been fixed on a time charter period at a gross daily charter rate equal to 103% of the average of Baltic Panamax Index 5TC routes, with a minimum duration of 12 months and a maximum duration of 15 months, at the charterer's option.

(10) The vessels' daily gross charter rate is equal to 114% of BPI4TC. In accordance with the prevailing charter party, on 19/10/2021 owners converted the index-linked rate to fixed from 01/01/2022 until 30/09/2022, at a rate of $32,000 per day. Upon completion of said period, the rate will be converted back to index linked.

(11) In accordance with the prevailing charter party, the vessel's daily gross charter rate is $25,000 per day for the first 30 days and thereafter index-linked at a rate equal to 93% of BPI5TC.

(12) The benchmark vessel used in the calculation of the average of the Baltic Capesize Index 5TC routes is a non-scrubber fitted 180,000mt dwt vessel (Capesize) with specific age, speed - consumption, and design characteristics.

Aframax/LR2 Tanker Segment

Vessel Name	Year Built	Type of Charter	Capacity (dwt)	Delivered to Castor	Gross Charter Rate ($/day)	Estimated Earliest Charter Expiration	Estimated Latest Charter Expiration
Aframax/LR2							
Wonder Polaris	2005	Voyage	115,351	March 2021	$ 6,500(1)	31 March 2022 (2)	N/A
Wonder Sirius	2005	Unfixed	115,341	March 2021	N/A	N/A	N/A
Wonder Bellatrix	2006	Voyage	115,341	December 2021	$ 21,024(1)	3 April 2022 (2)	N/A
Wonder Musica	2004	Unfixed	106,290	June 2021	N/A	N/A	N/A
Wonder Avior	2004	Voyage	106,162	May 2021	$ 7,440(1)	16 April 2022 (2)	N/A
Wonder Arcturus	2002	Unfixed	106,149	May 2021	N/A	N/A	N/A
Aframax							
Wonder Vega	2005	Tanker Pool (3)	106,062	May 2021	N/A	N/A	N/A

(1) For vessels that are employed on the voyage/spot market, the gross daily charter rate is considered as the Daily TCE Rate on the basis of the expected completion date.

(2) Estimated completion date of the voyage.

(3) The vessel is currently participating in an unaffiliated tanker pool specializing in the employment of Aframax tanker vessels.

Handysize Tanker Segment

Vessel Name	Year Built	Type of Charter	Capacity (dwt)	Delivered to Castor	Gross Charter Rate ($/day)	Estimated Earliest Charter Expiration	Estimated Latest Charter Expiration
Wonder Mimosa	2006	Tanker Pool (1)	36,718	May 2021	N/A	N/A	N/A
Wonder Formosa	2006	Tanker Pool (1)	36,660	June 2021	N/A	N/A	N/A

(1) The vessel is currently participating in an unaffiliated tanker pool specializing in the employment of Handysize tanker vessels.

Fleet Development

During the years ended December 31, 2019, 2020 and 2021 and further as of the date of this annual report, we implemented our strategic fleet growth plan by acquiring the vessels listed below:

Dry Bulk Carriers						
Vessel Name	**Vessel Type**	**DWT**	**Year Built**	**Country of Construction**	**Purchase Price (in million)**	**Delivery Date**
			2019 Acquisitions			
Magic Sun	Panamax	75,311	2001	S. Korea	$ 6.71	09/05/2019
Magic Moon	Panamax	76,602	2005	Japan	$ 10.20	10/20/2019
			2020 Acquisitions			
Magic Rainbow	Panamax	73,593	2007	China	$ 7.85	08/08/2020
Magic Horizon	Panamax	76,619	2010	Japan	$ 12.75	10/09/2020
Magic Nova	Panamax	78,833	2010	Japan	$ 13.86	10/15/2020
			2021 Acquisitions			
Magic Orion	Capesize	180,200	2006	Japan	$ 17.50	03/17/2021
Magic Venus	Kamsarmax	83,416	2010	Japan	$ 15.85	03/02/2021
Magic Argo	Kamsarmax	82,338	2009	Japan	$ 14.50	03/18/2021
Magic Twilight	Kamsarmax	80,283	2010	S. Korea	$ 14.80	04/09/2021
Magic Nebula	Kamsarmax	80,281	2010	S. Korea	$ 15.45	05/20/2021
Magic Thunder	Kamsarmax	83,375	2011	Japan	$ 16.85	04/13/2021
Magic Eclipse	Panamax	74,940	2011	Japan	$ 18.48	06/07/2021
Magic Starlight	Kamsarmax	81,048	2015	China	$ 23.50	05/23/2021
Magic Vela	Panamax	75,003	2011	China	$ 14.50	05/12/2021
Magic Perseus	Kamsarmax	82,158	2013	Japan	$ 21.00	08/09/2021
Magic Pluto	Panamax	74,940	2013	Japan	$ 19.06	08/06/2021
Magic Mars	Panamax	76,822	2014	S. Korea	$ 20.40	09/20/2021
Magic Phoenix	Panamax	76,636	2008	Japan	$ 18.75	10/26/2021
			2022 Acquisitions			
Magic Callisto	Panamax	74,930	2012	Japan	$ 23.55	01/04/2022

Aframax/LR2 Tankers						
			2021 Acquisitions			
Wonder Polaris	Aframax LR2	115,351	2005	S. Korea	$ 13.60	03/11/21
Wonder Sirius	Aframax LR2	115,341	2005	S. Korea	$ 13.60	03/22/21
Wonder Vega	Aframax	106,062	2005	S. Korea	$ 14.80	05/21/21
Wonder Avior	Aframax LR2	106,162	2004	S. Korea	$ 12.00	05/27/21
Wonder Arcturus	Aframax LR2	106,149	2002	S. Korea	$ 10.00	05/31/21
Wonder Musica	Aframax LR2	106,290	2004	S. Korea	$ 12.00	06/15/21
Wonder Bellatrix	Aframax LR2	115,341	2006	S. Korea	$ 18.15	12/23/21

Handysize Tankers						
			2021 Acquisitions			
Wonder Mimosa	Handysize	36,718	2006	S. Korea	$ 7.25	05/31/21
Wonder Formosa	Handysize	36,660	2006	S. Korea	$ 8.00	06/22/21

All the above-mentioned acquisitions were financed using a mix of cash from operations and the net cash proceeds from our equity and financing transactions, as further discussed under "*Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources.*"

Chartering of our Fleet

We actively market our vessels, in the short, medium and long-term charter markets in order to secure optimal employment in the dry bulk and tanker shipping markets. As of December 31, 2021, seven of our dry bulk vessels were chartered on the trip time charter market, our two Handysize tankers and one of our Aframax/LR2 tankers were participating in pools and three of our Aframax/LR2 tankers were chartered on the voyage charter market, totaling 13 vessels employed in the spot market. Our remaining 15 vessels as of December 31, 2021 (excluding the *Magic Callisto* that was delivered to us in January 2022), consisting of 12 dry bulk vessels and three Aframax/ LR2 tankers were employed under medium-term time charters which have either a fixed or floating (i.e., index-linked) charter hire rate. Among them, three of our Aframax/ LR2 tankers also incorporated a profit-sharing arrangement over and above the fixed charter rate level.

Charter rates in the spot market are volatile and sometimes fluctuate on a seasonal and year-to-year basis. Fluctuations derive from imbalances in the availability of cargoes for shipment and the number of vessels available at any given time to transport these cargoes. Vessels operating in the spot market generate revenue that is less predictable than those under period time charters but may enable us to capture increased profit margins during periods of improvements in the dry bulk and tanker markets. Downturns in the dry bulk and/or tanker industries would result in a reduction in profit margins and could lead to losses. Following the dry bulk market recovery in 2021, we may opportunistically look to employ more of our dry bulk vessels in the spot market under trip time charter contracts, voyage charter contracts or pooling arrangements.

Management of our Business

Our vessels are technically managed by Pavimar, a company controlled by Ismini Panagiotidis, the sister of our Chairman, Chief Executive Officer and Chief Financial Officer, Petros Panagiotidis. Under the technical management agreements, our ship-owning subsidiaries pay a $600 daily fee to Pavimar for the provision of a wide range of shipping services such as crew management, technical management, operational employment management, insurance management, provisioning, bunkering, accounting and audit support services, which Pavimar may choose to subcontract to other parties at its discretion. As of December 31, 2021, Pavimar had subcontracted the technical management of three of the Company's dry bulk vessels and nine of its tanker vessels to third-party ship-management companies. Pavimar pays, at its own expense, these third-party management companies a fee for the services it has subcontracted to them, without burdening the Company with any additional cost.

Our vessels are commercially managed by Castor Ships, a company controlled by our Chairman, Chief Executive Officer and Chief Financial Officer. Castor Ships manages our business overall and provides us with commercial, chartering and administrative services, including, but not limited to, securing employment for our fleet, arranging and supervising the vessels' commercial operations, handling all of the Company's vessel sale and purchase transactions, undertaking related shipping project and management advisory and support services, as well as other associated services requested from time to time by us and our ship-owning subsidiaries. In exchange for these services, we and our subsidiaries pay Castor Ships (i) a flat quarterly management fee in the amount of $0.3 million for the management and administration of our business, (ii) a daily fee of $250 per vessel for the provision of commercial services, (iii) a commission of 1.25% on all charter agreements and (iv) a commission of 1% on each vessel sale and purchase transaction.

For further information, see *"Item 7. Major Shareholders and Related Party Transactions—B. Related Party Transactions."*

Environmental and Other Regulations in the Shipping Industry

Government regulations and laws significantly affect the ownership and operation of our fleet. We are subject to international conventions and treaties, national, state and local laws and regulations in force in the countries in which our vessels may operate or are registered relating to safety and health and environmental protection including the storage, handling, emission, transportation and discharge of hazardous and non-hazardous materials, and the remediation of contamination and liability for damage to natural resources. Compliance with such international conventions, laws, regulations, insurance and other requirements entails significant expense, including for vessel modifications and implementation of certain operating procedures.

A variety of government and private entities subject our vessels to both scheduled and unscheduled inspections. These entities include the local port authorities (applicable national authorities such as the United States Coast Guard ("USCG"), harbor master or equivalent), classification societies, flag state administrations (countries of registry) and charterers, particularly terminal operators. Certain of these entities require us to obtain permits, licenses, certificates and other authorizations for the operation of our vessels. Failure to maintain necessary permits or approvals could require us to incur substantial costs or result in the temporary suspension of the operation of our vessels.

Increasing environmental concerns have created a demand for vessels that conform to stricter environmental standards. We are required to maintain operating standards for our vessels that emphasize operational safety, quality maintenance, continuous training of our officers and crews and compliance with United States and international regulations. We believe that the operation of our vessels is in substantial compliance with applicable environmental laws and regulations and that our vessels have all material permits, licenses, certificates or other authorizations necessary for the conduct of our operations. However, because such laws and regulations frequently change 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 serious marine incident that causes significant adverse environmental impact could result in additional legislation or regulation that could have a material adverse effect on our business, financial condition, and operating results.

International Maritime Organization

The International Maritime Organization, the United Nations agency for maritime safety and the prevention of pollution by vessels (the "IMO"), has adopted the International Convention for the Prevention of Pollution from Ships, 1973, as modified by the Protocol of 1978 relating thereto, collectively referred to as MARPOL 73/78 and herein as "MARPOL", the International Convention for the Safety of Life at Sea of 1974 ("SOLAS Convention"), and the International Convention on Load Lines of 1966. MARPOL establishes environmental standards relating to oil leakage or spilling, garbage management, sewage, air emissions, handling and disposal of noxious liquids and the handling of harmful substances in packaged forms. MARPOL is applicable to dry bulk, tanker and LNG carriers, among other vessels, and is broken into six Annexes, each of which regulates a different source of pollution. Annex I relates to oil leakage or spilling; Annexes II and III relate to harmful substances carried in bulk in liquid or in packaged form, respectively; Annexes IV and V relate to sewage and garbage management, respectively. Annex VI, which relates to air emissions, was separately adopted by the IMO in September of 1997; new emissions standards, titled IMO-2020, took effect on January 1, 2020.

Air Emissions

In September of 1997, the IMO adopted Annex VI to MARPOL to address air pollution from vessels. Effective May 2005, Annex VI sets limits on sulfur oxide and nitrogen oxide emissions from all commercial vessel exhausts and prohibits "deliberate emissions" of ozone depleting substances (such as halons and chlorofluorocarbons), emissions of volatile compounds from cargo tanks, and the shipboard incineration of specific substances. Annex VI also includes a global cap on the sulfur content of fuel oil and allows for special areas to be established with more stringent controls on sulfur emissions, as explained below. Emissions of "volatile organic compounds" from certain tankers, and the shipboard incineration (from incinerators installed after January 1, 2000) of certain substances (such as polychlorinated biphenyls, or PCBs) are also prohibited. We believe that our vessels are currently compliant in all material respects with these regulations.

The Marine Environment Protection Committee, or "MEPC," adopted amendments to Annex VI regarding emissions of sulfur oxide, nitrogen oxide, particulate matter and ozone depleting substances, which entered into force on July 1, 2010. The amended Annex VI seeks to further reduce air pollution by, among other things, implementing a progressive reduction of the amount of sulfur contained in any fuel oil used on board ships. On October 27, 2016, at its 70th session, the MEPC agreed to implement a global 0.5% m/m sulfur oxide emissions limit (reduced from 3.50%) starting from January 1, 2020. This limitation can be met by using low-sulfur compliant fuel oil, alternative fuels, or certain exhaust gas cleaning systems. Ships are now required to obtain bunker delivery notes and International Air Pollution Prevention Certificates from their flag states that specify sulfur content. Additionally, at MEPC 73, amendments to Annex VI to prohibit the carriage of bunkers above 0.5% sulfur on ships were adopted and took effect on March 1, 2020. These regulations subject ocean-going vessels to stringent emissions controls and may cause us to incur substantial costs. As of the date of this annual report, one of our vessels is equipped with a scrubber while our remaining vessels are not equipped with scrubbers and have transitioned to burning IMO compliant fuels.

Sulfur content standards are even stricter within certain "Emission Control Areas", or ("ECAs"). As of January 1, 2015, ships operating within an ECA were not permitted to use fuel with sulfur content in excess of 0.1% m/m. Amended Annex VI establishes procedures for designating new ECAs. Currently, the IMO has designated four ECAs, including specified portions of the Baltic Sea area, North Sea area, North American area and United States Caribbean area. Ocean-going vessels in these areas are subject to more stringent emission controls and may cause us to incur additional costs. Other areas in China are subject to local regulations that impose stricter emission controls. If other ECAs are approved by the IMO, or other new or more stringent requirements relating to emissions from marine diesel engines or port operations by vessels are adopted by the U.S. Environmental Protection Agency ("EPA") or the other jurisdictions where we operate, compliance with these regulations could entail significant capital expenditures or otherwise increase the costs of our operations.

Amended Annex VI also establishes new tiers of stringent nitrogen oxide emissions standards for marine diesel engines, depending on their date of installation. At the MEPC meeting held from March to April 2014, amendments to Annex VI were adopted which address the date on which Tier III Nitrogen Oxide (NOx) standards in ECAs will go into effect. Under the amendments, Tier III NOx standards apply to ships that operate in the North American and U.S. Caribbean Sea ECAs designed for the control of NOx produced by vessels with a marine diesel engine installed and constructed on or after January 1, 2016. Tier III requirements could apply to areas that will be designated for Tier III NOx in the future. At MEPC 70 and MEPC 71, the MEPC approved the North Sea and Baltic Sea as ECAs for nitrogen oxide for ships built on or after January 1, 2021. The EPA promulgated equivalent (and in some respects stricter) emissions standards in 2010. As a result of these designations or similar future designations, we may be required to incur additional operating or other costs.

As determined at the MEPC 70, the new Regulation 22A of MARPOL Annex VI became effective as of March 1, 2018, and requires ships above 5,000 gross tonnage to collect and report annual data on fuel oil consumption to an IMO database, with the first year of data collection having commenced on January 1, 2019. The IMO intends to use such data as the first step in its roadmap (through 2023) for developing its strategy to reduce greenhouse gas emissions from ships, as discussed further below.

As of January 1, 2013, MARPOL made mandatory certain measures relating to energy efficiency for ships. All ships are now required to develop and implement Ship Energy Efficiency Management Plans ("SEEMPS"), and new ships must be designed in compliance with minimum energy efficiency levels per capacity mile as defined by the Energy Efficiency Design Index ("EEDI"). Under these measures, by 2025, all new ships built will be 30% more energy efficient than those built in 2014. Additionally, MEPC 75 adopted amendments to MARPOL Annex VI which brings forward the effective date of the EEDI's "phase 3" requirements from January 1, 2025 to April 1, 2022 for several ship types, including gas carriers, general cargo ships, and LNG carriers. This may require us to incur additional operating or other costs. Further, MEPC 75 proposed draft amendments requiring that, on or before January 1, 2023, all ships above 400 gross tonnage must have an approved SEEMP on board. For ships above 5,000 gross tonnage, the SEEMP would need to include certain mandatory content.

In addition to the recently implemented emission control regulations, the IMO has been devising strategies to reduce greenhouse gases and carbon emissions from ships. According to its latest announcement, IMO plans to initiate measures to reduce CO2 emissions by at least 40% by 2030 and 70% by 2050 from the levels in 2008. It also plans to introduce measures to reduce GHG emissions by 50% by 2050 from the 2008 levels. These are likely to be achieved by setting energy efficiency requirements and encouraging ship owners to use alternative fuels such as biofuels, and electro-/synthetic fuels such as hydrogen or ammonia and may also include limiting the speed of the ships. However, there is still uncertainty regarding the exact measures that the IMO will undertake to achieve these targets. IMO-related uncertainty is also a factor discouraging ship owners from ordering newbuild vessels, as these vessels may have a high future environmental compliance costs.

In June 2021, IMO's Marine Environment Protection Committee ("MEPC") adopted amendments to MARPOL Annex VI that will require ships to reduce their greenhouse gas emissions. These amendments combine technical and operational approaches to improve the energy efficiency of ships, also providing important building blocks for future GHG reduction measures. The new measures require the IMO to review the effectiveness of the implementation of the Carbon Intensity Indicator ("CII") and Energy Efficiency Existing Ship Index ("EEXI") requirements, by January 1, 2026 at the latest. EEXI is a technical measure and will apply to ships above 400 GT. It indicates the energy efficiency of the ship compared to a baseline and is based on a required reduction factor (expressed as a percentage relative to the EEDI baseline). On the other hand, CII is an operational measure which specifies carbon intensity reduction requirements for vessels with 5,000 GT and above. The CII determines the annual reduction factor needed to ensure continuous improvement of the ship's operational carbon intensity within a specific rating level. The operational carbon intensity rating would be given on a scale of A, B, C, D or E indicating a major superior, minor superior, moderate, minor inferior, or inferior performance level, respectively. The performance level would be recorded in the ship's SEEMP. A ship rated D or E for three consecutive years would have to submit a corrective action plan to show how the required index (C or above) would be achieved. Further, the European Union has endorsed a binding target of at least 55% domestic reduction in economy wide GHG reduction by 2030 compared to 1990. The amendments to MARPOL Annex VI (adopted in a consolidated revised Annex VI) are expected to enter into force on November 1, 2022, with the requirements for EEXI and CII certification coming into effect from January 1, 2023. This means that the first annual reporting on carbon intensity will be completed in 2023, with the first rating given in 2024. EU shipowners including us are required to comply with this regulation.

We may incur costs to comply with these revised standards including introduction of new emissions software platform applications which will enable continuous monitoring of CIIs as well as automatic generation of CII reports, amendment of SEEMP part II plans and adoption and implementation of ISO 500001 procedures. Additional or new conventions, laws and regulations may be adopted that could require the installation of expensive emission control systems and could adversely affect our business, cash flows, financial condition, and operating results.

Safety Management System Requirements

The SOLAS Convention was amended to address the safe manning of vessels and emergency training drills. The Convention of Limitation of Liability for Maritime Claims (the "LLMC") sets limitations of liability for a loss of life or personal injury claim, or a property claim against ship owners. We believe that our vessels are in substantial compliance with SOLAS and LLMC standards.

Under Chapter IX of the SOLAS Convention, or the International Safety Management Code for the Safe Operation of Ships and for Pollution Prevention (the "ISM Code"), our operations are also subject to environmental standards and requirements. The ISM Code requires the party with operational control of a vessel to develop 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 describing procedures for responding to emergencies. We rely upon the safety management system that we and our technical management team have developed for compliance with the ISM Code. The failure of a vessel owner or bareboat charterer to comply with the ISM Code may subject such party to increased liability, may decrease available insurance coverage for the affected vessels and may result in a denial of access to, or detention in, certain ports.

The ISM Code requires that vessel operators obtain a safety management certificate for each vessel they operate. This certificate evidences compliance by a vessel's management with the ISM Code requirements for a safety management system. No vessel can obtain a safety management certificate unless its manager has been awarded a document of compliance, issued by each flag state, under the ISM Code. We have obtained applicable documents of compliance for our offices and safety management certificates for our vessels for which the certificates are required by the IMO. The document of compliance and safety management certificate are renewed as required.

Regulation II-1/3-10 of the SOLAS Convention on goal-based ship construction standards for bulk carriers and oil tankers stipulates that ships over 150 meters in length must have adequate strength, integrity and stability to minimize risk of loss or pollution.

Amendments to the SOLAS Convention Chapter VII apply to vessels transporting dangerous goods and require those vessels be in compliance with the International Maritime Dangerous Goods Code ("IMDG Code"). Effective January 1, 2018, the IMDG Code includes (1) updates to the provisions for radioactive material, reflecting the latest provisions from the International Atomic Energy Agency, (2) new marking, packing and classification requirements for dangerous goods, and (3) new mandatory training requirements. Amendments which took effect on January 1, 2020, also reflect the latest material from the UN Recommendations on the Transport of Dangerous Goods, including (1) new provisions regarding IMO type 9 tank, (2) new abbreviations for segregation groups, and (3) special provisions for carriage of lithium batteries and of vehicles powered by flammable liquid or gas.

The IMO has also adopted the International Convention on Standards of Training, Certification and Watchkeeping for Seafarers ("STCW"). As of February 2017, all seafarers are required to meet the STCW standards and be in possession of a valid STCW certificate. Flag states that have ratified SOLAS and STCW generally employ the classification societies, which have incorporated SOLAS and STCW requirements into their class rules, to undertake surveys to confirm compliance.

The IMO's Maritime Safety Committee and MEPC, respectively, each adopted relevant parts of the International Code for Ships Operating in Polar Water (the "Polar Code"). The Polar Code, which entered into force on January 1, 2017, covers design, construction, equipment, operational, training, search and rescue as well as environmental protection matters relevant to ships operating in the waters surrounding the two poles. It also includes mandatory measures regarding safety and pollution prevention as well as recommendatory provisions. The Polar Code applies to new ships constructed after January 1, 2017, and from January 1, 2018, ships constructed before January 1, 2017, are required to meet the relevant requirements by the earlier of their first intermediate or renewal survey.

Furthermore, recent action by the IMO's Maritime Safety Committee and United States agencies indicates that cybersecurity regulations for the maritime industry are likely to be further developed in the near future in an attempt to combat cybersecurity threats. Companies may create additional procedures for monitoring cybersecurity in addition to those required by the IMO, which could require additional expenses and/or capital expenditures.

Fuel Regulations in Arctic Waters

MEPC 76 adopted amendments to MARPOL Annex I (addition of a new regulation 43A) to introduce a prohibition on the use and carriage for use as fuel of heavy fuel oil (HFO) by ships in Arctic waters on and after July 1, 2024. The prohibition will cover the use and carriage for use as fuel of oils having a density at 15°C higher than 900 kg/m3 or a kinematic viscosity at 50°C higher than 180 mm2/s. Ships engaged in securing the safety of ships, or in search and rescue operations, and ships dedicated to oil spill preparedness and response would be exempted. Ships which meet certain construction standards with regard to oil fuel tank protection would need to comply on and after July 1, 2029.

Pollution Control and Liability Requirements

The IMO has negotiated international conventions that impose liability for pollution in international waters and the territorial waters of the signatories to such conventions. For example, the IMO adopted an International Convention for the Control and Management of Ships' Ballast Water and Sediments (the "BWM Convention") in 2004. The BWM Convention entered into force on September 8, 2017. The BWM Convention requires ships to manage their ballast water to remove, render harmless, or avoid the uptake or discharge of new or invasive aquatic organisms and pathogens within ballast water and sediments. The BWM Convention's implementing regulations call for a phased introduction of mandatory ballast water exchange requirements, to be replaced in time with mandatory concentration limits, and require all ships to carry a ballast water record book and an international ballast water management certificate.

On December 4, 2013, the IMO Assembly passed a resolution revising the application dates of the BWM Convention so that the dates are triggered by the entry into force date and not the dates originally in the BWM Convention. This, in effect, makes all vessels delivered before the entry into force date "existing vessels" and allows for the installation of ballast water management systems on such vessels at the first International Oil Pollution Prevention ("IOPP") renewal survey following entry into force of the convention. The MEPC adopted updated guidelines for approval of ballast water management systems (G8) at MEPC 70. At MEPC 71, the schedule regarding the BWM Convention's implementation dates was also discussed and amendments were introduced to extend the date existing vessels are subject to certain ballast water standards. Those changes were adopted at MEPC 72. Ships over 400 gross tons generally must comply with a "D-1 standard," requiring the exchange of ballast water only in open seas and away from coastal waters. The "D-2 standard" specifies the maximum amount of viable organisms allowed to be discharged, and compliance dates vary depending on the IOPP renewal dates. Depending on the date of the IOPP renewal survey, existing vessels must comply with the D-2 standard on or after September 8, 2019. For most ships, compliance with the D-2 standard will involve installing on-board systems to treat ballast water and eliminate unwanted organisms. Ballast water management systems, which include systems that make use of chemical, biocides, organisms or biological mechanisms, or which alter the chemical or physical characteristics of the Ballast Water, must be approved in accordance with IMO Guidelines (Regulation D-3). As of October 13, 2019, MEPC 72's amendments to the BWM Convention took effect, making the Code for Approval of Ballast Water Management Systems, which governs assessment of ballast water management systems, mandatory rather than permissive, and formalized an implementation schedule for the D-2 standard. Under these amendments, all ships must meet the D-2 standard by September 8, 2024. Significant costs of may be incurred to comply with these regulations. Additionally, in November 2020, MEPC 75 adopted amendments to the BWM Convention which would require a commissioning test of the ballast water management system for the initial survey or when performing an additional survey for retrofits. This analysis will not apply to ships that already have an installed BWM system certified under the BWM Convention. These amendments are expected to enter into force on June 1, 2022. To date, we have made $2.8 million in capital expenditures relating to the installation of BWMS on our vessels. For further information on these installations, see *"—A—Fleet Development and Vessel Capital Expenditures."*

Mandatory mid-ocean exchange ballast water treatment requirements under the BWM Convention may increase the cost of compliance could increase for ocean carriers and may have a material effect on our operations. However, 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. Ballast water compliance requirements could adversely affect our business, results of operations, cash flows and financial condition.

The IMO also adopted the International Convention on Civil Liability for Bunker Oil Pollution Damage (the "Bunker Convention") to impose strict liability on ship owners (including the registered owner, bareboat charterer, manager or operator) for pollution damage in jurisdictional waters of ratifying states caused by discharges of bunker fuel. The Bunker Convention requires registered owners of ships over 1,000 gross tons 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 LLMC). With respect to non-ratifying states, liability for spills or releases of oil carried as fuel in ship's bunkers typically is determined by the national or other domestic laws in the jurisdiction where the events or damages occur.

Ships are required to maintain a certificate attesting that they maintain adequate insurance to cover an incident. In jurisdictions, such as the United States where the Bunker Convention has not been adopted, the Oil Pollution Act of 1990 along with various legislative schemes and common law standards of conduct govern, and liability is imposed either on the basis of fault or on a strict-liability basis.

Anti-Fouling Requirements

In 2001, the IMO adopted the International Convention on the Control of Harmful Anti-fouling Systems on Ships (the "Anti-fouling Convention"). The Anti-fouling Convention, which entered into force on September 17, 2008, prohibits 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 are also required to undergo an initial survey before the vessel is put into service or before an International Anti-fouling System Certificate is issued for the first time; and subsequent surveys when the anti-fouling systems are altered or replaced.

In June 2021, MEPC 76 adopted amendments to the Anti-fouling Convention to prohibit the use of biocide cybutryne contained in anti-fouling systems, which would apply to ships from January 1, 2023, or, for ships already bearing such an anti-fouling system, at the next scheduled renewal of the system after that date, but no later than 60 months following the last application to the ship of such a system, as studies have proven that the substance is harmful to a variety of marine organisms.

Compliance Enforcement

Noncompliance with the ISM Code or other IMO regulations may subject the ship owner or bareboat charterer to increased liability, may lead to decreases in available insurance coverage for affected vessels and may result in the denial of access to, or detention in, some ports. The USCG and European Union authorities have indicated that vessels not in compliance with the ISM Code by applicable deadlines will be prohibited from trading in U.S. and European Union ports, respectively. As of the date of this report, our vessels are ISM Code certified through Pavimar, the technical operator of our vessels. The technical managers have obtained the documents of compliance in order to operate the vessels in accordance with the ISM Code and the Anti-fouling Convention. However, there can be no assurance that such certificates will be maintained in the future. The IMO continues to review and introduce new regulations. It is impossible to predict what additional regulations, if any, may be passed by the IMO and what effect, if any, such regulations might have on our operations.

United States Regulations

The U.S. Oil Pollution Act of 1990 and the Comprehensive Environmental Response, Compensation and Liability Act

The U.S. Oil Pollution Act of 1990 ("OPA") established an extensive regulatory and liability regime for the protection and cleanup of the environment from oil spills. OPA affects all "owners and operators" whose vessels trade or operate within the U.S., its territories and possessions or whose vessels operate in U.S. waters, which includes the U.S.'s territorial sea and its 200 nautical mile exclusive economic zone around the U.S. The U.S. has also enacted the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), which applies to the discharge of hazardous substances other than oil, except in limited circumstances, whether on land or at sea. OPA and CERCLA both define "owner and operator" in the case of a vessel as any person owning, operating or chartering by demise, the vessel. Both OPA and CERCLA impact our operations.

Under OPA, vessel owners and operators are "responsible parties" and are jointly, severally and strictly liable (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 threatened discharges of oil from their vessels, including bunkers (fuel). OPA defines these other damages broadly to include:

(i) injury to, destruction or loss of, or loss of use of, natural resources and related assessment costs;

(ii) injury to, or economic losses resulting from, the destruction of real and personal property;

(iii) loss of subsistence use of natural resources that are injured, destroyed or lost;

(iv) net loss of taxes, royalties, rents, fees or net profit revenues resulting from injury, destruction or loss of real or personal property, or natural resources;

(v) lost profits or impairment of earning capacity due to injury, destruction or loss of real or personal property or natural resources; and

(vi) net cost of increased or additional public services necessitated by removal activities following a discharge of oil, such as protection from fire, safety or health hazards, and loss of subsistence use of natural resources.

OPA contains statutory caps on liability and damages; such caps do not apply to direct cleanup costs. Effective December 12, 2019, the USCG adjusted the limits of OPA liability for non-tank vessels, edible oil tank vessels, and any oil spill response vessels, to the greater of $1,200 per gross ton or $997,100 (subject to periodic adjustment for inflation). These limits of liability do not apply if an incident was proximately caused by the violation of an applicable U.S. federal safety, construction or operating regulation by a responsible party (or its agent, employee or a person acting pursuant to a contractual relationship), or a responsible party's gross negligence or willful misconduct. The limitation on liability similarly does not apply if the responsible party fails or refuses to (i) report the incident as required by law where the responsible party knows or has reason to know of the incident; (ii) reasonably cooperate and assist as requested in connection with oil removal activities; or (iii) without sufficient cause, comply with an order issued under the Federal Water Pollution Act (Section 311 (c), (e)) or the Intervention on the High Seas Act.

CERCLA contains a similar liability regime whereby owners and operators of vessels are liable for cleanup, removal and remedial costs, as well as damages for injury to, or destruction or loss of, natural resources, including the reasonable costs associated with assessing the same, and health assessments or health effects studies. There is no liability if the discharge of a hazardous substance results solely from the act or omission of a third party, an act of God or an act of war. Liability under CERCLA is limited to the greater of $300 per gross ton or $5.0 million for vessels carrying a hazardous substance as cargo and the greater of $300 per gross ton or $500,000 for any other vessel. These limits do not apply (rendering the responsible person liable for the total cost of response and damages) if the release or threat of release of a hazardous substance resulted from willful misconduct or negligence, or the primary cause of the release was a violation of applicable safety, construction or operating standards or regulations. The limitation on liability also does not apply if the responsible person fails or refused to provide all reasonable cooperation and assistance as requested in connection with response activities where the vessel is subject to OPA.

OPA and CERCLA each preserve the right to recover damages under existing law, including maritime tort law. OPA and CERCLA both require owners and operators of vessels to establish and maintain with the USCG evidence of financial responsibility sufficient to meet the maximum amount of liability to which the particular responsible person may be subject. Vessel owners and operators may satisfy their financial responsibility obligations by providing a proof of insurance, a surety bond, qualification as a self-insurer or a guarantee. We comply and plan to be in compliance going forward with the USCG's financial responsibility regulations by providing applicable certificates of financial responsibility.

The 2010 *Deepwater Horizon* oil spill in the Gulf of Mexico resulted in additional regulatory initiatives or statutes, including higher liability caps under OPA, new regulations regarding offshore oil and gas drilling, and a pilot inspection program for offshore facilities. Several of these initiatives and regulations have been or may be revised. For example, the U.S. Bureau of Safety and Environmental Enforcement's ("BSEE") revised Production Safety Systems Rule ("PSSR"), effective December 27, 2018, modified and relaxed certain environmental and safety protections under the 2016 PSSR. Additionally, the BSEE amended the Well Control Rule, effective July 15, 2019, which rolled back certain reforms regarding the safety of drilling operations, and the Trump administration had proposed leasing new sections of U.S. waters to oil and gas companies for offshore drilling. The effects of these proposals and changes are currently unknown, and recently, the Biden administration issued an executive order temporarily blocking new leases for oil and gas drilling in federal waters. While a U.S. federal court has since granted an injunction against this executive order, the sale of a large number of previously auctioned oil and gas leases in the Gulf of Mexico has recently been blocked by another U.S. federal court. The U.S. Department of Justice is currently appealing the injunction against the executive order. Compliance with any new requirements of OPA and future legislation or regulations applicable to the operation of our vessels could impact the cost of our operations and adversely affect our business.

OPA specifically permits individual states to impose their own liability regimes with regard to oil pollution incidents occurring within their boundaries, provided they accept, at a minimum, the levels of liability established under OPA and some states have enacted legislation providing for unlimited liability for oil spills. Many U.S. states that border a navigable waterway have enacted environmental pollution laws that impose strict liability on a person for removal costs and damages resulting from a discharge of oil or a release of a hazardous substance. Some of these laws are more stringent than U.S. federal law in some respects. Moreover, some states have enacted legislation providing for unlimited liability for discharge of pollutants within their waters, although in some cases, states which have enacted this type of legislation have not yet issued implementing regulations defining tanker owners' responsibilities under these laws. The Company intends to be in compliance with all applicable state regulations in the relevant ports where the Company's vessels call.

We currently maintain pollution liability coverage insurance in the amount of $1.0 billion per incident for our vessels. If the damages from a catastrophic spill were to exceed our insurance coverage, it could have an adverse effect on our business and operating results.

Other United States Environmental Initiatives

The U.S. Clean Air Act of 1970 (including its amendments of 1977 and 1990) ("CAA") requires the EPA to promulgate standards applicable to emissions of greenhouse gasses, volatile organic compounds and other air contaminants. The CAA requires states to adopt State Implementation Plans, some of which regulate emissions resulting from vessel loading and unloading operations which may affect our vessels.

The U.S. Clean Water Act ("CWA") prohibits the discharge of oil, hazardous substances and ballast water in U.S. navigable waters unless authorized by a duly issued permit or exemption and imposes strict liability in the form of penalties for any unauthorized discharges. The CWA also imposes substantial liability for the costs of removal, remediation and damages and complements the remedies available under OPA and CERCLA.

The EPA and the USCG have also enacted rules relating to ballast water discharge, compliance with which requires the installation of equipment on our vessels to treat ballast water before it is discharged or the implementation of other port facility disposal arrangements or procedures at potentially substantial costs, and/or otherwise restrict our vessels from entering U.S. waters. The EPA will regulate these ballast water discharges and other discharges incidental to the normal operation of certain vessels within United States waters pursuant to the Vessel Incidental Discharge Act ("VIDA"), which was signed into law on December 4, 2018 and replaces the 2013 Vessel General Permit ("VGP") program (which authorizes discharges incidental to operations of commercial vessels and contains numeric ballast water discharge limits for most vessels to reduce the risk of invasive species in U.S. waters, stringent requirements for exhaust gas scrubbers, and requirements for the use of environmentally acceptable lubricants) and current Coast Guard ballast water management regulations adopted under the U.S. National Invasive Species Act, such as mid-ocean ballast exchange programs and installation of approved USCG technology for all vessels equipped with ballast water tanks bound for U.S. ports or entering U.S. waters. VIDA establishes a new framework for the regulation of vessel incidental discharges under the CWA, requires the EPA to develop performance standards for those discharges within two years of enactment, and requires the U.S. Coast Guard to develop implementation, compliance, and enforcement regulations within two years of EPA's promulgation of standards. Under VIDA, all provisions of the 2013 VGP and USCG regulations regarding ballast water treatment remain in force and effect until the EPA and U.S. Coast Guard regulations are finalized. Non-military, non-recreational vessels greater than 79 feet in length must continue to comply with the requirements of the VGP, including submission of a Notice of Intent ("NOI") or retention of a PARI form and submission of annual reports. We have submitted NOIs for our vessels where required. Compliance with the EPA, U.S. Coast Guard and state regulations could require the installation of ballast water treatment equipment on our vessels which have not already installed this equipment or the implementation of other port facility disposal procedures as a result of which we may incur additional capital expenditures or may otherwise have to restrict certain of our vessels from entering U.S. waters.

European Union Regulations

In October 2009, the European Union amended a directive to impose criminal sanctions for illicit ship-source discharges of polluting substances, including minor discharges, if committed with intent, recklessly or with serious negligence and the discharges individually or in the aggregate result in deterioration of the quality of water. Aiding and abetting the discharge of a polluting substance may also lead to criminal penalties. The directive applies to all types of vessels, irrespective of their flag, but certain exceptions apply to warships or where human safety or that of the ship is in danger. Criminal liability for pollution may result in substantial penalties or fines and increased civil liability claims. Regulation (EU) 2015/757 of the European Parliament and of the Council of 29 April 2015 (amending EU Directive 2009/16/EC) 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.

The European Union has adopted several regulations and directives requiring, among other things, more frequent inspections of high-risk ships, as determined by type, age, and flag as well as the number of times the ship has been detained. The European Union also adopted and extended a ban on substandard ships and enacted a minimum ban period and a definitive ban for repeated offenses. The regulation also provided the European Union with greater authority and control over classification societies, by imposing more requirements on classification societies and providing for fines or penalty payments for organizations that failed to comply. Furthermore, the EU has implemented regulations requiring vessels to use reduced sulfur content fuel for their main and auxiliary engines. The EU Directive 2005/33/EC (amending Directive 1999/32/EC) introduced requirements parallel to those in MARPOL Annex VI relating to the sulfur content of marine fuels. In addition, the EU imposed a 0.1% maximum sulfur requirement for fuel used by ships at berth in the Baltic, the North Sea and the English Channel (the so called “SOx-Emission Control Area”). As of January 2020, EU member states must also ensure that ships in all EU waters, except the SOx-Emission Control Area, use fuels with a 0.5% maximum sulfur content.

On September 15, 2020, the European Parliament voted to include greenhouse gas emissions from the maritime sector in the European Union’s carbon market. This will require shipowners to buy permits to cover these emissions. On 14 July 2021, the EU Commission proposed legislation to amend the European Union Emissions Trading Scheme (“EU ETS”) to include shipping emissions which would be phased in beginning in 2023.

International Labour Organization

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

Greenhouse Gas Regulation

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

At MEPC 70 and MEPC 71, a draft outline of the structure of the initial strategy for developing a comprehensive IMO strategy on reduction of greenhouse gas emissions from ships was approved. In accordance with this roadmap, in April 2018, nations at the MEPC 72 adopted an initial strategy to reduce greenhouse gas emissions from ships. The initial strategy identifies "levels of ambition" to reducing greenhouse gas emissions, including (1) decreasing the carbon intensity from ships through implementation of further phases of the EEDI for new ships; (2) reducing carbon dioxide emissions per transport work, as an average across international shipping, by at least 40% by 2030, pursuing efforts towards 70% by 2050, compared to 2008 emission levels; and (3) reducing the total annual greenhouse emissions by at least 50% by 2050 compared to 2008 while pursuing efforts towards phasing them out entirely. The initial strategy notes that technological innovation, alternative fuels and/or energy sources for international shipping will be integral to achieve the overall ambition. The MEPC 76 adopted amendments to MARPOL Annex VI that will require ships to reduce their greenhouse gas emissions. These amendments combine technical and operational approaches to improve the energy efficiency of ships, in line with the targets established in the 2018 Initial IMO Strategy for Reducing GHG Emissions from Ships and provide important building blocks for future GHG reduction measures. The new measures will require all ships to calculate their EEXI following technical means to improve their energy efficiency and to establish their annual operational carbon intensity indicator (CII) and CII rating. Carbon intensity links the GHG emissions to the transport work of ships. These regulations could cause us to incur additional substantial expenses.

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

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

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

Vessel Security Regulations

Since the terrorist attacks of September 11, 2001 in the United States, there have been a variety of initiatives intended to enhance vessel security such as the U.S. Maritime Transportation Security Act of 2002 ("MTSA"). To implement certain portions of the MTSA, the USCG issued regulations requiring the implementation of certain security requirements aboard vessels operating in waters subject to the jurisdiction of the United States and at certain ports and facilities, some of which are regulated by the EPA.

Similarly, Chapter XI-2 of the SOLAS Convention imposes detailed security obligations on vessels and port authorities and mandates compliance with the International Ship and Port Facility Security Code ("the ISPS Code"). The ISPS Code is designed to enhance the security of ports and ships against terrorism. To trade internationally, a vessel must attain an International Ship Security Certificate ("ISSC") from a recognized security organization approved by the vessel's flag state. Ships operating without a valid certificate may be detained, expelled from, or refused entry at port until they obtain an ISSC. The various requirements, some of which are found in the SOLAS Convention, include, for example, on-board installation of automatic identification systems to provide a means for the automatic transmission of safety-related information from among similarly equipped ships and shore stations, including information on a ship's identity, position, course, speed and navigational status; on-board installation of ship security alert systems, which do not sound on the vessel but only alert the authorities on shore; the development of vessel security plans; ship identification number to be permanently marked on a vessel's hull; a continuous synopsis record kept onboard showing a vessel's history including the name of the ship, the state whose flag the ship is entitled to fly, the date on which the ship was registered with that state, the ship's identification number, the port at which the ship is registered and the name of the registered owner(s) and their registered address; and compliance with flag state security certification requirements.

The USCG regulations, intended to align with international maritime security standards, exempt non-U.S. vessels from MTSA vessel security measures, provided such vessels have on board a valid ISSC that attests to the vessel's compliance with the SOLAS Convention security requirements and the ISPS Code. Future security measures could have a significant financial impact on us. We intend to comply with the various security measures addressed by MTSA, the SOLAS Convention and the ISPS Code.

The cost of vessel security measures has also been affected by the escalation in the frequency of acts of piracy against ships, notably off the coast of Somalia in the Gulf of Aden and off the coast of Nigeria in the Gulf of Guinea. Substantial loss of revenue and other costs may be incurred as a result of detention of a vessel or additional security measures, and the risk of uninsured losses could have a material adverse effect on our business, liquidity and operating results. Costs are incurred in taking additional security measures in accordance with Best Management Practices to Deter Piracy, notably those contained in the BMP5 industry standard.

Inspection by Classification Societies

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

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

Risk of Loss and Liability Insurance

General

The operation of any cargo vessel includes risks such as mechanical failure, physical damage, collision, property loss, cargo loss or damage and business interruption due to political circumstances in foreign countries, piracy incidents, hostilities and labor strikes. In addition, there is always an inherent possibility of marine disaster, including oil spills and other environmental events, and the liabilities arising from owning and operating vessels in international trade. We carry insurance coverage as customary in the shipping industry. However, not all risks can be insured, specific claims may be rejected, and we might not be always able to obtain adequate insurance coverage at reasonable rates. Any of these occurrences could have a material adverse effect on the business.

Hull and Machinery Insurance

We procure hull and machinery insurance, protection and indemnity insurance, which includes environmental damage and pollution insurance and war risk insurance and freight, demurrage and defense insurance for our fleet. We generally do not maintain insurance against loss of hire, which covers business interruptions that result in the loss of use of a vessel.

Protection and Indemnity Insurance

Protection and indemnity insurance is provided by mutual protection and indemnity associations, or "P&I Associations" or clubs, and covers our third-party liabilities in connection with our shipping activities. This includes third-party liability and other related expenses of injury or death of crew, passengers and other third parties, loss or damage to cargo, claims arising from collisions with other vessels, damage to other third-party property, pollution arising from oil or other substances, and salvage, towing and other related costs, including wreck removal.

Our current protection and indemnity insurance coverage for pollution is $1 billion per vessel per incident. There are 13 P&I Associations that comprise the "International Group", a group of P&I Associations that insure approximately 90% of the world's commercial tonnage and have entered into a pooling agreement to reinsure each association's liabilities. The International Group's website states that the pool provides a mechanism for sharing all claims in excess of US$ 10 million up to, currently, approximately US$ 3.1 billion. As a member of a P&I Association, which is a member of the International Group, we are subject to calls payable to the associations based on our claim records as well as the claim records of all other members of the individual associations and members of the shipping pool of P&I Associations comprising the International Group.

Competition

We operate in markets that are highly competitive. The process of obtaining new employment for our fleet generally involves intensive screening, and competitive bidding, and often extends for several months. 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. Demand for dry bulk and Aframax/LR2 and Handysize tanker vessels fluctuates in line with the main patterns of trade of the major dry bulk and Aframax/LR2 and Handysize tanker cargoes and varies according to their supply and demand. Ownership of dry bulk and tanker vessels is highly fragmented.

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.

Seasonality

Demand for our dry bulk vessels, Handysize tanker vessels and Aframax/LR2 tanker vessels has historically exhibited seasonal variations and, as a result, fluctuations in charter rates. These variations may result in quarter-to-quarter volatility in our operating results for the vessels in our three business segments when trading in the spot trip or voyage charter market or if on period time charter when a new time charter is being entered into. Seasonality in the sectors in which we operate could materially affect our operating results and cash flows.

C. Organizational Structure

We were incorporated in the Republic of the Marshall Islands in September 2017, with our principal executive offices located at 223 Christodoulou Chatzipavlou Street, Hawaii Royal Gardens, 3036 Limassol, Cyprus. A list of our subsidiaries is filed as Exhibit 8.1 to this annual report on Form 20-F.

D. Property, Plants and Equipment

We own no properties other than our vessels. For a description of our fleet, please see *"Item 4. Information on the Company—B. Business Overview—Our Fleet."*

ITEM 4A. UNRESOLVED STAFF COMMENTS

None.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

The following discussion provides a review of the performance of our operations and compares our performance with that of the preceding year. All dollar amounts referred to in this discussion and analysis are expressed in United States dollars except where indicated otherwise.

For a discussion of our results for the year ended December 31, 2020, compared to the year ended December 31, 2019, please see *"—A. Operating Results – Year ended December 31, 2020 as compared to year ended December 31, 2019"* contained in our annual report on Form 20-F for the year ended December 31, 2020, filed with the SEC on March 30, 2021.

The Company's business could be materially and adversely affected by the risks, or the public perception of the risks related to the COVID-19 pandemic. The following discussion of the results of our operations and our financial condition should be read in conjunction with the financial statements and the notes to those statements included in "*Item 18. Financial Statements.*" This discussion contains forward-looking statements that involve risks, uncertainties, and assumptions. See "*Cautionary Statement Regarding Forward-Looking Statements.*" Actual results may differ materially from those anticipated in these forward-looking statements as a result of many factors, including those set forth in "*Item 3. Key Information—D. Risk Factors."*

A. Operating Results

During 2021, we acquired a number of tanker vessels for the first time. As a result of the different characteristics of the Aframax/LR2 tanker vessels and the Handysize tanker vessels acquired, we determined that, with effect from the fourth quarter of 2021, we operated in three reportable segments: (i) dry bulk, (ii) Aframax/LR2 tanker and (ii) Handysize tanker. The reportable segments reflect the internal organization of the Company and the way the chief operating decision maker reviews the operating results and allocates capital within the Company. In addition, the transport of dry cargo commodities, which are carried by dry bulk vessels, has different characteristics to the transport of crude oil (carried by Aframax/LR2 tankers) and differs again from the transport of oil products (carried by Handysize tanker vessels). Further, dry bulk vessels trade on different types of charter contracts as compared to tanker vessels, predominantly being employed in the time charter market, whereas our tanker vessels participate in the voyage charter market and in pooling agreements. The transportation of crude oil also has different characteristics to the transportation of oil products in terms of trading routes and cargo handling.

Principal factors impacting our business, results of operations and financial condition

Our results of operations are affected by numerous factors. The principal factors that have impacted the business during the fiscal periods presented in the following discussion and analysis and that are likely to continue to impact our business are the following:

- The levels of demand and supply of seaborne cargoes and vessel tonnage in the dry bulk and tanker shipping industries;
- The cyclical nature of the shipping industry in general and its impact on charter rates and vessel values;
- The successful implementation of the Company's growth business strategy, including our ability to obtain equity and debt financing at acceptable and attractive terms to fund future capital expenditures and/or to implement our business strategy;
- The global economic growth outlook and trends;
- Economic, regulatory, political and governmental conditions that affect shipping and the dry-bulk and tanker industries;
- The employment and operation of our fleet including the utilization rates of our vessels;
- Our ability to successfully employ our vessels at economically attractive rates and our strategic decisions regarding the employment mix of our fleet in the time, voyage, and pool charter markets, as our charters expire or are otherwise terminated;
- Management of the financial, general and administrative elements involved in the conduct of our business and ownership of our fleet, including the effective and efficient technical management of our fleet by our head and sub-managers, and their suppliers;
- The number of charterers who use our services and the performance of their charterers' obligations under their charter agreements, including 'their ability to make timely charter payments to us;
- Our ability to maintain solid working relationships with our existing charterers and our ability to increase the number of our charterers through the development of new working relationships;
- The vetting approvals by oil majors of our commercial and technical managers for the management of our tanker vessels;

- Dry-docking and special survey costs and duration, both expected and unexpected;

- The level of any distribution on all classes of our shares;

- Our borrowing levels and the finance costs related to our outstanding debt as well as our compliance with our debt covenants; and

- Management of our financial resources, including banking relationships and of the relationships with our various stakeholders;

- Major outbreaks of diseases (such as COVID-19) and governmental responses thereto.

Hire Rates and Cyclical Nature of the Industry

One of the factors that impacts our profitability is the hire rates at which we are able to fix our vessels. The shipping industry is cyclical with attendant volatility in charter hire rates and, as a result, profitability. The dry bulk and tanker sectors have both been characterized by long and short periods of imbalances between supply and demand, causing charter rates to be volatile.

The degree of charter rate volatility among different types of dry bulk and tanker vessels has varied widely, and charter rates for these vessels have also varied significantly in recent years. Fluctuations in charter rates result from changes in the supply and demand for vessel capacity and changes in the supply and demand for the major commodities carried by ocean going vessels internationally. The factors and the nature, timing, direction and degree of changes in industry conditions affecting the supply and demand for vessels are unpredictable to a great extent and outside our control.

Our vessel deployment strategy seeks to maximize charter revenue throughout industry cycles while maintaining cash flow stability and foreseeability. Our gross revenues for the year ended December 31, 2021, consisted of hire earned under time charter contracts, where charterers pay a fixed daily hire, and other compensation costs related to the contracts (such as ballast positioning compensation, holds cleaning compensation, etc.), revenue under voyage charter contracts, where charterers pay a fixed amount per ton of cargo carried, and pool revenue for our Handysize tanker vessels and one of our Aframax/LR2 tanker vessels. Pooling arrangements aggregate vessels of similar types and sizes under a central administration, which are marketed as a single entity and for which revenues are pooled and distributed to owners based on an agreed key. Pools employ experienced commercial charterers and operators who have close working relationships with customers and brokers, while technical management is separate from pool operations. Pools negotiate charters with customers primarily in the spot market but may also arrange time charter agreements. The size and scope of these pools enable them to enhance utilization rates for pool vessels by securing backhaul voyages and contract of affreightment, generating higher revenues than otherwise might be obtainable in the spot market. We believe that pooling arrangements offer our customers greater flexibility and a higher level of service, while achieving scheduling efficiencies.

Our future gross revenues may be affected by the proportion of voyage and time charters, and pool revenues. See Note 12 to our consolidated financial statements included elsewhere in this annual report for a discussion of revenues per category. Year-to-year comparisons of gross revenues are not necessarily indicative of vessel performance. We believe that the TCE rate provides a more accurate measure for comparison.

The Dry Bulk Industry

The Baltic Dry Index (BDI) average for the years ended December 31, 2020 and 2021 was 1,066 points and 2,943 points, respectively. The charter rate volatility exhibited in 2020 due to the COVID-19 pandemic was significant. In 2021, the dry bulk market benefited from recovering demand at a time of limited growth in new tonnage supply which was further constrained by port congestion and difficulties in docking repairs and crew changes, often involving delays and deviations. However, this was still a year of significant volatility as the BDI recorded its annual high of 5,650 points on October 7, 2021, but ended the year 61% lower, at 2,217 points. The global dry cargo fleet deadweight carrying capacity for 2021 increased by approximately 3.6% and remains significantly lower from the substantial increases during the early 2000s, while demand of dry bulk commodities increased by approximately 3.5 to 4%. The volatility in charter rates in the dry bulk market affects the value of dry bulk vessels, which follows the trends of dry bulk charter rates, and similarly affects our earnings, cash flows and liquidity.

The Tanker Industry

The tanker industry has also varied significantly, with Aframax LR2 tanker spot rates peaking at around $40,000 per day on average in April 2020 before falling significantly to below $10,000 per day thereafter as a result of the global pandemic. In 2021, the spot tanker market performed at weak levels particularly during the second and the third quarters of the year, with a trend of recovery during the fourth quarter. Overall, 2021 turned out to be one of the worst years for spot crude tanker trades since 2009. The tanker fleet for 2021 increased by approximately 1.6% in terms of deadweight carrying capacity, while demand for crude oil and products is expected to increase at a higher pace, but there is still significant uncertainty due to the COVID-19 pandemic which negatively affects mobility and oil demand. The volatility in charter rates in the tanker market also affects the value of tanker vessels, which follows the trends of tanker charter rates, and similarly affects our earnings, cash flows and liquidity.

Employment and operation of our fleet

Another factor that impacts our profitability is the employment and operation of our fleet. The profitable employment of our fleet is highly dependent on the levels of demand and supply in the dry bulk and tanker shipping industries, our commercial strategy including the decisions regarding the employment mix of our fleet among time, voyage and pool charters as well as our managers' ability to leverage our relationships with existing or potential customers. The effective operation of our fleet mainly requires regular maintenance and repair, effective crew selection and training, ongoing supply of our fleet with the spares and the stores that it requires, contingency response planning, auditing of our vessels' onboard safety procedures, arrangements for our vessels' insurance, chartering of the vessels, training of onboard and on shore personnel with respect to the vessels' security and security response plans (ISPS), obtaining of ISM certifications, compliance with environmental regulations and standards, and performing the necessary audit for the vessels within the six months of taking over a vessel and the ongoing performance monitoring of the vessels.

Financial, general and administrative management

The management of financial, general and administrative elements involved in the conduct of our business and ownership of our vessels requires us to manage our financial resources, which includes managing banking relationships, administrating our bank accounts, managing our accounting system, records and financial reporting, monitoring and ensuring compliance with the legal and regulatory requirements affecting our business and assets and managing our relationships with our service providers and customers.

Because many of these factors are beyond our control and certain of these factors have historically been volatile, past performance is not necessarily indicative of future performance and it is difficult to predict future performance with any degree of certainty.

Important Measures and Definitions for Analyzing Results of Operations

Our management uses the following metrics to evaluate our operating results, including the operating results of our segments level and to allocate capital accordingly:

Vessel Revenues. Vessel revenues are primarily generated from time charters, voyage charters and pool arrangements. Vessel revenues are affected by the number of vessels in our fleet, hire rates and the number of days a vessel operates which, in turn, are affected by several factors, including the amount of time that we spend positioning our vessels, the amount of time that our vessels spend in dry dock undergoing repairs, maintenance and upgrade work, the age, condition and specifications of our vessels, and levels of supply and demand in the seaborne transportation market. Vessel revenues are also affected by our commercial strategy related to the employment mix of our fleet between vessels on time charters, vessels operating on voyage charters and vessels in pools.

Vessels operating on time charters for a certain period provide more predictable cash flows over that period. Revenues from vessels in pools and on voyage charter are more volatile, as they are typically tied to prevailing market rates. We measure revenues in each segment for three separate activities: (i) time charter revenues, (ii) voyage charter revenues, and (iii) pool revenues. For further discussion of vessel revenues, please refer to Notes 2 and 12 to our consolidated financial statements included elsewhere in this annual report.

Voyage expenses. Our voyage expenses primarily consist of bunker expenses, port and canal expenses and brokerage commissions paid in connection with the chartering of our vessels. Voyage expenses are incurred primarily during voyage charters or when the vessel is repositioning or unemployed. Bunker expenses, port and canal dues increase in periods during which vessels are employed on voyage charters because these expenses are in this case borne by us. Gain/loss on bunkers may also arise where the cost of the bunker fuel sold to the new charterer is greater or less than the cost of the bunker fuel acquired.

Operating expenses. We are responsible for vessel operating costs, which include crewing, expenses for repairs and maintenance, the cost of insurance, tonnage taxes, the cost of spares and consumable stores, lubricating oils costs, communication expenses, and technical management fees. Expenses for repairs and maintenance tend to fluctuate from period to period because most repairs and maintenance typically occur during periodic drydocking. Our ability to control our vessels' operating expenses also affects our financial results. Daily vessel operating expenses are calculated by dividing fleet operating expenses by the Ownership days for the relevant period.

Off-hire. The period our fleet is unable to perform the services for which it is required under a charter for reasons such as scheduled repairs, vessel upgrades, dry-dockings or special or intermediate surveys or other unforeseen events.

Dry-docking/Special Surveys. We periodically dry-dock and/ or perform special surveys on our fleet for inspection, repairs and maintenance and any modifications to comply with industry certification or governmental requirements. Our ability to control our dry-docking and special survey expenses and our ability to complete our scheduled dry-dockings and/or special surveys on time also affects our financial results. Dry-docking and special survey costs are accounted under the deferral method whereby the actual costs incurred are deferred and are amortized on a straight-line basis over the period through the date the next survey is scheduled to become due.

Ownership Days. Ownership Days are the total number of calendar days in a period during which we owned a vessel. Ownership Days are an indicator of the size of our fleet over a period and determine both the level of revenues and expenses recorded during that specific period.

Available Days. Available Days are the Ownership Days in a period less the aggregate number of days our vessels are off-hire due to scheduled repairs, dry-dockings or special or intermediate surveys. The shipping industry uses Available days to measure the aggregate number of days in a period during which vessels are available to generate revenues. Our calculation of Available days may not be comparable to that reported by other companies.

Operating Days. Operating Days are the Available Days in a period after subtracting off-hire and idle days.

Fleet Utilization. Fleet Utilization is calculated by dividing the Operating Days during a period by the number of Available Days during that period. Fleet Utilization is used to measure a company's ability to efficiently find suitable employment for its vessels and minimize the number of days that its vessels are off-hire for reasons such as major repairs, vessel upgrades, dry-dockings or special or intermediate surveys and other unforeseen events.

Daily Time Charter Equivalent ("TCE") Rate. The Daily Time Charter Equivalent Rate ("Daily TCE Rate"), is a measure of the average daily revenue performance of a vessel. The Daily TCE Rate is calculated by dividing total revenues (time charter and/or voyage charter revenues, and/or pool revenues, net of charterers' commissions), less voyage expenses, by the number of Available Days during that period. Under a time charter, the charterer pays substantially all the vessel voyage related expenses. However, we may incur voyage related expenses when positioning or repositioning vessels before or after the period of a time charter, during periods of commercial waiting time or while off-hire during dry docking or due to other unforeseen circumstances. The Daily TCE Rate is not a measure of financial performance under U.S. GAAP (non-GAAP measure) and should not be considered as an alternative to vessel revenues, net, the most directly comparable GAAP measure, or any other measure of financial performance presented in accordance with U.S. GAAP. However, the Daily TCE Rate is a standard shipping industry performance measure used primarily to compare period-to-period changes in a company's performance and, management believes that the Daily TCE Rate provides meaningful information to our investors since it compares daily net earnings generated by our vessels irrespective of the mix of charter types (i.e., time charter, voyage charter or other) under which our vessels are employed between the periods while it further assists our management in making decisions regarding the deployment and use of our vessels and in evaluating our financial performance. Our calculation of the Daily TCE Rates may not be comparable to that reported by other companies. See below for a reconciliation of Daily TCE rate to Vessel revenue, net, the most directly comparable U.S. GAAP measure.

Daily vessel operating expenses. Daily vessel operating expenses are calculated by dividing vessel operating expenses for the relevant period by the Ownership Days for such period.

EBITDA. We define EBITDA as earnings before interest and finance costs (if any), net of interest income, taxes (when incurred), depreciation and amortization of deferred dry-docking costs. EBITDA is used as a supplemental financial measure by management and external users of financial statements to assess our operating performance. We believe that EBITDA assists our management by providing useful information that increases the comparability of our performance operating from period to period and against the operating performance of other companies in our industry that provide EBITDA information. This increased comparability is achieved by excluding the potentially disparate effects between periods or companies of interest, other financial items, depreciation and amortization and taxes, which items are affected by various and possibly changing financing methods, capital structure and historical cost basis and which items may significantly affect net income between periods. We believe that including EBITDA as a measure of operating performance benefits investors in (a) selecting between investing in us and other investment alternatives and (b) monitoring our ongoing financial and operational strength. EBITDA is not a measure of financial performance under U.S. GAAP, does not represent and should not be considered as an alternative to net income, operating income, cash flow from operating activities or any other measure of financial performance presented in accordance with U.S. GAAP. EBITDA as presented below may not be comparable to similarly titled measures of other companies. See below for a reconciliation of consolidated EBITDA to Net Income/(Loss), the most directly comparable U.S. GAAP measure.

The following tables reconcile the Daily TCE Rate and operational metrics of the Company on a consolidated basis and per operating segment for the year ended December 31, 2021, and their comparative information (where applicable) and our consolidated EBITDA to the most directly comparable GAAP measures for the periods presented (amounts in U.S. dollars, except for utilization and days).

Reconciliation of Daily TCE Rate to vessel revenues, net — Consolidated

	Year Ended December 31,	
(In U.S. dollars, except for Available Days)	**2020**	**2021**
Vessel revenues, net	$ 12,487,692	$ 132,049,710
Voyage expenses -including commissions from related parties	(584,705)	(12,950,783)
TCE revenues	**$ 11,902,987**	**$ 119,098,927**
Available Days	1,267	6,657
Daily TCE Rate	**$ 9,395**	**$ 17,891**

Reconciliation of Daily TCE Rate to vessel revenues, net — Dry Bulk Segment

	Year Ended December 31,	
(In U.S. dollars, except for Available Days)	**2020**	**2021**
Vessel revenues, net	$ 12,487,692	$ 102,785,442
Voyage expenses -including commissions from related parties	(584,705)	(1,891,265)
TCE revenues	**$ 11,902,987**	**$ 100,894,177**
Available Days	1,267	4,843
Daily TCE Rate	**$ 9,395**	**$ 20,833**

Reconciliation of Daily TCE Rate to vessel revenues, net — Aframax/LR2 Tanker Segment

(In U.S. dollars, except for Available Days)	**2021**
Vessel revenues, net	$ 26,559,413
Voyage expenses -including commissions from related parties	(11,003,925)
TCE revenues	**$ 15,555,488**
Available Days	1,446
Daily TCE Rate	**$ 10,758**

Reconciliation of Daily TCE Rate to vessel revenues, net — Handysize Tanker Segment

(In U.S. dollars, except for Available Days)	2021
Vessel revenues, net	$ 2,704,855
Voyage expenses -including commissions from related parties	(55,593)
TCE revenues	**$ 2,649,262**
Available Days	368
Daily TCE Rate	**$ 7,199**

Operational Metrics— Consolidated

	Year Ended December 31,	
	2020	2021
Daily vessel operating expenses	$ 5,301	$ 5,759
Ownership Days	1,405	6,807
Available Days	1,267	6,657
Operating Days	1,259	6,562
Fleet Utilization	99%	99%
Daily TCE Rate	$ 9,395	$ 17,891
EBITDA	$ 2,327,671	$ 69,910,529

Operational Metrics — Dry Bulk Segment

	Year Ended December 31,	
	2020	2021
Daily vessel operating expenses	$ 5,301	$ 5,418
Ownership Days	1,405	4,954
Available Days	1,267	4,843
Operating Days	1,259	4,766
Fleet Utilization	99%	98%
Daily TCE Rate	$ 9,395	$ 20,833

Operational Metrics — Aframax/LR2 Tanker Segment

	Year Ended December 31,
	2021
Daily vessel operating expenses	$ 6,761
Ownership Days	1,446
Available Days	1,446
Operating Days	1,428
Fleet Utilization	99%
Daily TCE Rate	$ 10,758

Operational Metrics — Handysize Tanker Segment

	Year Ended December 31,
	2021
Daily vessel operating expenses	$ 6,352
Ownership Days	407
Available Days	368
Operating Days	368
Fleet Utilization	100%
Daily TCE Rate	$ 7,199

Reconciliation of consolidated EBITDA to net income/(loss) — Consolidated

(In U.S. dollars)	Year Ended December 31, 2020	Year Ended December 31, 2021
Net Income/(Loss)	$ (1,753,533)	$ 52,270,487
Depreciation and amortization	1,904,963	14,362,828
Interest and finance costs, net (including related party interest costs) (1)	2,154,601	2,779,875
US source income taxes	21,640	497,339
EBITDA	**$ 2,327,671**	**$ 69,910,529**

(1) Includes interest and finance costs and interest income, if any.

Consolidated Results of Operations

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

(In U.S. Dollars, except for share data)	Year ended December 31, 2020	Year ended December 31, 2021	Change-amount	Change %
Vessel revenues (net of charterers' commissions)	12,487,692	132,049,710	119,562,018	957.4%
Expenses:				
Voyage expenses (including commissions to related party)	(584,705)	(12,950,783)	12,366,078	2,114.9%
Vessel operating expenses	(7,447,439)	(39,203,471)	31,756,032	426.4%
Management fees to related parties	(930,500)	(6,744,750)	5,814,250	624.9%
Depreciation and amortization	(1,904,963)	(14,362,828)	12,457,865	654.0%
Provision for doubtful accounts	(37,103)	(2,483)	(34,620)	(93.3%)
General and administrative expenses (including related party)	(1,130,953)	(3,266,310)	2,135,357	188.8%
Operating income	452,029	55,519,085	55,067,056	12,182.2%
Interest and finance costs, net (including interest costs from related party)	(2,154,601)	(2,779,875)	625,274	29.0%
Total other expenses, net	(2,183,922)	(2,751,259)	567,337	26.0%
US source income taxes	(21,640)	(497,339)	475,699	2,198.2%
Net (loss)/income and comprehensive (loss)/income	(1,753,533)	52,270,487	54,024,020	3,080.9%
(Loss)/ Earnings per common share, basic	(0.26)	0.48		
(Loss)/ Earnings per common share, diluted	(0.26)	0.47		
Weighted average number of common shares, basic	6,773,519	83,923,435		
Weighted average number of common shares, diluted	6,773,519	85,332,728		

Vessel revenues, net – Vessel revenues, net of charterers' commissions, increased from $12.5 million in the year ended December 31, 2020, to $132.0 million in the same period of 2021. This increase was largely driven by the acquisition and delivery to our fleet of 22 vessels since January 1, 2021. The increase in vessel revenues during the year ended December 31, 2021, as compared with the same period of 2020 was further underpinned by the stronger dry bulk shipping market in 2021, further discussed below in the dry bulk segment section, resulting in higher daily net revenues earned on average for our fleet as compared with these earned during the same period of 2020.

Voyage Expenses – Voyage expenses increased by $12.4 million, from $0.6 million in the year ended December 31, 2020, to $13.0 million in the corresponding period of 2021. This increase in voyage expenses is mainly associated with the increase (i) in port expenses and bunkers consumption for the vessels that form the tanker segments of our fleet as a result of certain of those being engaged during the year ended December 31, 2021 in the voyage charter market, and (ii) in brokerage commissions, commensurate with the increase in vessel revenues in the period. This increase was partly offset by bunker gains of $2.7 million during the year ended December 31, 2021, as compared with bunker gains of $0.1 million in the same period of 2020.

Vessel Operating Expenses – The increase in operating expenses by $31.8 million, from $7.4 million in the year ended December 31, 2020, to $39.2 million in the same period of 2021 mainly reflects the increase in the number of vessels in our fleet.

Management Fees – Management fees in the year ended December 31, 2020, amounted to $0.9 million, whereas, in the same period of 2021, management fees totaled $6.7 million. This increase in management fees is primarily due to the sizeable increase of our fleet, resulting in a substantial increase in the total number of Ownership Days for which our managers charge us with a daily management fee. Effective September 1, 2020, the daily management fees for the technical management of our fleet by Pavimar, was increased from $500 to $600 per vessel and the daily management fees for the commercial and administrative management of our fleet by Castor Ships was set to $250 per vessel. For more information, refer to *"Item 7. Major Shareholders and Related Party Transactions – B. Related Party Transactions."*

General and Administrative Expenses – General and administrative expenses in the year ended December 31, 2020, amounted to $1.1 million, whereas, in the same period of 2021, general and administrative expenses totaled $3.3 million. This increase stemmed from incurred legal and other corporate fees primarily related to the growth of our company and our shareholder base, and the $0.3 million quarterly flat fee we pay Castor Ships, effective September 1, 2020.

Depreciation and Amortization – Depreciation and amortization expenses are comprised of vessels' depreciation and the amortization of vessels' capitalized dry-dock costs. Depreciation expenses increased from $1.7 million in the year ended December 31, 2020, to $13.2 million in the same period of 2021 as a result of the increase in the size of our fleet. Dry-dock and special survey amortization charges amounted to $0.2 million for the year ended December 31, 2020, versus a relevant charge of $1.2 million in the respective period of 2021. This increase in dry-dock amortization charges primarily resulted from the ownership of a larger fleet, on average, during 2021, which led to an increase in dry-dock amortization days from 293 in the year ended December 31, 2020, to 1,524 in the year ended December 31, 2021.

Interest and finance costs, net – The increase by $0.6 million in net interest and finance costs in the year ended December 31, 2021, as compared with the previous year is mainly due to the increase in the level of our weighted average indebtedness from $20.2 million in 2020 to $60.5 million in 2021.

Segment Results of Operations

Year ended December 31, 2021, as compared to year ended December 31, 2020—Dry Bulk Segment

(In U.S. Dollars, except for share data)	**Year ended December 31, 2020**	**Year ended December 31, 2021**	**Change-amount**	**Change %**
Vessel revenues (net of charterers' commissions)	12,487,692	102,785,442	90,297,750	723.1%
Expenses:				
Voyage expenses (including commissions to related party)	(584,705)	(1,891,265)	1,306,560	223.5%
Vessel operating expenses	(7,447,439)	(26,841,600)	19,394,161	260.4%
Management fees to related parties	(930,500)	(4,890,900)	3,960,400	425.6%
Depreciation and amortization	(1,904,963)	(10,528,711)	8,623,748	452.7%
Provision for doubtful accounts	(37,103)	(2,483)	(34,620)	% (93.3)
Operating income [1]	1,582,982	58,630,483	57,047,501	3,603.8%

(1) Does not include corporate general and administrative expenses. See the discussion under "Consolidated Results of Operations" above.

Vessel revenues, net

Vessel revenues, net of charterers' commissions for our dry bulk segment, increased from $12.5 million in the year ended December 31, 2020, to $102.8 million in the same period of 2021. This increase was largely driven by the acquisition and delivery to our fleet of 13 dry bulk vessels since January 1, 2021. The increase in vessel revenues during the year ended December 31, 2021, as compared with the same period of 2020 was further underpinned by the stronger dry bulk shipping market in 2021, resulting in higher daily net revenues earned on average for our fleet as compared with these earned during the same period of 2020.

Voyage Expenses

Voyage expenses increased by $1.3 million, from $0.6 million in the year ended December 31, 2020, to $1.9 million in the corresponding period of 2021. This increase in voyage expenses is mainly associated with (i) the increase in brokerage commissions, commensurate with the increase in vessel revenues in the period, (ii) the increase in bunkers consumption for certain vessels of our fleet primarily as a result of bunkers ballast consumption for which relevant ballast compensation is received by the charterers, partly offset by bunker gains of $2.7 million during the year ended December 31, 2021, as compared with bunker gains of $0.1 million in the same period of 2020.

Vessel Operating Expenses

The increase in operating expenses for our dry bulk segment by $19.4 million, from $7.4 million in the year ended December 31, 2020, to $26.8 million in the same period of 2021 mainly reflects the increase in the number of dry bulk vessels in our fleet.

Management Fees

Management fees for our dry bulk segment in the year ended December 31, 2020, amounted to $0.9 million, whereas, in the same period of 2021, management fees totaled $4.9 million. This increase in management fees is primarily due to the sizeable increase of our dry bulk fleet, resulting in a substantial increase in the total number of Ownership Days for which our managers charge us with a daily management fee.

Depreciation and Amortization

Depreciation expenses for our dry bulk segment increased from $1.7 million in the year ended December 31, 2020, to $9.5 million in the same period of 2021 as a result of the increase in the size of our dry bulk fleet. Dry-dock and special survey amortization charges amounted to $0.2 million for the year ended December 31, 2020, compared to a charge of $1.0 million in the respective period of 2021. This increase in dry-dock amortization charges primarily resulted from the ownership of a larger dry bulk fleet, on average, during 2021 which led to an increase in dry-dock amortization days from 293 in the year ended December 31, 2020, to 1,349 in the year ended December 31, 2021.

Year ended December 31, 2021, as compared to year ended December 31, 2020—Aframax/LR2 Tanker Segment

We entered the Aframax/LR2 tanker business in the first quarter of 2021 and, accordingly, no comparative financial information exists for the year ended December 31, 2020.

(In U.S. Dollars, except for share data)	**Year ended December 31, 2020**	**Year ended December 31, 2021**	**Change -amount**	**Change %**
Vessel revenues (net of charterers' commissions)	—	26,559,413	26,559,413	100.0%
Expenses:				
Voyage expenses (including commissions to related party)	—	(11,003,925)	(11,003,925)	100.0%
Vessel operating expenses	—	(9,776,724)	(9,776,724)	100.0%
Management fees to related parties	—	(1,433,950)	(1,433,950)	100.0%
Depreciation and amortization	—	(3,087,764)	(3,087,764)	100.0%
Operating income	—	1,257,050	1,257,050	100.0%

(1) Does not include corporate general and administrative expenses. See the discussion under "Consolidated Results of Operations" above.

Vessel revenues, net

Vessel revenues, net of charterers' commissions for our Aframax/LR2 tanker segment amounted to $26.6 million in the year ended December 31, 2021. During the year ended December 31, 2021, we owned on average 4.0 Aframax/LR2 tanker vessels that earned on average a daily TCE rate of $10,758. During the period in which we owned them, three of our Aframax/LR2 vessels were engaged in the voyage charter market, three in the time charter market and one, the *M/T Wonder Vega*, operated in a pool.

Voyage Expenses

Voyage expenses for our Aframax/LR2 tanker segment amounted to $11.0 million in the year ended December 31, 2021. As noted under *Vessel revenues, net*, during the year ended December 31, 2021, three of our Aframax/LR2 vessels operated in the voyage charter market. When our vessels trade in this market, voyage expenses are borne by us. Voyage expenses for our Aframax/LR2 segment during the year ended December 31, 2021, consisted primarily of bunker consumption expenses, port expenses and brokerage commissions.

Vessel Operating Expenses

Operating expenses for our Aframax/LR2 tanker segment amounted to $9.8 million in the year ended December 31, 2021.

Management Fees

Management fees for our Aframax/LR2 tanker segment amounted to $1.4 million in the year ended December 31, 2021.

Depreciation and Amortization

Depreciation and amortization expenses for our Aframax/LR2 tanker segment amounted to $3.1 million in the year ended December 31, 2021.

Year ended December 31, 2021, as compared to year ended December 31, 2020–Handysize Tanker Segment

We entered the Handysize tanker business in the second quarter of 2021 and accordingly no comparative financial information exists for the year ended December 31, 2020.

(In U.S. Dollars, except for share data)	**Year ended December 31, 2020**	**Year ended December 31, 2021**	**Change -amount**	**Change %**
Vessel revenues (net of charterers' commissions)	—	2,704,855	2,704,855	100.0%
Expenses:				
Voyage expenses (including commissions to related party)	—	(55,593)	(55,593)	100.0%
Vessel operating expenses	—	(2,585,147)	(2,585,147)	100.0%
Management fees to related parties	—	(419,900)	(419,900)	100.0%
Depreciation and amortization	—	(746,353)	(746,353)	100.0%
Operating loss	—	(1,102,138)	(1,102,138)	100.0%

(1) Does not include corporate general and administrative expenses. See the discussion under "Consolidated Results of Operations" above.

Vessel revenues, net

Vessel revenues, net of charterers' commissions, for our Handysize tanker segment amounted to $2.7 million in the year ended December 31, 2021. During the year ended December 31, 2021, we owned on average 1.1 Handysize tanker vessels that earned a daily TCE rate of $7,199. During the period in which we owned them, both our Handysize tanker vessels were engaged in a pool.

Voyage Expenses

Voyage expenses for our Handysize tanker segment amounted to $0.1 million in the year ended December 31, 2021. Bunker expenses, port and canal dues are borne by our pool operators when our vessels operate in pools.

Vessel Operating Expenses

Operating expenses for our Handysize tanker segment amounted to $2.6 million in the year ended December 31, 2021.

Management Fees

Management fees for our Handysize tanker segment amounted to $0.4 million in the year ended December 31, 2021.

Depreciation and Amortization

Depreciation and amortization expenses amounted to $0.7 million in the year ended December 31, 2021. During the year ended December 31, 2021, one Handysize tanker vessel in the Company's tanker fleet, the *Wonder Mimosa*, underwent its scheduled dry-dock and special survey resulting in period dry-dock amortization charges amounting to $0.2 million.

Implications of Being an Emerging Growth Company

We are an "emerging growth company" as defined in the Jumpstart Our Business Startups Act, or JOBS Act. An emerging growth company may take advantage of specified reduced public company reporting requirements that are otherwise applicable generally to public companies. These provisions include:

- an exemption from the auditor attestation requirement of management's assessment of the effectiveness of the emerging growth company's internal controls over financial reporting pursuant to Section 404(b) of Sarbanes-Oxley; and

- an exemption from compliance with any new requirements adopted by the Public Company Accounting Oversight Board, or the PCAOB, requiring mandatory audit firm rotation or a supplement to the auditor's report in which the auditor would be required to provide additional information about the audit and financial statements.

We may choose to take advantage of some or all of these reduced reporting requirements. We may take advantage of these provisions until the last day of the fiscal year following the fifth anniversary of the date we first sell our common equity securities pursuant to an effective registration statement under the Securities Act or such earlier time that we are no longer an emerging growth company. We will cease to be an emerging growth company if we have more than $1.07 billion in "total annual gross revenues" during our most recently completed fiscal year, if we become a "large accelerated filer" with a public float of more than $700 million, as of the last business day of our most recently completed second fiscal quarter or as of any date on which we have issued more than $1 billion in non-convertible debt over the three-year period prior to such date. For as long as we take advantage of the reduced reporting obligations, the information that we provide shareholders may be different from information provided by other public companies.

In addition, Section 107 of the JOBS Act provides that an emerging growth company can take advantage of the extended transition period for complying with new or revised accounting standards. In other words, an emerging growth company can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. See "*Item 3. Key Information—D. Risk Factors—Risks Relating to Our Common Shares—We are an 'emerging growth company' and we cannot be certain if the reduced requirements applicable to emerging growth companies will make our securities less attractive to investors*." We have irrevocably elected to opt out of such extended transition period.

B. Liquidity and Capital Resources

We operate in a capital-intensive industry, and we expect to finance the purchase of additional vessels and other capital expenditures through a combination of proceeds from equity offerings, borrowings from debt transactions and cash generated from operations. Our liquidity requirements relate to servicing the principal and interest on our debt, funding capital expenditures and working capital (which includes maintaining the quality of our vessels and complying with international shipping standards and environmental laws and regulations) and maintaining cash reserves for the purpose of satisfying certain minimum liquidity restrictions contained in our credit facilities. In accordance with our business strategy, other liquidity needs may relate to funding potential investments in new vessels and maintaining cash reserves against fluctuations in operating cash flows. Our funding and treasury activities are intended to maximize investment returns while maintaining appropriate liquidity.

For the year ended December 31, 2021, our principal sources of funds were cash from operations, and the net proceeds from (i) the issuance of common shares pursuant to the 2021 January First Equity Offering, the 2021 January Second Equity Offering, the 2021 April Equity Offering, the Second ATM Program (each as defined below in "*—Equity Transactions"*), and the exercise of warrants under our then effective warrant schemes, and (ii) the incurrence of secured debt as discussed below under "*—Our Borrowing Activities.*" As of December 31, 2021 and December 31, 2020, we had cash and cash equivalents of $37.2 million and $8.9 million (which excludes $6.2 million and $0.5 million of cash restricted in each period, under our debt agreements), respectively. Cash and cash equivalents are primarily held in U.S. dollars.

Working capital is equal to current assets minus current liabilities. As of December 31, 2021, we had a working capital surplus of $21.0 million as compared to a working capital surplus of $2.7 million as of December 31, 2020.

We believe that our current sources of funds and those that we anticipate to internally generate for a period of at least the next twelve months from the date of this annual report, will be sufficient to fund the operations of our fleet, meet our normal working capital requirements and service the principal and interest on our debt for that period.

For a discussion of our management agreements with our related-party managers and relevant fees charged, see *"Item 7. Major Shareholders and Related Party Transactions —B. Related Party Transactions."*

Capital Expenditures

We make capital expenditures from time to time in connection with vessel acquisitions and vessels upgrades and improvements (either for the purpose of meeting regulatory or legal requirements or for the purpose of complying with requirements imposed by classification societies), which we finance with cash from operations, debt and equity issuances. As of December 31, 2021, our commitments for capital expenditures related to vessel acquisitions amounted to approximately $21.2 million in connection with the acquisition of the *Magic Callisto* that was delivered to us on January 4, 2022. The acquisition was financed in its entirety with cash on hand.

We have entered into contracts to purchase and install BWMS on five of our dry bulk carriers, our two Handysize tanker vessels and three of our Aframax/LR2 tanker vessels. As of December 31, 2021, we had completed and put into use the BWMS installation on one of these five dry bulk carriers, the *Magic Sun*, and one of our two Handysize tanker vessels, the *Wonder Mimosa*, whereas the contracted BWMS system installations on the remaining eight vessels, comprising of four dry bulk vessels, one handysize tanker vessel and three Aframax/LR2 tanker vessels are expected to be concluded during 2022. It is estimated that the contractual obligations related to these purchases, as well as purchases for two other vessels in our fleet that have completed their BWMS installation, excluding installation costs, will be on aggregate approximately €3.0 million (or $3.4 million on the basis of a Euro/US Dollar exchange rate of €1.0000/$1.1324 as of December 31, 2021), of which €2.4 million (or $2.7 million) are due in 2022 and €0.6 million (or $0.7 million) are due in 2023.

A failure to fulfill our capital expenditure commitments generally results in a forfeiture of advances paid with respect to the contracted acquisitions and a write-off of capitalized expenses. In addition, we may also be liable for other damages for breach of contract(s). Such events could have a material adverse effect on our business, financial condition, and operating results.

Equity Transactions

On June 28, 2019, we entered into an equity distribution agreement, or the First Equity Distribution Agreement, with Maxim Group LLC ("Maxim") acting as a sales agent over a minimum period of 12-months, under which we could, from time to time, offer and sell our common shares through an at-the-market offering (the "First ATM Program"), having an aggregate offering price of up to $10.0 million. No warrants, derivatives, or other share classes were associated with this transaction. On June 21, 2021, we terminated the First ATM Program. Under the First ATM Program we raised gross and net proceeds (after deducting sales commissions and other fees and expenses) of $2.6 million and $2.3 million, respectively, by issuing and selling 61,811 common shares. The net proceeds received from the First ATM Program were used to partly finance the acquisition of the *Magic Moon*.

On October 10, 2019, we reached an agreement with all of the holders of our Series A Preferred Shares to waive all due and overdue dividends and to adopt and to amend and restate the Statement of Designations of our Series A Preferred Shares. Pursuant to this amendment and restatement, on October 17, 2019, we issued 30,000 common shares to the holders of the Series A Preferred Shares in exchange for the waiver of approximately $4.3 million worth of dividends accumulated on the Series A Preferred Shares, for the period since their original issuance to June 30, 2019. On December 8, 2021, we redeemed all our Series A Preferred Shares at a cash liquidation preference of $30.00 per share, for a total amount of $14.4 million. For further information on the Series A Preferred Shares and their redemption, see Note 8 ("(b) Preferred Shares—Series A Preferred Shares amendment and accumulated dividends settlement") of our consolidated financial statements included elsewhere in this annual report.

On January 27, 2020, we entered into a securities purchase agreement with YAII PN, LTD, pursuant to which we agreed to sell and it agreed to purchase up to three convertible debentures for a maximum aggregate price of $5.0 million, further discussed below under "—*Our Borrowing Activities*." During the period from January 2020 up until June 2020, the Investor had converted the full $5.0 million principal amount and $0.1 million of interest under the $5.0 Million Convertible Debentures for 804,208 common shares.

On June 23, 2020, we entered into an agreement with Maxim, acting as underwriter, pursuant to which we offered and sold 5,911,000 units, each unit consisting of (i) one common share or a pre-funded warrant to purchase one common share at an exercise price equal to $0.10 per common share (a "Pre-Funded Warrant"), and (ii) one Class A Warrant to purchase one common share (a "Class A Warrant"), for $3.50 per unit (or $3.40 per unit including a Pre-Funded Warrant), (the "2020 June Equity Offering"). The 2020 June Equity Offering closed on June 26, 2020 and resulted in the issuance of 5,908,269 common shares and 5,911,000 Class A Warrants, which also included 771,000 over-allotment units pursuant to an over-allotment option that was exercised by Maxim on June 24, 2020. We raised gross and net cash proceeds from this transaction of $20.7 million and $18.6 million, respectively. Further, as of December 31, 2021, an aggregate of 5,848,656 Class A Warrants have been exercised at an exercise price of $3.50 per warrant, for which we have received total gross proceeds of $20.5 million.

On July 12, 2020, we entered into agreements with certain unaffiliated institutional investors pursuant to which we offered 5,775,000 common shares in a registered offering (the "2020 July Equity Offering"). In a concurrent private placement, we also issued warrants to purchase up to 5,775,000 common shares (the "Private Placement Warrants"). The aggregate purchase price for each common share and Private Placement Warrant was $3.00. In connection with the 2020 July Equity Offering, which closed on July 15, 2020, we received gross and net cash proceeds of $17.3 million and $15.7 million, respectively. Further, as of December 31, 2021, an aggregate of 5,707,136 Private Placement Warrants have been exercised at an exercise price of $3.50 per warrant, for which we have received total gross proceeds of $20.0 million.

On December 30, 2020, we entered into agreements with certain unaffiliated institutional investors pursuant to which we offered 9,475,000 common shares and warrants to purchase 9,475,000 common shares (the "January 5 Warrants") in a registered direct offering which closed on January 5, 2021 (the "2021 January First Equity Offering"). The aggregate purchase price for each common share and January 5 Warrant was $1.90. In connection with this offering, we received gross proceeds of approximately $18.0 million and net proceeds of $16.5 million, net of fees and expenses of $1.5 million. All of the January 5 Warrants have been exercised at an exercise price of $1.90 per warrant, for which we have received total gross proceeds of $18.0 million.

On January 8, 2021, we entered into agreements with certain unaffiliated institutional investors pursuant to which we offered 13,700,000 common shares and warrants to purchase 13,700,000 common shares (the "January 12 Warrants") in a registered direct offering which closed on January 12, 2021 (the "2021 January Second Equity Offering"). The aggregate purchase price for each common share and January 12 Warrant was $1.90. In connection with this offering, we received gross proceeds of approximately $26.0 million and net proceeds of approximately $24.1 million, net of fees and expenses of $1.9 million. All of the January 12 Warrants have been exercised at an exercise price of $1.90 per warrant, for which we have received total gross proceeds of $26.0 million.

On April 5, 2021, we entered into agreements with certain unaffiliated institutional investors pursuant to which we offered and sold 19,230,770 common shares and warrants to purchase up to 19,230,770 common shares (the "April 7 Warrants") in a registered direct offering which closed on April 7, 2021 (the "2021 April Equity Offering"). In connection with the 2021 April Equity Offering, we received gross and net cash proceeds of $125.0 million and $116.3 million, respectively. As of December 31, 2021, all April 7 Warrants having an exercise price of $6.50 remained unexercised and potentially issuable into common shares.

On May 28, 2021, we effected a 1-for-10 reverse stock split of our common shares without any change in the number of our authorized common shares. As a result of the reverse stock split, the number of outstanding shares as of May 28, 2021, was decreased to 89,955,848 while the par value of the Company's common shares remained unchanged at $0.001 per share. All share and per share amounts, as well as warrant shares eligible for purchase under the Company's effective warrant schemes have been retroactively adjusted to reflect the reverse stock split.

On June 14, 2021, we entered into an equity distribution agreement, or the Second Equity Distribution Agreement, with Maxim acting as a sales agent over a minimum period of 12-months, under which we may, from time to time, offer and sell our common shares through an at-the-market offering (the "Second ATM Program"), having an aggregate offering price of up to $300.0 million. No warrants, derivatives, or other share classes were associated with this transaction. From the Second ATM Program effective date and as of December 31, 2021, we had raised gross and net proceeds (after deducting sales commissions and other fees and expenses) of $12.9 million and $12.4 million, respectively, by issuing and selling 4,654,240 common shares. On March 31, 2022, we entered into an amended and restated equity distribution agreement with Maxim, which, among other changes, reduced the aggregate offering price under the Second ATM Program to $150.0 million. For further details, we encourage you to refer to the terms of the amended and restated equity distribution agreement, attached as an exhibit to this annual report.

Our Borrowing Activities

As of December 31, 2021, we had $103.8 million of gross indebtedness outstanding under our debt agreements, comprising of $87.5 million of indebtedness related to our dry bulk segment and $16.3 million of indebtedness related to our Aframax/LR2 segment. Of this total figure, $16.7 million mature in the twelve-month period ending December 31, 2022. Our borrowing commitments, as of December 31, 2021, relating to debt and interest repayments under our credit facilities amounted to $114.4 million, of which approximately $20.1 million mature in less than one year. The calculation of interest payments has been made assuming interest rates based on the LIBOR specific to our variable rate credit facilities as of December 31, 2021, and our applicable margin rate.

As of December 31, 2021, we also were in compliance with all the financial and liquidity covenants contained in our debt agreements.

Castor Maritime Inc. Credit Facilities

$5.0 Million Term Loan Facility

On August 30, 2019, we entered into a $5.0 million unsecured term loan with Thalassa, an entity affiliated with Petros Panagiotidis. The proceeds from this facility were used to partly finance the acquisition of the *Magic Sun*. The entire loan amount was drawn down on September 3, 2019. This facility bore a fixed interest rate at 6.00% per annum and had an original bullet repayment on March 3, 2021, a date which was eighteen (18) months after the drawdown date. On March 2, 2021, the maturity of this facility was extended for an additional six-month term on similar terms with those of the original loan agreement. At its extended maturity, on September 3, 2021, we repaid the principal and interest due and owing from us to Thalassa and, as a result, with effect from that date, we were discharged from all liabilities and obligations under this facility.

$5.0 Million Convertible Debentures

On January 27, 2020, we entered into a securities purchase agreement with YAII PN, LTD, pursuant to which, on January 27, 2020, February 10, 2020, and February 19, 2020, we issued and sold to that investor three unsecured convertible debentures in original principal amounts of $2.0 million, $1.5 million and $1.5 million each, respectively. These debentures originally matured 12 months from their issuance dates and bore fixed interest at 6% per annum. As of June 8, 2020, the investor converted in full the aggregate $5.0 million of principal and $0.1 million of interest due under the debentures for 804,208 common shares.

Dry Bulk Segment Credit Facilities

$11.0 Million Term Loan Facility

On November 22, 2019, two of our wholly owned dry bulk vessel ship-owning subsidiaries, Spetses Shipping Co. and Pikachu Shipping Co., entered into our first senior secured term loan facility in the amount of $11.0 million with Alpha Bank S.A. The facility was drawn down in two tranches on December 2, 2019. This facility has a term of five years from the drawdown date, bears interest at a 3.50% margin over LIBOR per annum and is repayable in twenty (20) equal quarterly instalments of $400,000 each, plus a balloon instalment of $3.0 million payable at maturity, on December 2, 2024.

The above facility is secured by, including but not limited to, a first preferred mortgage and first priority general assignment covering earnings, insurances and requisition compensation over the vessels owned by the borrowers (the *Magic Moon* and the *Magic P*), an earnings account pledge, shares security deed relating to the shares of the vessels' owning subsidiaries, manager's undertakings and is guaranteed by the Company. The facility also contains certain customary minimum liquidity restrictions and financial covenants that require the borrowers to (i) maintain a certain amount of minimum liquidity per collateralized vessel; and (ii) meet a specified minimum security requirement ratio, which is the ratio of the aggregate market value of the mortgaged vessels plus the value of any additional security and the value of the minimum liquidity deposits referred to above to the aggregate principal amounts due under the facility.

$4.5 Million Term Loan Facility

On January 23, 2020, pursuant to the terms of a credit agreement, our wholly owned dry bulk vessel ship-owning subsidiary, Bistro Maritime Co., entered into a $4.5 million senior secured term loan facility with Chailease International Financial Services Co., Ltd. The facility was drawn down on January 31, 2020, is repayable in twenty (20) equal quarterly installments of $150,000 each, plus a balloon installment of $1.5 million payable at maturity and bears interest at a 4.50% margin over LIBOR per annum.

The above facility contains a standard security package including a first preferred mortgage on the vessel owned by the borrower (the *Magic Sun*), pledge of bank account, charter assignment, shares pledge and a general assignment over the vessel's earnings, insurances and any requisition compensation in relation to the vessel owned by the borrower, and is guaranteed by the Company and Pavimar S.A. Pursuant to the terms of this facility, the Company is also subject to a certain minimum liquidity restriction requiring the borrower to maintain a certain cash collateral deposit in an account held by the lender as well as certain negative covenants customary for this type of facility. The credit agreement governing this facility also requires maintenance of a minimum value to loan ratio being the aggregate principal amount of (i) fair market value of the collateral vessel and (ii) the value of any additional security (including the cash collateral deposit referred to above), to the aggregate principal amount of the loan.

$15.29 Million Term Loan Facility

On January 22, 2021, pursuant to the terms of a credit agreement, two of our wholly owned dry bulk vessel ship-owning subsidiaries, Pocahontas Shipping Co. and Jumaru Shipping Co., entered into a $15.29 million senior secured term loan facility with Hamburg Commercial Bank AG. The facility was drawn down in two tranches on January 27, 2021, is repayable in sixteen (16) equal quarterly installments of $471,000 each, plus a balloon installment of $7.8 million payable at maturity and bears interest at a 3.30% margin over LIBOR per annum.

The above facility contains a standard security package including first preferred mortgages on the vessels owned by the borrowers (the *Magic Horizon* and the *Magic Nova*), pledge of bank accounts, charter assignments, and a general assignment over the vessels' earnings, insurances and any requisition compensation in relation to the vessels owned by the borrowers, and is guaranteed by the Company. Pursuant to the terms of this facility, the Company is also subject to a certain minimum liquidity restriction requiring the borrowers to maintain a certain cash collateral deposit balance with the lender (secured by an account pledge), to maintain and gradually fund certain dry-dock reserve accounts in order to ensure the payment of any costs incurred in relation to the next dry-docking of each mortgaged vessel, as well as to certain negative covenants customary for this type of facility. The credit agreement governing this facility also requires maintenance of a minimum security cover ratio being the aggregate amount of (i) the fair market value of the collateral vessels, (ii) the value of the cash collateral deposit balance referred to above, (iii) the value of the dry-dock reserve accounts referred to above, and (iv) any additional security provided, over the aggregate principal amount outstanding of the loan.

$40.75 Million Term Loan Facility

On July 23, 2021, pursuant to the terms of a credit agreement, four of our wholly owned dry bulk vessel ship-owning subsidiaries, Liono Shipping Co., Snoopy Shipping Co., Cinderella Shipping Co., and Luffy Shipping Co., entered into a $40.75 million senior secured term loan facility with Hamburg Commercial Bank AG. The loan was drawn down in four tranches on July 27, 2021, is repayable in twenty (20) equal quarterly installments of $1,154,000 each, plus a balloon installment in the amount of $17.7 million payable at maturity simultaneously with the last instalment and bears interest at a 3.10% margin over LIBOR per annum.

The above facility contains a standard security package including first preferred mortgages on the vessels owned by the borrowers (the *Magic Thunder, Magic Nebula, Magic Eclipse* and the *Magic Twilight*), pledge of bank accounts, charter assignments, and a general assignment over the vessels' earnings, insurances and any requisition compensation in relation to the vessels owned by the borrowers and is guaranteed by the Company. The Company is also subject to a certain minimum liquidity restriction requiring the borrowers to maintain a certain liquidity deposit cash balance pledged to lender under an account pledge, a specified portion of which shall be released to the borrowers following the repayment of the fourth installment with respect to all four tranches, to maintain and gradually fund certain dry-dock reserve accounts in order to ensure the payment of any costs incurred in relation to the next dry-docking of each mortgaged vessel, as well as to certain negative covenants customary for this type of facility. The credit agreement governing this facility requires maintenance of a minimum security cover ratio being the aggregate amount of (i) the aggregate market value of the collateral vessels, (ii) the value of the dry-dock reserve accounts referred to above, and, (iii) any additional security provided over the aggregate principal amount outstanding of the loan.

$23.15 Million Term Loan Facility

On November 22, 2021, pursuant to the terms of a credit agreement, two of our wholly owned dry bulk vessel ship-owning subsidiaries, Bagheera Shipping Co. and Garfield Shipping Co., entered into a $23.15 million senior secured term loan facility with Chailease International Financial Services (Singapore) Pte. Ltd. The loan was drawn down in two tranches on November 24, 2021, both of which mature five years after the drawdown date and are repayable in sixty (60) monthly installments (1 to 18 in the amount of $411,500 and 19 to 59 in the amount of $183,700) and (b) a balloon installment in the amount of $8.2 million payable at maturity simultaneously with the last instalment and bears interest at a 4.00% margin LIBOR over annum.

The above facility contains a standard security package including a first preferred mortgage on the vessels owned by the borrowers (the *Magic Rainbow* and the *Magic Phoenix*), pledge of bank accounts, charter assignments, shares pledge and a general assignment over the vessel's earnings, insurances, and any requisition compensation in relation to the vessel owned by the borrowers and is guaranteed by the Company. Pursuant to the terms of this facility, the Company is also subject to certain negative covenants customary for this type of facility and a certain minimum liquidity restriction requiring the borrowers to maintain a certain cash collateral deposit in an account held by the lender.

$55.0 Million Term Loan Facility

On January 12, 2022, pursuant to the terms of a credit agreement, five of our wholly owned dry bulk vessel ship-owning subsidiaries, Mulan Shipping Co., Johnny Bravo Shipping Co., Songoku Shipping Co., Asterix Shipping Co. and Stewie Shipping Co., entered into a $55.00 million secured term loan facility with Deutsche Bank AG. The loan was drawn down in five tranches on January 13, 2022, is repayable in twenty (20) quarterly installments (1 to 6 in the amount of $3,535,000, 7 to 12 in the amount of $1,750,000 and 13 to 20 in the amount of $1,340,000) and (b) a balloon installment in the amount of $12.6 million payable at maturity simultaneously with the last instalment and bears interest at a 3.15% margin over adjusted SOFR per annum.

The above facility contains a standard security package including a first preferred mortgage on the vessels, owned by the borrowers (the *Magic Starlight, Magic Mars, Magic Pluto, Magic Perseus,* and the *Magic Vela*), pledge of bank accounts, charter assignments, shares pledge and a general assignment over the vessel's earnings, insurances, and any requisition compensation in relation to the vessel owned by the borrower and is guaranteed by the Company. Pursuant to the terms of this facility, the borrowers are subject (i) a specified minimum security cover requirement, which is the maximum ratio of the aggregate principal amounts due under the facility to the aggregate market value of the mortgaged vessels plus the value of the dry-dock reserve accounts referred to below and any additional security, and (ii) to certain minimum liquidity restrictions requiring us to maintain certain blocked and free liquidity cash balances with the lender, to maintain and gradually fund certain dry-dock reserve accounts in order to ensure the payment of any costs incurred in relation to the next dry-docking of each mortgaged vessel, as well as to certain customary, for this type of facilities, negative covenants. Moreover, the facility contains certain financial covenants requiring the Company as guarantor to maintain (i) a ratio of net debt to assets adjusted for the market value of our fleet of vessels, to net interest expense ratio above a certain level, (ii) an amount of unencumbered cash above a certain level and, (iii) our trailing 12 months EBITDA to net interest expense ratio not to fall below a certain level.

Aframax/LR2 Tanker Segment Credit Facilities

$18.0 Million Term Loan Facility

On April 27, 2021, two of our wholly owned tanker vessel ship-owning subsidiaries, Rocket Shipping Co. and Gamora Shipping Co., entered into a $18.0 million senior secured term loan facility with Alpha Bank S.A. The facility was drawn down in two tranches on May 7, 2021. This facility has a term of four years from the drawdown date, bears interest at a 3.20% margin over LIBOR per annum and is repayable in (a) sixteen (16) quarterly instalments (1 to 4 in the amount of $850,000 and 5 to 16 in the amount of $675,000) and (b) a balloon installment in the amount of $6.5 million payable at maturity.

The above facility is secured by first preferred mortgage and first priority general assignment covering earnings, insurances and requisition compensation over the vessels owned by the borrowers (the *Wonder Sirius* and the *Wonder Polaris*), an earnings account pledge, shares security deed relating to the shares of the vessels' owning subsidiaries, manager's undertakings and is guaranteed by Castor. The facility also contains certain customary minimum liquidity restrictions and financial covenants that require the borrowers to (i) maintain a certain amount of a minimum liquidity deposit per collateralized vessel (pledged in favor of the lender during the security period), and, (ii) meet a specified minimum security requirement ratio, which is the ratio of the aggregate market value of the mortgaged vessels plus the value of any additional security and the value of the minimum liquidity deposits referred to above to the aggregate principal amounts due under the facility.

Cash Flows

The following table summarizes our net cash flows from operating, investing and financing activities for the years ended December 31, 2021, and 2020:

(in U.S Dollars)	For the year ended	
	December 31, 2020	**December 31, 2021**
Net cash (used in)/provided by operating activities	(2,343,809)	60,775,327
Net cash used in investing activities	(35,472,173)	(348,640,707)
Net cash provided by financing activities	42,183,946	321,824,945

Operating Activities: Net cash provided by operating activities amounted to $60.8 million for the year ended December 31, 2021, consisting of net income after non-cash items of $65.1 million and a working capital cash decrease of $4.3 million. For the year ended December 31, 2020, net cash used in operating activities amounted to $2.3 million, consisting of net income after non-cash items of $1.1 million less a decrease in working capital of $3.4 million. The $63.1 million increase, hence, in net cash from operating activities in the year ended December 31, 2021, as compared with the same period of 2020 reflects mainly the increase in net income after non-cash items which was largely driven by the expansion of our business and the improvement of the charter rates earned by the dry bulk vessels of our fleet.

Investing Activities: Net cash used in investing activities amounting to $348.6 million for the year ended December 31, 2021, mainly reflects the cash outflows associated with (i) the vessel acquisitions we made during the period, as discussed in more detail under Note 6 of our audited consolidated financial statements included elsewhere in this annual report and (ii) the BWMS installations performed during 2021 on the *Magic Vela* and the *Wonder Mimosa*. Net cash used in investing activities in the fiscal year ended December 31, 2020 reflects the cash outflows associated with (i) the acquisitions of the *Magic Rainbow,* the *Magic Horizon* and the *Magic Nova* in the third and fourth quarters of 2020 and (ii) the BWMS installations on the *Magic P* and the *Magic Sun*.

Financing Activities: Net cash provided by financing activities during the year ended December 31, 2021 amounting to $321.8 million, relates to (i) the net proceeds raised under our registered direct equity offerings amounting to $156.9 million, (ii) the proceeds from the issuance of stock under our warrant schemes amounting to $83.4 million, (iii) the net proceeds from the issuance of stock pursuant to our Second ATM Program amounting to $12.5 million, (iv) the $95.3 million net proceeds related to the $15.29 million term loan facility, the $18.0 million term loan facility, the $40.75 million term loan facility, and the $23.15 million term loan facility (as further discussed above and further under Note 7 of our consolidated financial statements included elsewhere in this report), as offset by (v) the $14.4 million cash redemption of the Series A Preferred Shares, (vi) $6.9 million of period scheduled principal repayments under our existing secured credit facilities and (vii) the repayment, at its extended maturity, of the $5.0 million term loan facility.

Net cash from financing activities of $42.2 million for the year ended December 31, 2020 consisted of (i) the net cash proceeds received pursuant to the 2020 June Equity Offering and the 2020 July Equity Offering (as described in "— *Liquidity and Capital Resources ("Equity Transactions")*") amounting to $35.3 million, (ii) proceeds of $9.5 million in the period from the $5.0 million convertible debentures and the $4.5 million term loan facility (see "—*Our Borrowing Activities*" for full terms), (iii) principal scheduled repayments under our credit facilities amounting to $2.0 million and (iv) payment of deferred finance costs in connection with the closing of our debt agreements in an aggregate amount of $0.6 million.

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

Not applicable.

D. Trend Information

Our results of operations depend primarily on the charter rates that we are able to realize. Charter hire rates paid for dry bulk and tanker vessels are primarily a function of the underlying balance between vessel supply and demand. For a discussion regarding the market performance, please see "*Item 5. Operating and Financial Review and Prospects—A. Operating Results—Cyclical Nature of the Industry.*"

There can be no assurance as to how long charter rates will remain at their current levels or whether they will improve or deteriorate and, if so, when and to what degree. That may have a material adverse effect on our future growth potential and our profitability. Also, the Company's business could be materially and adversely affected by the risks, or the public perception of the risks and travel restrictions related to the COVID-19 pandemic. The Company is unable to reasonably predict the estimated length or severity of the COVID-19 pandemic on future operating results.

E. Critical Accounting Estimates

We prepare our financial statements in accordance with accounting principles generally accepted in the United States, or U.S. GAAP. On a regular basis, management reviews the accounting policies, assumptions, estimates and judgments to ensure that our consolidated financial statements are presented fairly and in accordance with U.S. GAAP. However, because future events and their effects cannot be determined with certainty, actual results could differ from our assumptions and estimates, and such differences could be material. For a description of our material accounting policies, please read *"Item 18. Financial Statements"* and more precisely *"Note 2. Summary of Significant Accounting Policies"* of our consolidated financial statements included elsewhere in this annual report.

Vessel Impairment

The Company reviews for impairment its long-lived assets held and used whenever events or changes in circumstances (such as market conditions, obsolesce or damage to the asset, potential sales and other business plans) indicate that the carrying amount of the assets may not be recoverable. When the estimate of undiscounted cash flows, excluding interest charges, expected to be generated by the use of the asset is less than its carrying amount, we are required to evaluate the asset for an impairment loss. Measurement of the impairment loss is based on the fair value of the asset.

The carrying values of our vessels may not represent their fair market value at any point in time since the market prices of second-hand vessels tend to fluctuate with changes in charter rates and the cost of newbuilds. Historically, both charter rates and vessel values tend to be cyclical.

Our estimates of basic market value assume that the vessels are all in good and seaworthy condition without need for repair and, if inspected, would be certified in class without notations of any kind. Our estimates are based on the estimated market values for the vessels received from a third-party independent shipbroker approved by our financing providers. Vessel values are highly volatile. Accordingly, our estimates may not be indicative of the current or future basic market value of the vessels or prices that could be achieved if the vessels were to be sold.

As of December 31, 2021, the charter-free market value of all our vessels exceeded their carrying value, thus, no undiscounted cash flow tests were deemed necessary to be performed for any of our vessels. As of December 31, 2020, the aggregate carrying value of certain of our vessels exceeded their aggregate basic charter-free market value by approximately $0.8 million. We believe that the carrying values of our vessels whose carrying value exceeded its fair value as of December 31, 2020 were recoverable as the undiscounted projected net operating cash flows of these vessels exceeded their carrying value by a significant amount.

We perform undiscounted cash flow tests when necessary, as an impairment analysis, in which we made estimates and assumptions relating to determining the projected undiscounted net operating cash flows by considering the following:

- the charter revenues from existing time charters for the fixed fleet days;
- estimated vessel operating expenses and voyage expenses;
- estimated dry-docking expenditures;
- an estimated gross daily charter rate for the unfixed days (based on the ten-year average of the historical six-months and one-year time charter rates available for each type of vessel) over the remaining economic life of each vessel, excluding days of scheduled off-hires and net of commissions;
- residual value of vessels;
- commercial and technical management fees;
- an estimated utilization rate; and
- the remaining estimated life of our vessels.

The net operating undiscounted cash flows are then compared with the vessels' net book value plus unamortized dry-docking costs. The difference, if any, between the carrying amount of the vessel plus unamortized dry-docking costs and their fair value is recognized in the Company's accounts as impairment loss.

Although we believe that the assumptions used to evaluate potential impairment, which are largely based on the historical performance of our fleet, are reasonable and appropriate, such assumptions are highly subjective. There can be no assurance as to how charter rates and vessel values will fluctuate in the future. Charter rates may, from time to time throughout our vessels' lives, remain for a considerable period of time at depressed levels which could adversely affect our revenue and profitability, and future assessments of vessel impairment.

Our assumptions, based on historical trends, and our accounting policies are as follows:

- in accordance with the prevailing industry standard, depreciation is calculated using an estimated useful life of 25 years for our vessels, commencing at the date the vessel was originally delivered from the shipyard;
- estimated useful life of vessels takes into account commercial considerations and regulatory restrictions;
- estimated charter rates are based on rates under existing vessel contracts and thereafter at market rates at which we expect we can re-charter our vessels based on market trends. We believe that the ten-year average historical time charter rate is appropriate (or less than ten years if appropriate data is not available) for the following reasons:
    - it reflects more accurately the earnings capacity of the type, specification, deadweight capacity and average age of our vessels;
    - it reflects the type of business conducted by us (period as opposed to spot);
    - it is an appropriate period to capture the volatility of the market and includes numerous market highs and lows so as to be considered a fair estimate based on past experience; and
    - respective data series are adequately populated.
- estimates of vessel utilization, including estimated off-hire time are based on the historical experience of our fleet;
- estimates of operating expenses and dry-docking expenditures are based on historical operating and dry-docking costs based on the historical experience of our fleet and our expectations of future operating requirements;
- vessel residual values are a product of a vessel's lightweight tonnage and an estimated scrap rate; and
- the remaining estimated lives of our vessels used in our estimates of future cash flows are consistent with those used in our depreciation calculations.

The impairment test that we conduct, when required, is most sensitive to variances in future time charter rates.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. Directors and Senior Management

Set forth below are the names, ages and positions of our directors and executive officer. Our Board currently consists of three directors and is elected annually on a staggered basis, and each director elected holds office for a three-year term. The business address of each of our directors and executive officer listed below is Castor Maritime Inc., 223 Christodoulou Chatzipavlou Street, Hawaii Royal Gardens, 3036 Limassol, Cyprus.

Name	Age	Position
Petros Panagiotidis	32	Chairman, Chief Executive Officer, Chief Financial Officer, President, Treasurer and Class C Director
Dionysios Makris	41	Secretary and Class B Director
Georgios Daskalakis	32	Class A Director

Certain biographical information with respect to each director and senior management of the Company listed above is set forth below.

Petros Panagiotidis, Chairman, Chief Executive Officer, Chief Financial Officer, President, Treasurer and Class C Director

Petros Panagiotidis, is the founder of Castor Maritime Inc. He has been serving as the Company's Chairman of the Board, Chief Executive Officer and Chief Financial Officer since our inception in 2017. During his years with Castor Maritime he has been actively engaged in the successful company's listing on the NASDAQ Capital Market in February 2019. He is responsible for the implementation of our business strategy and the overall management of our affairs. Prior to founding Castor Maritime, he gained extensive experience working in shipping and investment banking positions focused on operations, corporate finance and business management. He holds a bachelor's degree in International Studies and Mathematics from Fordham University and a Master's Degree in Management and Systems from the New York University.

Dionysios Makris, Secretary and Class B Director

Dionysios Makris has been a non-executive member and Secretary of our Board since the Company's establishment in September 2017 and currently serves as a member of the Company's Audit Committee. He is a lawyer and has been a member of the Athens Bar Association since September 2005. He is currently based in Piraeus, Greece and is licensed to practice law before the Supreme Court of Greece. He practices mainly shipping and commercial law and is involved in both litigation and transactional practice. He holds a Bachelor of Laws degree from the Law School of the University of Athens, Greece and a Master of Arts degree in International Relations from the University of Warwick, United Kingdom.

Georgios Daskalakis, Class A Director

Georgios Daskalakis has been a non-executive member of our Board since our establishment in September 2017 and he is currently the chairman of our Audit Committee. Mr. Daskalakis has been employed since 2017 by M/Maritime Corp., a dry cargo management company, holding a number of senior positions. As of today, he is the Chief Commercial Officer and Chairman of the Board of Directors at M/Maritime. Prior to that he was employed in various roles in the shipping industry with Minerva Marine Inc, a major Greece based diversified shipping entity and Trafigura Maritime Logistics PTE Ltd. He holds a Bachelor's degree from Babson College with a concentration on Economics and Finance followed by a Master of Science degree in Shipping, Trade and Finance from the Costas Grammenos Centre for Shipping, Trade and Finance, Cass Business School, City University of London.

B. Compensation

The services rendered by our Chairman, Chief Executive Officer and Chief Financial Officer for the year ended December 31, 2021, are included in our master agreement with Castor Ships described under *"Item 7. Major Shareholders and Related Party Transactions—B. Related Party Transactions*" below. For the year ended December 31, 2021, we paid our non-executive directors fees in the aggregate amount of $48,000 per annum, or $24,000 per director per annum, plus reimbursement for their out-of-pocket expenses. Our Chief Executive Officer and Chief Financial Officer who also serves as our director does not receive additional compensation for his service as director.

C. Board Practices

Our Board currently consists of three directors and is elected annually on a staggered basis. Each director elected holds office for a three-year term or until his successor is duly elected and qualified, except in the event of his death, resignation, removal or the earlier termination of his term of office. At our annual meeting of shareholders held on November 30, 2021, our shareholders re-elected our Class A director to serve until the annual meeting of shareholders to be held in 2024. The term of office of our Class B director expires at the annual meeting of shareholders to be held in 2022, and the term of office our Class C director expires at the annual meeting of shareholders to be held in 2023. Officers are appointed from time to time by our Board and hold office until a successor is appointed. Our directors do not have service contracts and do not receive any benefits upon termination of their directorships.

Our audit committee is comprised of our independent directors, Mr. Dionysios Makris and Mr. Georgios Daskalakis. Our Board has determined that the members of the audit committee meet the applicable independence requirements of the Commission and the Nasdaq Stock Market Rules. Our Board has determined that Mr. Georgios Daskalakis is an "Audit Committee Financial Expert" under the Commission's rules and the corporate governance rules of the Nasdaq Stock Market. The audit committee is responsible for our external financial reporting function as well as for selecting and meeting with our independent registered public accountants regarding, among other matters, audits and the adequacy of our accounting and control systems. Our audit committee is also responsible for reviewing all related party transactions for potential conflicts of interest and all related party transactions are subject to the approval of the audit committee.

D. Employees

As of the date of this annual report, Mr. Petros Panagiotidis, holding the positions of Chairman, Chief Executive Officer and Chief Financial Officer, is our only employee.

E. Share Ownership

With respect to the total amount of common shares owned by all of our officers and directors individually and as a group, please see "*Item 7. Major Shareholders and Related Party Transactions*" Please also see "*Item 10. Additional Information—B. Memorandum and Articles of Association*" for a description of the rights of holders of our Series B Preferred Shares relative to the rights of holders of our common shares.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. Major Shareholders

Based on information available to us, including information contained in public filings, as of the date of this annual report, there were no beneficial owners of 5% or more of our common shares. The following table sets forth certain information regarding the beneficial ownership of common shares and Series B Preferred Shares of all of our directors and officers as of the date of this annual report.

The percentage of beneficial ownership is based on 94,610,088 common shares outstanding as of March 28, 2022.

Name of Beneficial Owner	No. of Common Shares	Percentage
All executive officers and directors as a group (1) (2)	-	-%

(1) Neither any member of our Board of Directors or executive officer individually, nor all of them taken as a group, hold more than 1% of our outstanding common shares.

(2) Petros Panagiotidis holds 112,409 common shares and 12,000 Series B Preferred Shares (representing all such Series B Preferred Shares outstanding, each Series B Preferred Share having the voting power of one hundred thousand (100,000) common shares). Please see "*Item 10. Additional Information—B. Memorandum and Articles of Association*" for a description of the rights of holders of our Series B Preferred Shares relative to the rights of holders of our common shares.

All of our common shareholders are entitled to one vote for each common share held. As of March 25, 2022 there were 91 holders of record of our common shares, 2 of which have a U.S. mailing address. One of these holders is CEDE & Co., a nominee company for The Depository Trust Company, which held approximately 99.8% of our outstanding common shares as of such date. The beneficial owners of the common shares held by CEDE & Co. may include persons who reside outside the United States.

B. Related Party Transactions

From time to time, we have entered into agreements and have consummated transactions with certain related parties. We may enter into related party transactions from time to time in the future.

Management, Commercial and Administrative Services

Our vessels are technically managed by Pavimar, a company controlled by Ismini Panagiotidis, the sister of our Chairman, Chief Executive Officer and Chief Financial Officer, Petros Panagiotidis. Under the technical management agreements, our ship-owning subsidiaries pay a $600 daily fee to Pavimar for the provision of a wide range of shipping services such as crew management, technical management, operational employment management, insurance management, provisioning, bunkering, accounting and audit support services, which it may choose to subcontract to other parties at its discretion. As of December 31, 2021, Pavimar had subcontracted the technical management of three of the Company's dry bulk vessels and nine of its tanker vessels to third-party ship-management companies. Pavimar pays, at its own expense, these third-party management companies a fee for the services it has subcontracted to them, without burdening the Company with any additional cost. The technical management agreements have a term of five years and such term automatically renews for a successive five-year term on each anniversary of their effective date, unless the agreements are terminated earlier in accordance with the provisions contained therein. In the event that the Pavimar management agreements are terminated by the ship-owning subsidiaries other than by reason of default by Pavimar, a termination fee equal to four times the total amount of the daily management fee calculated on an annual basis shall be payable from the ship-owning subsidiaries to Pavimar.

Our vessels are commercially managed by Castor Ships, a company controlled by our Chairman, Chief Executive Officer and Chief Financial Officer. Castor Ships manages our business overall and provides us with commercial, chartering and administrative services, including, but not limited to, securing employment for our fleet, arranging and supervising the vessels' commercial operations, handling all of the Company's vessel sale and purchase transactions, undertaking related shipping project and management advisory and support services, as well as other associated services requested from time to time by us and our ship-owning subsidiaries. In exchange for these services, we and our subsidiaries pay Castor Ships (i) a flat quarterly management fee in the amount of $0.3 million for the management and administration of our business, (ii) a daily fee of $250 per vessel for the provision of commercial services, (iii) a commission of 1.25% on all charter agreements and (iv) a commission of 1% on each sale and purchase transaction. The Castor Ships management agreements have a term of five years and such term automatically renews for a successive five-year term on each anniversary of the effective date, unless the agreements are terminated earlier in accordance with the provisions contained therein. In the event that the Castor Ships management agreements are terminated by the Company, or are terminated by Castor Ships due to a material breach of the master management agreement by the Company or a change of control in the Company (including the disposal of all or substantially all of our assets, changes in key personnel such as our current directors or Chief Executive Officer or a determination by our board of directors that a change of control has occurred), Castor Ships shall be entitled to a termination fee equal to four times the total amount of the flat management fee and the per vessel management fees calculated on an annual basis. The agreements also provide that the management fees may be subject to annual review on their anniversary.

For further information, please refer to Note 3 of our audited consolidated financial statements included elsewhere in this annual report.

Vessel Acquisitions

On December 17, 2021, we entered into, through a separate wholly owned subsidiary, an agreement to purchase a 2012 Japanese built Panamax dry bulk carrier, the *Magic Callisto,* for a purchase price of $23.55 million from a third party in which a family member of our Chairman, Chief Executive Officer and Chief Financial Officer had an interest. The *Magic Callisto* was delivered to us on January 4, 2022. The terms of the transaction were negotiated and approved by a special committee of disinterested and independent directors of the Company.

Loans

$5.0 Million Term Loan Facility

On August 30, 2019, we entered into a $5.0 million term loan facility with Thalassa, an entity affiliated with Petros Panagiotidis, which was repaid in full on September 3, 2021. Please see *"Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources—Our Borrowing Activities"* for more information.

C. Interests of Experts and Counsel

Not applicable.

ITEM 8. FINANCIAL INFORMATION

A. Consolidated Statements and other Financial Information

Please see "*Item 18. Financial Statements*."

Legal Proceedings

To our knowledge, we are not currently a party to any legal proceedings that, if adversely determined, would have a material adverse effect on our financial condition results of operations or liquidity. As such, we do not believe that pending legal proceedings, taken as a whole, should have any significant impact on our financial statements. We are, and from time to time in the future, we may be subject to legal proceedings and claims in the ordinary course of business, principally personal injury and property casualty claims. While we expect that these claims would be covered by our existing insurance policies, those claims, even if lacking merit, could result in the expenditure of significant financial and managerial resources.

Dividend Policy

We are a recently formed company and have a limited performance record and operating history. Accordingly, we cannot assure you that we will be able to pay dividends at all, and our ability to pay dividends will be subject to the limitations set forth below and under "*Item 3. Risk Factors—Risks Relating to our Common Shares—Our Board may never declare dividends."*

Under our Bylaws, our Board may declare and pay dividends in cash, stock or other property of the Company. Any dividends declared will be in the sole discretion of the Board and will depend upon factors such as earnings, increased cash needs and expenses, restrictions in any of our agreements (including our current and future credit facilities), overall market conditions, current capital expenditure programs and investment opportunities, and the provisions of Marshall Islands law affecting the payment of distributions to shareholders (as described below). The foregoing is not an exhaustive list of factors which may impact the payment of dividends.

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

Any dividends paid by us may be treated as ordinary income to a U.S. shareholder. Please see the section entitled *"Item 10. Additional Information—E. Taxation—U.S. Federal Income Tax Considerations—U.S. Federal Income Taxation of U.S. Holders—Distributions"* for additional information relating to the U.S. federal income tax treatment of our dividend payments, if any are declared in the future.

We have not paid any dividends to our shareholders as of the date of this annual report.

B. Significant Changes

Not applicable.

ITEM 9. THE OFFER AND LISTING

A. Offer and Listing Details

Our common shares currently trade on the Nasdaq Capital Market under the symbol "CTRM" and on the Norwegian OTC, or the NOTC, under the symbol "CASTOR".

B. Plan of Distribution

Not applicable.

C. Markets

Please see "*—A. The Offer and Listing—Offer and Listing Details.*"

D. Selling Shareholders

Not applicable.

E. Dilution

Not applicable.

F. Expenses of the Issue

Not applicable.

ITEM 10. ADDITIONAL INFORMATION

A. Share Capital

Not applicable.

B. Memorandum and Articles of Association

Articles of Association and Bylaws

The following is a description of material terms of our articles of incorporation and bylaws. Because the following is a summary, it does not contain all information that you may find useful. For more complete information, you should read our articles of incorporation and our bylaws, as amended, copies of which are filed as exhibits to the this annual report.

Purpose

Our purpose is to engage in any lawful act or activity for which corporations may now or hereafter be organized under the Marshall Islands Business Corporations Act, or BCA. Our amended and restated Articles of Incorporation and Bylaws do not impose any limitations on the ownership rights of our shareholders.

Authorized Capitalization

Under our Articles of Incorporation, our authorized capital stock consists of 1,950,000,000 common shares, par value $0.001 per share, of which 94,610,088 common shares were issued and outstanding as of March 28, 2022, and 50,000,000 preferred shares, par value $0.001 per share, of which 12,000 Series B Preferred Shares are currently issued and outstanding.

Description of Common Shares

For a description of our common shares, see *Exhibit 2.2 (Description of Securities)*.

Share History

Please see *"Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources—Equity Transactions"* for a description of the Company's equity transactions.

Preferred Shares

Our Articles of Incorporation authorize our Board to establish one or more series of preferred shares and to determine, with respect to any series of preferred shares, the terms and rights of that series, including:

- the designation of the series;
- the number of shares of 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.

Description of Series A Preferred Shares

On December 8, 2021, pursuant to a decision approved by our Board of Directors on November 8, 2021, we redeemed all of the issued and outstanding Series A preferred shares. Based on the amended and restated statement of designations of Castor dated October 10, 2019, the holders of the Series A preferred shares received a cash redemption of $30.00 per Series A Preferred Share. For further information on the Series A Preferred Shares and their redemption, see Note 8 (*"(b) Preferred Shares—Series A Preferred Shares amendment and accumulated dividends settlement"*) of our consolidated financial statements included elsewhere in this annual report.

Description of Series B Preferred Shares

On September 22, 2017, pursuant to an Exchange Agreement dated September 22, 2017, between the Company, Spetses Shipping Co., and the shareholders of Spetses Shipping Co., we made certain issuances of our capital stock, including the issuance of 12,000 Series B Preferred Shares to Thalassa, a company controlled by Petros Panagiotidis, the Company's Chairman, Chief Executive Officer and Chief Financial Officer. Each Series B Preferred Share has the voting power of one hundred thousand (100,000) common shares.

The Series B Preferred Shares have the following characteristics:

- ***Conversion***. The Series B Preferred Shares are not convertible into common shares.

- ***Voting***. Each Series B Preferred Share has the voting power of 100,000 common shares and count for 100,000 votes for purposes of determining quorum at a meeting of shareholders. The Series B Preferred Share vote together with common shares as a class, except that the Series B Preferred Shares vote separately as a class on amendments to the Articles of Incorporation that would materially alter or change the powers, preference or special rights of the Series B Preferred Shares.

- ***Distributions***. The Series B Preferred Shares have no dividend or distribution rights.

- ***Liquidation, Dissolution or Winding Up***. Upon any liquidation, dissolution or winding up of the Company, the Series B Preferred Shares shall have the same liquidation rights as the common shares.

Stockholders Rights Agreement

On November 21, 2017, our Board declared a dividend of one preferred share purchase right (a "Right" or the "Rights"), for each outstanding common share and adopted a shareholder rights plan, as set forth in the Stockholders Rights Agreement dated as of November 20, 2017 (the "Rights Agreement"), by and between the Company and American Stock Transfer & Trust Company, LLC, as rights agent. The Rights entitle the holder to purchase from the Company one one-thousandth of a share of Series C Participating Preferred Shares (as defined in the Stockholders Rights Agreement) and become exercisable 10 days after a public announcement that a person or group has obtained beneficial ownership of 15% or more of our outstanding shares. See *Exhibit 2.2 (Description of Securities)* for a full description of the Stockholders Rights Agreement. As of December 31, 2021, 94,610,088 Rights were issued and outstanding in connection with our common shares.

Description of the Class A Warrants

The following summary of certain terms and provisions of our 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 filed as an exhibit to our registration statement on Form F-1/A (Registration No. 333-238990), filed with the Commission on June 23, 2020. Prospective investors should carefully review the terms and provisions set forth in the form of Class A Warrant.

Exercise Price. The exercise price per whole common share purchasable upon exercise of the Class A Warrants is $3.50 per share. The exercise price and number of common shares issuable upon exercise will adjust in the event of certain stock dividends and distributions, stock splits (including the reverse stock split we effected on May 28, 2021), stock combinations, reclassifications or similar events affecting our common shares. The Class A Warrants may be exercised at any time until they are exercised in full. 5,848,656 of the Class A Warrants were exercised in full prior to the date of this annual report, resulting in the issuance of an aggregate of 5,848,656 common shares for an aggregate exercise price of approximately $20.5 million. As of the date of this annual report, 62,344 Class A Warrants remain outstanding.

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. Each of the Class A Warrants is exercisable, at the option of each holder, 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, or an exemption from registration under the Securities Act is 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 and an exemption from registration under the Securities Act is not available for the issuance of such shares, 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. No fractional common shares will be issued in connection with the exercise of a Class A Warrant. In lieu of fractional shares, we will pay the holder an amount in cash equal to the fractional amount multiplied by the exercise price. The Class A Warrants contain certain damages provisions pursuant to which we have agreed to pay the holder certain damages if we do not issue the shares in a timely fashion.

A holder will not have the right to exercise any portion of the Class A 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 Class A 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.

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.

Rights as a Shareholder. Except as otherwise provided in the Class A Warrants, 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.

Pro Rata Distributions. If, while the Class A Warrants are outstanding, we make certain dividend or distribution of our assets to holders of Common Stock, including any distribution of cash, stock, property or options by way of dividend, or spin off, all holders of the Class A Warrants are entitled to participate in the distribution to the same extent as if the holder had held the number of common shares acquirable upon exercise of the warrant on the date of the distribution.

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 Class A Warrants with the same effect as if such successor entity had been named in the Class A 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 Class A Warrants following 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 warrant agreement are governed by New York law.

Description of the Private Placement Warrants

Each Private Placement Warrant is exercisable at any time after its issuance for $3.50 per common share and has a term of 5 years. The Private Placement Warrants have substantially the same terms as the Class A Warrants described above, except that they are subject to certain restrictions on transfer and contain different adjustment provisions for pro rata distributions. In the event of a pro rata distribution, the number of common shares issuable upon the exercise of each Private Placement Warrant will adjust proportionally against the new number of outstanding common shares such that the exercise price of the warrant remains unchanged, unless our Board decides to exercise its discretion to instead decrease the exercise price of the Private Placement Warrants by the amount distributed to each common share. The value of the exercise price adjustment will be determined by the Board in good faith. 5,707,136 of the Private Placement Warrants were exercised in full prior to the date of this annual report, resulting in the issuance of an aggregate of 5,707,136 common shares for an aggregate exercise price of approximately $20.0 million. As of the date of this annual report, 67,864 Private Placement Warrants remain outstanding.

Description of the January 5 and January 12 Warrants

Each January 5 Warrant and January 12 Warrant was exercisable for $1.90 per common share over an initial term of 5 years, on substantially the same terms as the Class A Warrants described above. All of the January 5 and January 12 Warrants were exercised in full prior to the date of this annual report, resulting in the issuance of an aggregate of 23,175,000 common shares for an aggregate exercise price of approximately $44.0 million.

Description of the April 7 Warrants

Each April 7 Warrant is exercisable for $6.50 per common share and for a term of 5 years, on substantially the same terms as the Private Placement Warrants described above. As of the date of this annual report, all 19,230,770 April 7 Warrants remain outstanding.

For further details on the foregoing warrants, see Note 8 to our consolidated financial statements included elsewhere in this annual report.

Listing and Markets

On December 21, 2018, our common shares, par value $0.001, were registered for trading on the NOTC with ticker symbol "CASTOR". On February 11, 2019, our common shares began trading on the NASDAQ Capital Market under the ticker symbol "CTRM". On March 21, 2019, Nasdaq approved for listing and registration on Nasdaq the Preferred Stock Purchase Rights under the Stockholders Rights Agreement. The Preferred Stock Purchase Rights trade with and are inseparable from our common shares.

Transfer Agent

The registrar and transfer agent for our common shares is American Stock Transfer & Trust Company, LLC.

C. Material Contracts

We refer you to *"Item 4. Information on the Company," "Item 5. Operating and Financial Review and Prospects —B. Liquidity and Capital Resources"* and *"Item 7. Major Shareholders and Related Party Transactions—B. Related Party Transactions"* for a discussion of certain material contracts to which we are a party entered into during the two-year period immediately preceding the date of this annual report, which are also attached as exhibits to this annual report.

D. Exchange Controls

The Marshall Islands impose no exchange controls on non-resident corporations.

E. Taxation

The following is a discussion of the material Marshall Islands and U.S. federal income tax considerations relevant to a U.S. Holder and a Non-U.S. Holder, each as defined below, with respect to the common shares. This discussion does not purport to deal with the tax consequences of owning common shares to all categories of investors, such as dealers in securities or commodities, traders in securities that elect to use a mark-to-market method of accounting for securities holdings, financial institutions, insurance companies, tax-exempt organizations, U.S. expatriates, persons liable for the Medicare contribution tax on net investment income, persons liable for the alternative minimum tax, persons who hold common shares as part of a straddle, hedge, conversion transaction or integrated investment, U.S. Holders whose functional currency is not the United States dollar, and investors that own, actually or under applicable constructive ownership rules, 10% or more of our common shares. This discussion deals only with holders who hold our common shares as a capital asset. You are encouraged to consult your own tax advisors concerning the overall tax consequences arising in your own particular situation under U.S. federal, state, local or foreign law of the ownership of common shares. The discussion below is based, in part, on the description of our business in this annual report above and assumes that we conduct our business as described in that section. Except as otherwise noted, this discussion is based on the assumption that we will not maintain an office or other fixed place of business within the United States. References in the following discussion to "we" and "us" are to Castor Maritime Inc. and its subsidiaries on a consolidated basis.

Marshall Islands Tax Consequences

We are incorporated in the Republic of the Marshall Islands. Under current Marshall Islands law, we are not subject to tax on income or capital gains, and no Marshall Islands withholding tax will be imposed upon payments of dividends by us to our shareholders.

U.S. Federal Income Taxation of Our Company

Taxation of Operating Income: In General

Unless exempt from U.S. federal income taxation under the rules discussed below, a foreign corporation is subject to U.S. federal income taxation in respect of any income that is derived from the use of vessels, from the hiring or leasing of vessels for use on a time, voyage or bareboat charter basis, from the participation in a pool, partnership, strategic alliance, joint operating agreement, cost sharing arrangements or other joint venture it directly or indirectly owns or participates in that generates such income, or from the performance of services directly related to those uses, which we refer to collectively as "shipping income," to the extent that the shipping income is derived from sources within the United States. For these purposes, 50% of shipping income that is attributable to transportation that begins or ends, but that does not begin and end, in the United States constitutes income from sources within the United States, which we refer to as "U.S. source gross shipping income" or USSGTI.

Shipping income attributable to transportation that begins and ends in the United States is U.S. source income. We are not permitted by law to engage in such transportation and thus will not earn income that is from sources within the United States.

Shipping income attributable to transportation between non-U.S. ports is considered to be derived from sources outside the United States. Such income is not subject to U.S. tax.

If not exempt from tax under Section 883 of the Code, our USSGTI would be subject to a tax of 4% without allowance for any deductions ("the 4% tax") as described below.

Exemption of Operating Income from U.S. Federal Income Taxation

Under Section 883 of the Code and the regulations thereunder, we will be exempt from the 4% tax on our USSGTI if:

(1) we are organized in a foreign country that grants an "equivalent exemption" to corporations organized in the United States; and

(2) either

(a) more than 50% of the value of our stock is owned, directly or indirectly, by individuals who are "residents" of a foreign country that grants an "equivalent exemption" to corporations organized in the United States (each such individual is a "qualified shareholder" and collectively, "qualified shareholders"), which we refer to as the "50% Ownership Test," or

(b) our stock is "primarily and regularly traded on an established securities market" in our country of organization, in another country that grants an "equivalent exemption" to U.S. corporations, or in the United States, which we refer to as the "Publicly-Traded Test".

The Marshall Islands, the jurisdiction in which we and our ship-owning subsidiaries are incorporated, grants an "equivalent exemption" to U.S. corporations. Therefore, we will be exempt from the 4% on our USSGTI if we meet either the 50% Ownership Test or the Publicly-Traded Test.

Due to the widely dispersed nature of the ownership of our common shares, it is highly unlikely that we could satisfy the requirements of the 50% Ownership Test. Therefore, we expect to be exempt from the 4% tax on our USSGTI only if we are able to satisfy the Publicly-Traded Test.

Treasury Regulations provide, in pertinent part, that stock of a foreign corporation must be "primarily and regularly traded on an established securities market in the US or in a qualified foreign country". To be "primarily traded" on an established securities market, the number of shares of each class of our stock that are traded during any taxable year on all established securities markets in the country where they are listed must exceed the number of shares in each such class that are traded during that year on established securities markets in any other country. Our common shares, which are traded on the Nasdaq Capital Market, meet the test of being "primarily traded".

To be "regularly traded" one or more classes of our stock representing more than 50% of the total combined voting power of all classes of stock entitled to vote and of the total value of the stock that is listed must be listed on an established securities market ("the vote and value" test) and meet certain other requirements. Our common shares are listed on the Nasdaq Capital Market, but do not represent more than 50% of the voting power of all classes of stock entitled to vote. Our Series B Preferred Shares, which have super voting rights and have voting control but are not entitled to dividends, are not listed. Thus, based on a strict reading of the vote and value test described above, our stock is not "regularly traded".

Treasury Regulations provide, in pertinent part, that a class of stock will not be considered to be "regularly traded" on an established securities market for any taxable year in which 50% or more of such class of the outstanding shares of the stock is owned, actually or constructively under specified stock attribution rules, on more than half the days during the taxable year by persons who each own 5% or more of the value of such class of the outstanding stock, which we refer to as the "5 Percent Override Rule". When more than 50% of the shares are owned by 5% shareholders, then we will be subject to the 5% Override Rule unless we can establish that among the shares included in the closely-held block of stock are a sufficient number of shares in that block to "prevent nonqualified shareholders in the closely held block from owning 50 percent or more of the stock".

We believe our ownership structure meets the intent and purpose of the Publicly-Traded Test and the tax policy behind it even if it does not literally meet the vote and value requirements. In our case, there is no closely held block because less than 5% shareholders in aggregate own more than 50% of the value of our stock. However, we expect that we would have satisfied the Publicly-Traded Test if, instead of our current share structure, our common shares represented more than 50% of the voting power of our stock. In addition, we can establish that nonqualified shareholders cannot exercise voting control over the corporation because a qualified shareholder controls the non-traded voting stock. Moreover, we believe that the 5% Override Rule suggests that the Publicly-Traded Test should be interpreted by reference to its overall purpose, which we consider to be that Section 883 should generally be available to a publicly traded company unless it is more than 50% owned, by vote or value, by nonqualified 5% shareholders. We therefore believe our particular stock structure, when considered by the US Treasury in light of the Publicly-Traded Test enunciated in the regulations should be accepted as satisfying the exemption. Accordingly, for our 2021 and future taxable years, we intend to take the position that we qualify for the benefits of Section 883. However, there can be no assurance that our particular stock structure will be treated as satisfying the Publicly-Traded Test. Accordingly, there can be no assurance that we or our subsidiaries will qualify for the benefits of Section 883 for any taxable year.

Taxation in the Absence of Exemption under Section 883 of the Code

For the 2020 and prior taxable years, we took the position that USSGTI, to the extent not considered to be "effectively connected" with the conduct of a U.S. trade or business, as described below, was subject to a 4% tax imposed by Section 887 of the Code on a gross basis, without the benefit of deductions, which we refer to as the "4% gross basis tax regime," for the 2020 taxable year. The same rules would apply to us for our 2021 and future taxable years if contrary to our position described above the IRS determines that we do not qualify for the benefits of Section 883 of the Code.

To the extent the benefits of the exemption under Section 883 of the Code are unavailable and USSGTI is considered to be "effectively connected" with the conduct of a U.S. trade or business, as described below, any such "effectively connected" U.S.-source shipping income, net of applicable deductions, would be subject to the U.S. federal corporate income tax imposed at a rate of 21%. In addition, we may be subject to the 30% "branch profits" tax on earnings effectively connected with the conduct of such U.S. trade or business, as determined after allowance for certain adjustments, and on certain interest paid or deemed paid attributable to the conduct of such U.S. trade or business.

USSGTI would be considered "effectively connected" with the conduct of a U.S. trade or business only if:

- We have, or are considered to have, a fixed place of business in the United States involved in the earning of shipping income; and
- substantially all our USSGTI is attributable to regularly scheduled transportation, such as the operation of a vessel that follows a published schedule with repeated sailings at regular intervals between the same points for voyages that begin or end in the United States.

We do not currently have, nor intend to have or permit circumstances that would result in having, any vessel operating to the United States on a regularly scheduled basis. Based on the foregoing and on the expected mode of our shipping operations and other activities, we believe that none of our USSGTI will be "effectively connected" with the conduct of a U.S. trade or business.

U.S. Taxation of Gain on Sale of Vessels

Regardless of whether we qualify for exemption under Section 883 of the Code, we do not expect to be subject to U.S. federal income taxation with respect to gain realized on a sale of a vessel, provided the sale is considered to occur outside of the United States under U.S. 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. It is expected that any sale of a vessel by us will be considered to occur outside of the United States.

U.S. Federal Income Taxation of U.S. Holders

As used herein, the term "U.S. Holder" means a beneficial owner of our common shares that is a U.S. citizen or resident, U.S. corporation or other U.S. entity taxable as a corporation, an estate the income of which is subject to U.S. federal income taxation regardless of its source, or a trust if (i) a court within the United States is able to exercise primary jurisdiction over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust or (ii) it has in place an election to be treated as a United States person for U.S. federal income tax purposes.

If a partnership holds our common shares, the tax treatment of a partner of such partnership will generally depend upon the status of the partner and upon the activities of the partnership. If you are a partner in a partnership holding our common shares, you are encouraged to consult your tax advisor.

Distributions

Subject to the discussion of passive foreign investment companies, or PFIC, below, any distributions made by us with respect to our common shares to a U.S. Holder will generally constitute dividends to the extent of our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Distributions in excess of such earnings and profits will be treated first as a nontaxable return of capital to the extent of the U.S. Holder's tax basis in his common shares on a dollar-for-dollar basis and thereafter as capital gain. However, we do not expect to calculate earnings and profits in accordance with U.S. federal income tax principles. Accordingly, you should expect to generally treat distributions we make as dividends. Because we are not a U.S. corporation, U.S. Holders that are corporations will generally not be entitled to claim a dividends-received deduction with respect to any distributions they receive from us. Dividends paid with respect to our common shares will generally be treated as "passive category income" for purposes of computing allowable foreign tax credits for U.S. foreign tax credit purposes.

Dividends paid on our common shares to a U.S. Holder who is an individual, trust or estate will generally be treated as ordinary income. However, if you are a U.S. Holder that is an individual, estate or trust, dividends that constitute qualified dividend income will be taxable to you at the preferential rates applicable to long-term capital gains provided that you hold the shares for more than 60 days during the 121-day period beginning 60 days before the ex-dividend date and meet other holding period requirements. Dividends paid with respect to the shares generally will be qualified dividend income provided that, in the year that you receive the dividend, the shares are readily tradable on an established securities market in the United States. Our common stock is listed on the Nasdaq Capital Market and we therefore expect that dividends will be qualified dividend income.

Special rules may apply to any "extraordinary dividend," generally, a dividend paid by us in an amount which is equal to or in excess of 10% of a shareholder's adjusted tax basis (or fair market value in certain circumstances) or dividends received within a one-year period that, in the aggregate, equal or exceed 20% of a shareholder's adjusted tax basis (or fair market value upon the shareholder's election) in a common share. If we pay an "extraordinary dividend" on our common shares that is treated as "qualified dividend income," then any loss derived by a U.S. Non-Corporate Holder from the sale or exchange of such common shares will be treated as long-term capital loss to the extent of such dividend.

Sale, Exchange or other Disposition of Common Shares

Subject to the discussion of our status as a PFIC below, a U.S. Holder generally will recognize taxable gain or loss upon a sale, exchange or other disposition of our common shares in an amount equal to the difference between the amount realized by the U.S. Holder from such sale, exchange or other disposition and the U.S. Holder's tax basis in such stock. Such gain or loss will be treated as long-term capital gain or loss if the U.S. Holder's holding period is greater than one year at the time of the sale, exchange or other disposition. Such capital gain or loss will generally be treated as U.S.-source income or loss, as applicable, for U.S. foreign tax credit purposes. A U.S. Holder's ability to deduct capital losses is subject to certain limitations.

Passive Foreign Investment Company Status and Significant Tax Consequences

Special U.S. federal income tax rules apply to a U.S. Holder that holds stock in a foreign corporation classified as a PFIC for U.S. federal income tax purposes. In general, we will be treated as a PFIC with respect to a U.S. Holder if, for any taxable year in which such holder held our common shares, either

at least 75% of our gross income for such taxable year consists of passive income (e.g., dividends, interest, capital gains and rents derived other than in the active conduct of a rental business); or

at least 50% of the average value of the assets held by the corporation during such taxable year produce, or are held for the production of, passive income.

For purposes of determining whether we are a PFIC, we will be treated as earning and owning our proportionate share of the income and assets, respectively, of any of our subsidiaries' corporations in which we own at least 25% of the value of the subsidiary's stock. Income earned, or deemed earned, by us in connection with the performance of services would not constitute "passive income" for these purposes. By contrast, rental income would generally constitute "passive income" unless we were treated under specific rules as deriving our rental income in the active conduct of a trade or business.

In general, income derived from the bareboat charter of a vessel will be treated as "passive income" for purposes of determining whether we are a PFIC and such vessel will be treated as an asset which produces or is held for the production of "passive income". On the other hand, income derived from the time charter of a vessel should not be treated as "passive income" for such purpose, but rather should be treated as services income; likewise, a time chartered vessel should generally not be treated as an asset which produces or is held for the production of "passive income".

Based on our current assets and activities, we do not believe that we will be a PFIC for the current or subsequent taxable years. Although there is no legal authority directly on point, and we are not relying upon an opinion of counsel on this issue, our belief is based principally on the position that, for purposes of determining whether we are a passive foreign investment company, the gross income we derive or are deemed to derive from the time chartering and voyage chartering activities of our wholly-owned subsidiaries should constitute services income, rather than rental income. Correspondingly, such income should not constitute passive income, and the assets that we or our wholly-owned subsidiaries own and operate in connection with the production of such income, in particular, the vessels, should not constitute passive assets for purposes of determining whether we were a passive foreign investment company. We believe there is substantial legal authority supporting our position consisting of case law and IRS pronouncements concerning the characterization of income derived from time charters and voyage charters as services income for other tax purposes. However, in the absence of any legal authority specifically relating to the statutory provisions governing passive foreign investment companies, the IRS or a court could disagree with our position. In addition, although we intend to conduct our affairs in a manner to avoid being classified as a passive foreign investment company with respect to any taxable year, we cannot assure you that the nature of our operations will not change in the future.

As discussed more fully below, if we were to be treated as a PFIC for any taxable year, a U.S. Holder would be subject to different U.S. federal income taxation rules depending on whether the U.S. Holder makes an election to treat us as a "Qualified Electing Fund," which election is referred to as a "QEF Election". As discussed below, as an alternative to making a QEF Election, a U.S. Holder should be able to make a "mark-to-market" election with respect to our common shares, which election is referred to as a "Mark-to-Market Election". A U.S. Holder holding PFIC shares that does not make either a "QEF Election" or "Mark-to-Market Election" will be subject to the Default PFIC Regime, as defined and discussed below in "Taxation—U.S. Federal Income Taxation of U.S. Holders—Taxation of U.S. Holders Not Making a Timely QEF or "Mark-to-Market" Election".

If the Company were to be treated as a PFIC, a U.S. Holder would be required to file IRS Form 8621 to report certain information regarding the Company. If you are a U.S. Holder who held our common shares during any period in which we are a PFIC, you are strongly encouraged to consult your tax advisor.

The QEF Election

If a U.S. Holder makes a timely QEF Election, which U.S. Holder we refer to as an "Electing Holder," the Electing Holder must report each year for United States federal income tax purposes his pro rata share of our ordinary earnings and our net capital gain, if any, for our taxable year that ends with or within the taxable year of the Electing Holder, regardless of whether or not distributions were made by us to the Electing Holder. The Electing Holder's adjusted tax basis in the common shares will be increased to reflect taxed but undistributed earnings and profits. Distributions of earnings and profits that had been previously taxed will result in a corresponding reduction in the adjusted tax basis in the common shares and will not be taxed again once distributed. An Electing Holder would generally recognize capital gain or loss on the sale, exchange or other disposition of our common shares. A U.S. Holder would make a QEF Election with respect to any year that our Company is a PFIC by filing one copy of IRS Form 8621 with his United States federal income tax return and a second copy in accordance with the instructions to such form. It should be noted that if any of our subsidiaries is treated as a corporation for U.S. federal income tax purposes, a U.S. Holder must make a separate QEF Election with respect to each such subsidiary.

Taxation of U.S. Holders Making a "Mark-to-Market" Election

If we are a PFIC in a taxable year and our shares are treated as "marketable stock" in such year, you may make a mark-to-market election with respect to your shares. As long as our common shares are traded on the Nasdaq Capital Market, as they currently are and as they may continue to be, our common shares should be considered "marketable stock" for purposes of making the Mark-to-Market Election. U.S. Holders are urged to consult their own tax advisors in this regard.

Taxation of U.S. Holders Not Making a Timely QEF or "Mark-to-Market" Election

Finally, a U.S. Holder who does not make either a QEF Election or a Mark-to-Market Election with respect to any taxable year in which we are treated as a PFIC, or a U.S. Holder whose QEF Election is invalidated or terminated, or a Non-Electing Holder, would be subject to special rules, or the Default PFIC Regime, with respect to (1) any excess distribution (i.e., the portion of any distributions received by the Non-Electing Holder on the common shares in a taxable year in excess of 125% of the average annual distributions received by the Non-Electing Holder in the three preceding taxable years, or, if shorter, the Non-Electing Holder's holding period for the common shares), and (2) any gain realized on the sale, exchange, redemption or other disposition of the common shares.

Under the Default PFIC Regime:

the excess distribution or gain would be allocated ratably over the Non-Electing Holder's aggregate holding period for the common shares;

the amount allocated to the current taxable year and any taxable year before we became a PFIC would be taxed as ordinary income; and

the amount allocated to each of the other taxable years would be subject to tax at the highest rate of tax in effect for the applicable class of taxpayer for that year, and an interest charge for the deemed tax deferral benefit would be imposed with respect to the resulting tax attributable to each such other taxable year.

Any distributions other than "excess distributions" by us to a Non-Electing Holder will be treated as discussed above under "Taxation—U.S. Federal Income Taxation of U.S. Holders—Distributions".

These penalties would not apply to a pension or profit sharing trust or other tax-exempt organization that did not borrow funds or otherwise utilize leverage in connection with its acquisition of the common shares. If a Non-Electing Holder who is an individual dies while owning the common shares, such Non-Electing Holder's successor generally would not receive a step-up in tax basis with respect to the common shares.

U.S. Federal Income Taxation of "Non-U.S. Holders"

A beneficial owner of our common shares (other than a partnership) that is not a U.S. Holder is referred to herein as a "Non-U.S. Holder".

Dividends on Common Shares

Non-U.S. Holders generally will not be subject to U.S. federal income tax or withholding tax on dividends received from us with respect to our common shares, unless that income is effectively connected with a trade or business conducted by the Non-U.S. Holder in the United States. If the Non-U.S. Holder is entitled to the benefits of a U.S. income tax treaty with respect to those dividends, that income is taxable only if it is attributable to a permanent establishment maintained by the Non-U.S. Holder in the United States.

Sale, Exchange or Other Disposition of Common Shares

Non-U.S. Holders generally will not be subject to U.S. federal income tax or withholding tax on any gain realized upon the sale, exchange or other disposition of our common shares, unless:

the gain is effectively connected with a trade or business conducted by the Non-U.S. Holder in the United States. If the Non-U.S. Holder is entitled to the benefits of a U.S. income tax treaty with respect to that gain, that gain is taxable only if it is attributable to a permanent establishment maintained by the Non-U.S. Holder in the United States; or

the Non-U.S. Holder is an individual who is present in the United States for 183 days or more during the taxable year of disposition and other conditions are met.

If the Non-U.S. Holder is engaged in a U.S. trade or business for U.S. federal income tax purposes, the income from the common shares, including dividends and the gain from the sale, exchange or other disposition of the stock that is effectively connected with the conduct of that trade or business will generally be subject to U.S. federal income tax in the same manner as discussed in the previous section relating to the taxation of U.S. Holders. In addition, in the case of a corporate Non-U.S. Holder, the earnings and profits of such Non-U.S. Holder that are attributable to effectively connected income, subject to certain adjustments, may be subject to an additional branch profits tax at a rate of 30%, or at a lower rate as may be specified by an applicable U.S. income tax treaty.

Backup Withholding and Information Reporting

In general, dividend payments, or other taxable distributions, made within the United States to you will be subject to information reporting requirements. In addition, such payments will be subject to backup withholding tax if you are a non-corporate U.S. Holder and you:

fail to provide an accurate taxpayer identification number;

are notified by the IRS that you have failed to report all interest or dividends required to be shown on your U.S. federal income tax returns; or

in certain circumstances, fail to comply with applicable certification requirements.

Non-U.S. Holders may be required to establish their exemption from information reporting and backup withholding by certifying their status on an applicable IRS Form W-8.

If you sell your common shares to or through a U.S. office of a broker, the payment of the proceeds is subject to both U.S. backup withholding and information reporting unless you certify that you are a non-U.S. person, under penalties of perjury, or you otherwise establish an exemption. If you sell your common shares through a non-U.S. office of a non-U.S. broker and the sales proceeds are paid to you outside the United States, then information reporting and backup withholding generally will not apply to that payment. However, U.S. information reporting requirements, and in certain cases backup withholding requirements, will apply to a payment of sales proceeds, even if that payment is made to you outside the United States, if you sell your common shares through a non-U.S. office of a broker that is a U.S. person or has some other contacts with the United States. Backup withholding tax is not an additional tax. Rather, you generally may obtain a refund of any amounts withheld under backup withholding rules that exceed your U.S. federal income tax liability by filing a refund claim with the IRS.

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

Other Tax Considerations

In addition to the income tax consequences discussed above, the Company may be subject to tax, including tonnage taxes, in one or more other jurisdictions where the Company conducts activities. All our vessel-owning subsidiaries are subject to tonnage taxes. Generally, under a tonnage tax, a company is taxed based on the net tonnage of qualifying vessels such company operates, independent of actual earnings. The amount of any tonnage tax imposed upon our operations may be material.

F. Dividends and Paying Agents

Not applicable.

G. Statement by Experts

Not applicable.

H. Documents on Display

We are subject to the informational requirements of the Securities Exchange Act of 1934, as amended. In accordance with these requirements, we file reports and other information with the SEC. The SEC maintains a website (www.sec.gov) that contains reports, proxy and information statements and other information that we and other registrants have filed electronically with the SEC. Our filings are also available on our website at www.castormaritime.com. This web address is provided as an inactive textual reference only. Information contained on, or that can be accessed through, these websites, does not constitute part of, and is not incorporated into, this annual report.

Shareholders may also request a copy of our filings at no cost, by writing or telephoning us at the following address:

Castor Maritime Inc.
223 Christodoulou Chatzipavlou Street
Hawaii Royal Gardens
3036 Limassol, Cyprus
Tel: + 357 25 357 767

I. Subsidiary Information

Not applicable.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to various market risks, including foreign currency fluctuations, changes in interest rates and credit risk. Our activities expose us primarily to the financial risks of changes in interest rates and foreign currency exchange rates as described below.

Interest Rate Risk

The international shipping industry is capital intensive, requiring significant amounts of investment provided in the form of long-term debt. A significant portion or our debt contains floating interest rates that fluctuate with changes in the financial markets and in particular changes in LIBOR, which is the relevant reference under the majority of our credit facilities. Increasing interest rates could increase our interest expense and adversely impact our future results of operations. As of December 31, 2021, our net effective exposure to floating interest rate fluctuations on our outstanding debt was $103.8 million. Our interest expense is affected by changes in the general level of interest rates, particularly LIBOR. As an indication of the extent of our sensitivity to interest rate changes, an increase in LIBOR of 1% would have decreased our net income in the year ended December 31, 2021 by approximately $0.6 million based upon our floating interest-bearing average debt level during 2021. We expect our sensitivity to interest rate changes to increase in the future as we enter into additional debt agreements in connection with vessel acquisitions, including those using alternative reference rates such as SOFR. At this time, we have one credit facility that uses adjusted SOFR as the relevant reference rate and therefore do not currently view changes to SOFR as having a material effect on our business. For further information on the risks associated with interest rates, please see *"Item 3. Key Information—D. Risk Factors— A considerable amount of our outstanding debt is exposed to Interbank Offered Rate ("LIBOR") Risk. We may be adversely affected by the transition from LIBOR as a reference rate and are exposed to volatility in LIBOR and the Secured Overnight Financing Rate, or SOFR. If volatility in LIBOR and/or SOFR occurs, the interest on our indebtedness could be higher than prevailing market interest rates and our profitability, earnings and cash flows may be adversely affected"* for a discussion on the risks associated with LIBOR and SOFR, among others.

Foreign Currency Exchange Rate Risk

We generate all of our revenue in U.S. dollars. A minority of our vessels' operating expenses (approximately 12.1% for the year ended December 31, 2021 and of our general and administrative expenses (approximately 11.5%) are in currencies other than the U.S. dollar, primarily the Euro and Japanese Yen. For accounting purposes, expenses incurred in other currencies are converted into U.S. dollars at the exchange rate prevailing on the date of each transaction. We do not consider the risk from exchange rate fluctuations to be material for our results of operations because as of December 31, 2021, these non-US dollar expenses represented 3.9% of our revenues. However, the portion of our business conducted in other currencies could increase in the future, which could increase our exposure to losses arising from exchange rate fluctuations.

Inflation Risk

Inflation has not had a material effect on our expenses in the preceding fiscal year. In the event that significant global inflationary pressures appear, these pressures would increase our operating 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

We have adopted the Stockholders Rights Agreement, pursuant to which each of our common shares includes one right that entitles the holder to purchase from us a unit consisting of one-thousandth of a share of our Series C Participating Preferred Shares if any third party seeks to acquire control of a substantial block of our common shares without the approval of our Board. See *"Item 10. Additional Information—B. Memorandum and Articles of Association—Stockholders Rights Agreement"* included in this annual report and Exhibit 2.2 to this annual report for a description of our Stockholders Rights Agreement.

Please also see *"Item 10. Additional Information—B. Memorandum and Articles of Association"* for a description of the rights of holders of our Series B Preferred Shares relative to the rights of holders of our common shares.

ITEM 15. CONTROLS AND PROCEDURES

A. Disclosure Controls and Procedures

As of December 31, 2021, our management conducted an evaluation pursuant to Rules 13a-15(e) and 15d-15(e) promulgated under the Exchange Act, as amended, of the effectiveness of the design and operation of our disclosure controls and procedures as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act.

The term disclosure controls and procedures is defined under SEC rules as controls and other procedures of an issuer that are designed to ensure that information required to be disclosed by the issuer in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Act is accumulated and communicated to the issuer's management or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure. 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.

Our management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the disclosure controls and procedures are met. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the partnership have been detected. Further, in the design and evaluation of our disclosure controls and procedures, our management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

Based upon that evaluation, our management concluded that, as of December 31, 2021, our disclosure controls and procedures which include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports we file or submit under the Exchange Act is accumulated and communicated to management, as appropriate to allow timely decisions regarding required disclosure, were effective in providing reasonable assurance that information that was required to be disclosed by us in reports we file or submit under the Exchange Act was recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC.

B. Management's Annual Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) promulgated under the Exchange Act. Our internal controls were designed to provide reasonable assurance as to the reliability of our financial reporting and the preparation and presentation of our financial statements for external purposes in accordance with accounting principles generally accepted in the United States.

Our internal controls over financial reporting includes those policies and procedures that:

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

Our management conducted an evaluation of the effectiveness of our internal control over financial reporting based upon the 2013 framework in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. This evaluation included review of the documentation of controls, evaluation of the design effectiveness of controls, testing of the operating effectiveness of controls and a conclusion on this evaluation. Based on this evaluation, our management believes that our internal control over financial reporting was effective as of December 31, 2021.

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

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, since, as an "emerging growth company", we are exempt from having our independent auditor assess our internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act.

D. Changes in Internal Control Over Financial Reporting

There have been no changes in internal control over financial reporting that occurred during the period covered by this annual report that have materially affected or are reasonably likely to materially affect the Company's internal control over financial reporting.

ITEM 16. RESERVED

ITEM 16A. AUDIT COMMITTEE FINANCIAL EXPERT

The Board has determined that Mr. Georgios Daskalakis, who serves as Chairman of the Audit Committee, qualifies as an "audit committee financial expert" under SEC rules, and that Mr. Daskalakis is "independent" under applicable Nasdaq rules and SEC standards.

ITEM 16B. CODE OF ETHICS

We adopted a code of ethics that applies to any of our employees, including our Chief Executive Officer and Chief Financial Officer. The code of ethics may be downloaded from our website (www.castormaritime.com). Additionally, any person, upon request, may receive a hard copy or an electronic file of the code of ethics at no cost. If we make any substantive amendment to the code of ethics or grant any waivers, including any implicit waiver, from a provision of our code of ethics, we will disclose the nature of that amendment or waiver on our website. During the year ended December 31, 2021, no such amendment was made, or waiver granted.

ITEM 16C. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Audit Fees

Aggregate fees billed to the Company for the years ended December 31, 2020, and 2021 represent fees billed by our principal accounting firm, Deloitte Certified Public Accountants S.A., an independent registered public accounting firm and member of Deloitte Touche Tohmatsu, Limited. Audit fees represent compensation for professional services rendered for the audit of the consolidated financial statements of the Company and for the review of the quarterly financial information as well as in connection with the review of registration statements and related consents and comfort letters and any other audit services required for SEC or other regulatory filings. No other non-audit, tax or other fees were charged.

	For the year ended	
In U.S. dollars	**December 31, 2020**	**December 31, 2021**
Audit Fees	188,750	367,000

Audit-Related Fees

Not applicable.

Tax Fees

Not applicable.

All Other Fees

Not applicable.

Audit Committee's Pre-Approval Policies and Procedures

Our audit committee pre-approves all audit, audit-related and non-audit services not prohibited by law to be performed by our independent auditors and associated fees prior to the engagement of the independent auditor with respect to such services.

ITEM 16D. EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES

Not applicable.

ITEM 16E. PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PERSONS.

Not applicable.

ITEM 16F. CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT.

Not applicable.

ITEM 16G. CORPORATE GOVERNANCE

Pursuant to an exception under the Nasdaq listing standards available to foreign private issuers, we are not required to comply with all of the corporate governance practices followed by U.S. companies under the Nasdaq listing standards, which are available at www.nasdaq.com, because in certain cases we follow our home country (Marshall Islands) practice. Pursuant to Section 5600 of the Nasdaq Listed Company Manual, we are required to list the significant differences between our corporate governance practices that comply with and follow our home country practices and the Nasdaq standards applicable to listed U.S. companies. Set forth below is a list of those differences:

- *Independence of Directors*. The Nasdaq requires that a U.S. listed company maintain a majority of independent directors. While our Board is currently comprised of three directors a majority of whom are independent, we cannot assure you that in the future we will have a majority of independent directors.

- *Executive Sessions*. The Nasdaq requires that non-management directors meet regularly in executive sessions without management. The Nasdaq also requires that all independent directors meet in an executive session at least once a year. As permitted under Marshall Islands law and our bylaws, our non-management directors do not regularly hold executive sessions without management.

- *Nominating/Corporate Governance Committee*. The Nasdaq requires that a listed U.S. company have a nominating/corporate governance committee of independent directors and a committee charter specifying the purpose, duties and evaluation procedures of the committee. As permitted under Marshall Islands law and our bylaws, we do not currently have a nominating or corporate governance committee.

- *Compensation Committee*. The Nasdaq requires U.S. listed companies to have a compensation committee composed entirely of independent directors and a committee charter addressing the purpose, responsibility, rights and performance evaluation of the committee. As permitted under Marshall Islands law, we do not currently have a compensation committee. To the extent we establish such committee in the future, it may not consist of independent directors, entirely or at all.

- *Audit Committee*. The Nasdaq requires, among other things, that a listed U.S. company have an audit committee with a minimum of three members, all of whom are independent. As permitted by Nasdaq Rule 5615(a)(3), we follow home country practice regarding audit committee composition and therefore our audit committee consists of two independent members of our Board, Mr. Georgios Daskalakis and Mr. Dionysios Makris. Although the members of our audit committee are independent, we are not required to ensure their independence under Nasdaq Rule 5605(c)(2)(A) subject to compliance with Rules 10A-3(b)(1) and 10A-3(c) under the Securities Exchange Act of 1934.

- *Shareholder Approval Requirements*. The Nasdaq requires that a listed U.S. company obtain prior shareholder approval for certain issuances of authorized stock or the approval of, and material revisions to, equity compensation plans. As permitted under Marshall Islands law and our bylaws, we do not seek shareholder approval prior to issuances of authorized stock or the approval of and material revisions to equity compensation plans.

- *Corporate Governance Guidelines*. The Nasdaq requires U.S. companies to adopt and disclose corporate governance guidelines. The guidelines must address, among other things: director qualification standards, director responsibilities, director access to management and independent advisers, director compensation, director orientation and continuing education, management succession and an annual performance evaluation of the Board. We are not required to adopt such guidelines under Marshall Islands law and we have not adopted such guidelines.

ITEM 16H. MINE 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 financial information required by this Item is set forth on pages F-1 to F-35 filed as part of this annual report.

ITEM 19. EXHIBITS

1.1	Articles of Incorporation of the Company incorporated by reference to Exhibit 3.1 to the Company's registration statement on Form F-4 filed with the SEC on April 11, 2018.
1.2	Articles of Amendment to the Articles of Incorporation of the Company, as amended, filed with the Registry of the Marshall Islands on May 27, 2021 incorporated by reference to Exhibit 99.1 to Amendment No. 2 to Form 8-A filed with the SEC on May 28, 2021.
1.3	Bylaws of the Company incorporated by reference to Exhibit 3.2 to the Company's registration statement on Form F-4 filed with the SEC on April 11, 2018.
2.1	Form of Common Share Certificate incorporated by reference to Exhibit 99.2 of Amendment No. 2 to Form 8-A filed with the SEC on May 28, 2021.
2.2	Description of Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934.
2.3	Form of Class A warrant incorporated by reference to Exhibit 4.8 of Amendment No. 2 to the Company's registration statement on Form F-1 filed with the SEC on June 23, 2020.
2.4	Form of Pre-Funded warrant incorporated by reference to Exhibit 4.9 of Amendment No. 2 to the Company's registration statement on Form F-1 filed with the SEC on June 23, 2020.
4.1	Stockholder Rights Agreement dated as of November 20, 2017 by and between the Company and American Stock Transfer & Trust Company, LLC, as rights agent incorporated by reference to Exhibit 10.2 to the Company's registration statement on Form F-4 filed with the SEC on April 11, 2018.
4.2	Statement of Designation of the Rights, Preferences and Privileges of the 9.75% Series A Cumulative Redeemable Perpetual Preferred Shares of the Company, filed with the Registrar of Corporations of the Republic of the Marshall Islands on September 22, 2017, incorporated by reference to Exhibit 3.3 to the Company's registration statement on Form F-4 filed with the SEC on April 11, 2018.
4.3	Amended and Restated Statement of Designation of the Rights, Preferences and Privileges of the 9.75% Series A Cumulative Redeemable Perpetual Preferred Shares of the Company, filed with the Registrar of Corporations of the Republic of the Marshall Islands on October 10, 2019, incorporated by reference to Exhibit 99.2 of the Company's report on Form 6-K furnished with the SEC on October 11, 2019.
4.4	Statement of Designation of the Rights, Preferences and Privileges of the Rights, Preferences and Privileges of the Series B Preferred Shares of the Company, filed with the Registrar of Corporations of the Republic of the Marshall Islands on September 22, 2017, incorporated by reference to Exhibit 3.4 to the Company's registration statement on Form F-4 filed with the SEC on April 11, 2018.
4.5	Statement of Designation of the Rights, Preferences and Privileges of the Rights, Preferences and Privileges of the Series C Participating Preferred Shares of the Company, filed with the Registrar of Corporations of the Republic of the Marshall Islands on November 29, 2017, incorporated by reference to Exhibit 3.5 to the Company's registration statement on Form F-4 filed with the SEC on April 11, 2018.
4.6	Amended and Restated Statement of Designations of Rights, Preferences and Privileges of Series C Participating Preferred Stock of Castor Maritime Inc., filed with the Registrar of Corporations of the Republic of the Marshall Islands on March 30, 2022.
4.7	Securities Purchase Agreement by and between the Company and YAII PN, Ltd. dated January 27, 2020 incorporated by reference to Exhibit 10.1 of the Company's report on Form 6-K furnished with the Securities and Exchange Commission on January 31, 2020.

4.8	Registration Rights Agreement by and between the Company and YAII PN, Ltd. dated January 27, 2020 incorporated by reference to Exhibit 10.2 of the Company's report on Form 6-K furnished with the SEC on January 31, 2020.
4.9	Form of Convertible Debenture incorporated by reference to Exhibit 10.3 of the Company's report on Form 6-K furnished with the SEC on January 31, 2020.
4.10	Exchange Agreement dated September 22, 2017, between the Company, Spetses Shipping Co., and the shareholders of Spetses Shipping Co., incorporated by reference to Exhibit 10.1 of the Company's registration statement on Form F-4 filed with the SEC on April 11, 2018.
4.11	Waiver and Consent Agreement entered into by the Company and all holders of the issued and outstanding 9.75% Series A Cumulative Redeemable Perpetual Preferred Shares, dated October 10, 2019 incorporated by reference to Exhibit 99.3 of the Company's report on Form 6-K furnished with the SEC on October 11, 2019.
4.12	$5.0 Million Term Loan Facility, dated August 30, 2019, between Thalassa Investment Co. S.A., as lender, and the Company, as borrower, incorporated by reference to Exhibit 4.7 of the Company's transition report on Form 20-F filed with the SEC on December 16, 2019.
4.13	First Supplemental Agreement to the $5.0 Million Term Loan Facility, dated August 30, 2019, between Thalassa Investment Co. S.A., as lender, and the Company, as borrower, incorporated by reference to Exhibit 4.16 of the Company's annual report on Form 20-F filed with the SEC on March 3, 2021.
4.14	$11.0 Million Secured Term Loan Facility, dated November 22, 2019, by and among Alpha Bank S,A., as lender, and Pikachu Shipping Co. and Spetses Shipping Co., as borrowers, incorporated by reference to Exhibit 4.9 of the Company's transition report on Form 20-F filed with the SEC on December 16, 2019.
4.15	$4.5 Million Secured Loan Agreement, dated January 23, 2020, by and among Chailease International Financial Services Co., Ltd., as lender, Bistro Maritime Co., as borrower, and the Company and Pavimar S.A., as guarantors, incorporated by reference to Exhibit 10.1 of the Company's report on Form 6-K furnished with the SEC on February 4, 2020.
4.16	$15.29 Million Term Loan Facility, dated January 22, 2021, by and among Hamburg Commercial Bank AG and the banks and financial institutions listed in Schedule 1 thereto, as lenders, and Pocahontas Shipping Co. and Jumaru Shipping Co., as borrowers, incorporated by reference to Exhibit 4.15 of the Company's annual report on Form 20-F filed with the SEC on March 3, 2021.
4.17	$18.0 Million Term Loan Facility, dated April 27, 2021, between Alpha Bank S.A., as lender, and Gamora Shipping Co. and Rocket Shipping Co., as borrowers.
4.18	$40.75 Million Term Loan Facility, dated July 23, 2021, by and among Hamburg Commercial Bank AG and the banks and financial institutions listed in Schedule 1 thereto, and Liono Shipping Co., Snoopy Shipping Co., Cinderella Shipping Co., and Luffy Shipping Co., as borrowers.
4.19	$23.15 Million Term Loan Facility, dated November 22, 2021, by and among Chailease International Financial Services Co., Ltd., as lender, and Bagheera Shipping Co. and Garfield Shipping Co., as borrowers.
4.20	$55.0 Million Term Loan Facility, dated January 12, 2022, by and among Deutsche Bank AG, as lender, and Mulan Shipping Co., Johnny Bravo Shipping Co., Songoku Shipping Co., Asterix Shipping Co. and Stewie Shipping Co., as borrowers.
4.21	Master Management Agreement, dated September 1, 2020, by and among the Company, its shipowning subsidiaries and Castor Ships S.A., incorporated by reference to Exhibit 99.3 of the Company's report on Form 6-K furnished with the SEC on September 11, 2020.

4.22	Securities Purchase Agreement by and between the Company and the purchasers identified on the signature pages thereto, dated July 12, 2020, incorporated by reference to Exhibit 4.2 of the Company's report on Form 6-K furnished with the SEC on July 15, 2020.
4.23	Securities Purchase Agreement by and between the Company and the purchasers identified on the signature pages thereto, dated December 30, 2020, incorporated by reference to Exhibit 4.2 of the Company's report on Form 6-K furnished with the SEC on January 5, 2021.
4.24	Securities Purchase Agreement by and between the Company and the purchasers identified on the signature pages thereto, dated January 8, 2021, incorporated by reference to Exhibit 4.2 of the Company's report on Form 6-K furnished with the SEC on January 12, 2021.
4.25	Securities Purchase Agreement by and between the Company and the purchasers identified on the signature pages thereto, dated April 5, 2021, incorporated by reference to Exhibit 4.2 of the Company's report on Form 6-K furnished with the SEC on April 7, 2021.
4.26	Amended and Restated Equity Distribution Agreement, dated March 31, 2022, by and among the Company and Maxim Group LLC, incorporated by reference to Exhibit 1.3 of Amendment No. 1 to the Company's registration statement on Form F-3 filed with the SEC on March 31, 2022.
8.1	List of Subsidiaries.
12.1	Rule 13a-14(a)/15d-14(a) Certification of the Chief Executive Officer and Chief Financial Officer.
13.1	Certification of the Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
15.1	Consent of Independent Registered Public Accounting Firm.
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Schema Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Schema Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Schema Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Schema Presentation Linkbase Document
104	Cover Page Interactive Data File (Inline XBRL)

SIGNATURES

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

CASTOR MARITIME INC.

March 31, 2022

/s/ Petros Panagiotidis

Name: Petros Panagiotidis
Title: Chairman, Chief Executive Officer and
Chief Financial Officer

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of Castor Maritime Inc.,
Majuro, Republic of the Marshall Islands

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Castor Maritime Inc. and subsidiaries (the "Company") as of December 31, 2021 and 2020, the related consolidated statements of comprehensive income/loss, shareholders' equity, and cash flows, for each of the three years in the period ended December 31, 2021, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2021, in conformity with accounting principles generally accepted in the United States of America.

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 Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.
We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the 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.

/s/ Deloitte Certified Public Accountants S.A.
Athens, Greece
March 31, 2022
We have served as the Company's auditor since 2017.

CASTOR MARITIME INC.
CONSOLIDATED BALANCE SHEETS
December 31, 2020 and 2021
(Expressed in U.S. Dollars – except for share data)

ASSETS **CURRENT ASSETS:**	**Note**	**December 31, 2020**	**December 31, 2021**
Cash and cash equivalents		$ 8,926,903	$ 37,173,736
Restricted Cash	7	—	2,382,732
Accounts receivable trade, net		1,302,218	8,224,357
Due from related party	3	1,559,132	—
Inventories		714,818	4,436,879
Prepaid expenses and other assets		1,061,083	2,591,150
Deferred charges, net		—	191,234
Total current assets		**13,564,154**	**55,000,088**
NON-CURRENT ASSETS:			
Vessels, net (including $138,600, and $3,406,400 related party commissions for the years ended 2020 and 2021, respectively)	3, 6	58,045,628	393,965,929
Advances for vessel acquisition	6	—	2,368,165
Restricted cash	7	500,000	3,830,000
Due from related party	3	—	810,437
Prepaid expenses and other assets, non-current		200,000	2,075,999
Deferred charges, net	4	2,061,573	4,862,824
Total non-current assets		**60,807,201**	**407,913,354**
Total assets		**$ 74,371,355**	**$ 462,913,442**
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES:			
Current portion of long-term debt, net	7	2,102,037	16,091,723
Current portion of long-term debt, related party	3, 7	5,000,000	—
Accounts payable		2,078,695	5,042,575
Due to related parties, current	3	1,941	4,507,569
Deferred revenue, net		108,125	3,927,833
Accrued liabilities (including $405,000 and $0 accrued interest to related party, respectively)	3	1,613,109	4,459,696
Total current liabilities		**10,903,907**	**34,029,396**
Commitments and contingencies	10		
NON-CURRENT LIABILITIES:			
Long-term debt, net	7	11,083,829	85,949,676
Total non-current liabilities		**11,083,829**	**85,949,676**
SHAREHOLDERS' EQUITY:			
Common shares, $0.001 par value; 1,950,000,000 shares authorized; 13,121,238 shares issued and outstanding as of December 31, 2020 and 94,610,088 issued and outstanding as of December 31, 2021	8	13,121	94,610
Preferred shares, $0.001 par value: 50,000,000 shares authorized:	8		
Series A Preferred Shares- 9.75% cumulative redeemable perpetual preferred shares, 480,000 shares issued and outstanding as of December 31, 2020 and 0 issued and outstanding as of December 31, 2021	8	480	—
Series B Preferred Shares – 12,000 shares issued and outstanding as of December 31, 2020 and December 31, 2021, respectively	8	12	12
Additional paid-in capital		53,686,741	303,658,153
(Accumulated deficit)/ Retained earnings		(1,316,735)	39,181,595
Total shareholders' equity		**52,383,619**	**342,934,370**
Total liabilities and shareholders' equity		**$ 74,371,355**	**$ 462,913,442**

The accompanying notes are an integral part of these consolidated financial statements.

CASTOR MARITIME INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME/(LOSS)
For the year ended December 31, 2019, 2020 and 2021
(Expressed in U.S. Dollars – except for share data)

	Note	Year Ended December 31, 2019	Year Ended December 31, 2020	Year Ended December 31, 2021
REVENUES:				
Vessel revenues (net of commissions to charterers of $302,556, $629,015 and $4,417,505 for the years ended December 31, 2019, 2020 and 2021, respectively)	12	$ 5,967,772	$ 12,487,692	$ 132,049,710
Total revenues		**5,967,772**	**12,487,692**	**132,049,710**
EXPENSES:				
Voyage expenses (including $40,471, $29,769 and $1,671,145 to related parties for the years ended December 31, 2019, 2020 and 2021, respectively)	3,13	(261,179)	(584,705)	(12,950,783)
Vessel operating expenses	13	(2,802,991)	(7,447,439)	(39,203,471)
Management fees to related parties	3	(212,300)	(930,500)	(6,744,750)
Depreciation and amortization	4,6	(897,171)	(1,904,963)	(14,362,828)
Provision for doubtful accounts	2	—	(37,103)	(2,483)
General and administrative expenses	14			
- Company administration expenses (including $0, $400,000, and $1,200,000 to related party for the years ended December 31, 2019, 2020 and 2021)		(378,777)	(1,130,953)	(3,266,310)
- Public registration costs		(132,091)	—	—
Total expenses		**(4,684,509)**	**(12,035,663)**	**(76,530,625)**
Operating income		**1,283,263**	**452,029**	**55,519,085**
OTHER INCOME/ (EXPENSES):				
Interest and finance costs (including $162,500, $305,000 and $204,167 to related party for the years ended December 31, 2019, 2020 and 2021, respectively)	3,7,15	(222,163)	(2,189,577)	(2,854,998)
Interest income		31,589	34,976	75,123
Foreign exchange (losses)/ gains		(4,540)	(29,321)	28,616
Total other expenses, net		**(195,114)**	**(2,183,922)**	**(2,751,259)**
Net income/(loss) and comprehensive income/(loss), before taxes		**$ 1,088,149**	**$ (1,731,893)**	**$ 52,767,826**
US Source Income Taxes	16	—	(21,640)	(497,339)
Net income/(loss) and comprehensive income/(loss)		**$ 1,088,149**	**$ (1,753,533)**	**$ 52,270,487**
Cumulative dividends on Series A Preferred Shares	11	(372,022)	—	—
Gain on extinguishment of Series A Preferred Shares	8,11	112,637	—	—
Deemed dividend on Series A preferred shares	8,11	—	—	(11,772,157)
Net income/(loss) and comprehensive income/(loss) attributable to common shareholders		**828,764**	**(1,753,533)**	**40,498,330**
Earnings/(Loss) per common share, basic	11	**3.11**	**(0.26)**	**0.48**
Earnings/(Loss) per common share, diluted	11	**$ 3.11**	**$ (0.26)**	**$ 0.47**
Weighted average number of common shares, basic		266,238	6,773,519	83,923,435
Weighted average number of common shares, diluted		266,238	6,773,519	85,332,728

The accompanying notes are an integral part of these consolidated financial statements.

CASTOR MARITIME INC.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
For the year ended December 31, 2019, 2020 and 2021
(Expressed in U.S. Dollars – except for share data)

	Number of shares issued						
	Common shares	Preferred A shares	Preferred B shares	Par Value of Shares issued	Additional Paid-in capital	Retained earnings/ (Accumulated deficit)	Total Shareholders' Equity
Balance, December 31, 2018	**240,000**	**480,000**	**12,000**	**732**	**7,614,268**	**2,136,024**	**9,751,024**
- Issuance of common stock, net of commissions and issuance costs, pursuant to the First ATM Program (Note 8)	61,811	—	—	62	2,319,639	—	2,319,701
- Issuance of common stock related to Series A Preferred Stock dividends (Note 8)	30,000	—	—	30	967,770	(967,800)	—
- Series A Preferred Stock dividend waived accounted as deemed contribution (Note 8)	—	—	—	—	3,379,589	—	3,379,589
- Series A Preferred Stock dividend waived (Note 8)	—	—	—	—	(1,560,014)	(1,819,575)	(3,379,589)
- Gain on extinguishment of preferred stock pursuant to the Series A Preferred Stock Amendment Agreement, net of expenses (Note 8)	—	—	—	—	112,637	—	112,637
- Preferred shareholders' deemed dividend pursuant to the Series A Preferred Stock Amendment Agreement (Note 8)	—	—	—	—	(130,000)	—	(130,000)
- Shareholder's deemed contribution pursuant to the $7.5 Million Bridge Loan	—	—	—	—	62,500	—	62,500
- Net income	—	—	—	—	—	1,088,149	1,088,149
Balance, December 31, 2019	**331,811**	**480,000**	**12,000**	**824**	**12,766,389**	**436,798**	**13,204,011**
- Issuance of common stock pursuant to the $5.0 Million Convertible Debentures (Note 7)	804,208	—	—	804	5,056,969	—	5,057,773
- Issuance of common stock pursuant to the 2020 June Equity Offering, net of issuance costs (Note 8)	5,908,269	—	—	5,908	18,592,344	—	18,598,252
- Issuance of common stock pursuant to the 2020 July Equity Offering, net of issuance costs (Note 8)	5,775,000	—	—	5,775	15,682,079	—	15,687,854
- Issuance of common stock pursuant to the exercise of Class A Warrants (Note 8)	301,950	—	—	302	1,056,523	—	1,056,825
- Beneficial conversion feature pursuant to the issuance of the $5.0 Million Convertible Debentures (Note 7)	—	—	—	—	532,437	—	532,437
-Net loss	—	—	—	—	—	(1,753,533)	(1,753,533)
Balance, December 31, 2020	**13,121,238**	**480,000**	**12,000**	**13,613**	**53,686,741**	**(1,316,735)**	**52,383,619**
- Issuance of common stock pursuant to the registered direct offerings (Note 8)	42,405,770	—	—	42,406	156,824,134	—	156,866,540
- Issuance of common stock pursuant to warrant exercises (Note 8)	34,428,840	—	—	34,429	83,386,517	—	83,420,946
- Issuance of common stock pursuant to the Second ATM Program (Note 8)	4,654,240	—	—	4,654	12,388,124	—	12,392,778
- Redemption of Series A Preferred Shares (Note 8)		(480,000)		(480)	(2,627,363)	(11,772,157)	(14,400,000)
-Net income	—	—	—	—	—	52,270,487	52,270,487
Balance, December 31, 2021	**94,610,088**	**—**	**12,000**	**94,622**	**303,658,153**	**39,181,595**	**342,934,370**

The accompanying notes are an integral part of these consolidated financial statements.

CASTOR MARITIME INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the year ended December 31, 2019, 2020 and 2021 (Expressed in U.S. Dollars)

	Note	Year Ended December 31,		
		2019	2020	2021
Cash Flows provided by/(used in) Operating Activities:				
Net income/(loss)		$ 1,088,149	$ (1,753,533)	$ 52,270,487
Adjustments to reconcile net income/(loss) to net cash provided by/(used in) Operating activities:				
Depreciation and amortization	4,6	897,171	1,904,963	14,362,828
Amortization and write-off of deferred finance charges	15	6,628	599,087	414,629
Amortization of other deferred charges		31,066	112,508	—
Deferred revenue amortization		(119,006)	(430,994)	—
Amortization of fair value of acquired charter	5	—	—	(1,940,000)
Interest settled in common stock	7,15	—	57,773	—
Amortization and write-off of convertible notes beneficial conversion feature	7,15	—	532,437	—
Provision for doubtful accounts	2	—	37,103	2,483
Shareholders' deemed interest contribution		62,500	—	—
Changes in operating assets and liabilities:				
Accounts receivable trade, net		454,488	(1,122,836)	(6,924,622)
Inventories		(86,004)	(571,284)	(3,722,061)
Due from/to related parties		(582,952)	(797,805)	5,254,323
Prepaid expenses and other assets		(320,055)	(885,828)	(3,406,066)
Dry-dock costs paid		—	(1,308,419)	(3,730,467)
Other deferred charges		(198,364)	26,494	(191,234)
Accounts payable		129,201	584,527	3,070,287
Accrued liabilities		384,827	625,894	1,495,032
Deferred revenue		564,313	46,104	3,819,708
Net Cash provided by/(used in) Operating Activities		**2,311,962**	**(2,343,809)**	**60,775,327**
Cash flow used in Investing Activities:				
Vessel acquisitions (including time charter attached) and other vessel improvements	6	(17,227,436)	(35,472,173)	(346,273,252)
Advances for vessel acquisition	6	—	—	(2,367,455)
Net cash used in Investing Activities		**(17,227,436)**	**(35,472,173)**	**(348,640,707)**
Cash flows provided by Financing Activities:				
Gross proceeds from issuance of common stock and warrants	8	2,625,590	39,053,325	265,307,807
Common stock issuance expenses		(305,889)	(3,710,394)	(12,527,747)
Proceeds from long-term debt and convertible debentures	7	11,000,000	9,500,000	97,190,000
Redemption of Series A Preferred Shares	8	—	—	(14,400,000)
Repayment of long-term debt	7	—	(2,050,000)	(6,878,500)
Proceeds from related party debt		12,500,000	—	—
Repayment of related party debt	3	(7,500,000)	—	(5,000,000)
Payment of deferred financing costs		(232,568)	(608,985)	(1,866,615)
Net cash provided by Financing Activities		**18,087,133**	**42,183,946**	**321,824,945**
Net increase in cash, cash equivalents, and restricted cash		**3,171,659**	**4,367,964**	**33,959,565**
Cash, cash equivalents and restricted cash at the beginning of the period		**1,887,280**	**5,058,939**	**9,426,903**
Cash, cash equivalents and restricted cash at the end of the period		**$ 5,058,939**	**$ 9,426,903**	**$ 43,386,468**
RECONCILIATION OF CASH, CASH EQUIVALENTS AND RESTRICTED CASH				
Cash and cash equivalents		$ 4,558,939	$ 8,926,903	$ 37,173,736
Restricted cash, current		—	—	2,382,732
Restricted cash, non-current		500,000	500,000	3,830,000
Cash, cash equivalents, and restricted cash		**$ 5,058,939**	**$ 9,426,903**	**$ 43,386,468**
SUPPLEMENTAL CASH FLOW INFORMATION				
Cash paid for interest		—	654,555	2,271,525
Shares issued in connection with the settlement of the $5.0 Million Convertible Debentures		—	5,057,773	—
Shares issued in connection with the Series A Preferred Shares Settlement Agreement		967,800	—	—
Series A Preferred Stock dividend waived accounted as deemed contribution		3,379,589	—	—
Preferred shareholders' deemed contribution pursuant to the Series A Preferred Stock Amendment Agreement, net of expenses		112,637	—	—
Shareholder's deemed contribution pursuant to the $7.5 Million Bridge Loan		62,500	—	—
Unpaid capital raising costs (included in Accounts payable and Accrued Liabilities)		—	—	99,797
Unpaid vessel acquisition and other vessel improvement costs (included in Accounts payable and Accrued liabilities)		33,344	657,204	1,592,001
Unpaid advances for vessel acquisitions (included in Accounts payable and Accrued Liabilities)		—	—	710
Unpaid deferred dry-dock costs (included in Accounts payable and Accrued liabilities)		—	907,685	1,113,547
Unpaid deferred financing costs		17,000	—	3,980

The accompanying notes are an integral part of these consolidated financial statements.

CASTOR MARITIME INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in U.S. Dollars – except for share data unless otherwise stated)

1. Basis of Presentation and General information

Castor Maritime Inc. ("Castor") was incorporated in September 2017 under the laws of the Republic of the Marshall Islands. The accompanying consolidated financial statements include the accounts of Castor and its wholly-owned subsidiaries (collectively, the "Company").

The Company is engaged in the worldwide transportation of ocean-going cargoes through its vessel-owning subsidiaries. On December 21, 2018, Castor's common shares began trading on the Norwegian OTC under the symbol "CASTOR" and, on February 11, 2019, they began trading on the Nasdaq Capital Market, or Nasdaq, under the symbol "CTRM".

As of December 31, 2021, Castor was controlled by Thalassa Investment Co. S.A. ("Thalassa") by virtue of the 100% Series B preferred shares owned by it and, as a result, Thalassa could control the outcome of matters on which shareholders are entitled to vote. Thalassa is controlled by Petros Panagiotidis, the Company's Chairman, Chief Executive Officer and Chief Financial Officer.

Pavimar S.A., a corporation incorporated under the laws of the Republic of the Marshall Islands ("Pavimar"), a related party controlled by the sister of Petros Panagiotidis, Ismini Panagiotidis, provides technical, crew and operational management services to the Company.

Castor Ships S.A., a corporation incorporated under the laws of the Republic of the Marshall Islands ("Castor Ships"), a related party controlled by Petros Panagiotidis, manages overall the Company's business and provides commercial ship management, chartering and administrative services to the Company.

As of December 31, 2021, the Company owned a diversified fleet of 28 vessels, with a combined carrying capacity of 2.4 million dwt, consisting of one Capesize, seven Kamsarmax and 11 Panamax dry bulk vessels, as well as one Aframax, six Aframax/LR2 and two Handysize tankers. Details of the Company's vessel owning subsidiary companies as of December 31, 2021, are listed below.

Consolidated vessel owning subsidiaries:

	Company	Country of incorporation	Vessel Name	DWT	Year Built	Delivery date to Castor
1	Spetses Shipping Co. ("Spetses")	Marshall Islands	*M/V Magic P*	76,453	2004	February 2017
2	Bistro Maritime Co. ("Bistro")	Marshall Islands	*M/V Magic Sun*	75,311	2001	September 2019
3	Pikachu Shipping Co. ("Pikachu")	Marshall Islands	*M/V Magic Moon*	76,602	2005	October 2019
4	Bagheera Shipping Co. ("Bagheera")	Marshall Islands	*M/V Magic Rainbow*	73,593	2007	August 2020
5	Pocahontas Shipping Co. ("Pocahontas")	Marshall Islands	*M/V Magic Horizon*	76,619	2010	October 2020
6	Jumaru Shipping Co. ("Jumaru")	Marshall Islands	*M/V Magic Nova*	78,833	2010	October 2020
7	Super Mario Shipping Co. ("Super Mario")	Marshall Islands	*M/V Magic Venus*	83,416	2010	March 2021
8	Pumba Shipping Co. ("Pumba")	Marshall Islands	*M/V Magic Orion*	180,200	2006	March 2021
9	Kabamaru Shipping Co. ("Kabamaru")	Marshall Islands	*M/V Magic Argo*	82,338	2009	March 2021
10	Luffy Shipping Co. ("Luffy")	Marshall Islands	*M/V Magic Twilight*	80,283	2010	April 2021
11	Liono Shipping Co. ("Liono")	Marshall Islands	*M/V Magic Thunder*	83,375	2011	April 2021
12	Stewie Shipping Co. ("Stewie")	Marshall Islands	*M/V Magic Vela*	75,003	2011	May 2021
13	Snoopy Shipping Co. ("Snoopy")	Marshall Islands	*M/V Magic Nebula*	80,281	2010	May 2021
14	Mulan Shipping Co. ("Mulan")	Marshall Islands	*M/V Magic Starlight*	81,048	2015	May 2021
15	Cinderella Shipping Co. ("Cinderella")	Marshall Islands	*M/V Magic Eclipse*	74,940	2011	June 2021
16	Rocket Shipping Co. ("Rocket")	Marshall Islands	*M/T Wonder Polaris*	115,351	2005	March 2021
17	Gamora Shipping Co. ("Gamora")	Marshall Islands	*M/T Wonder Sirius*	115,341	2005	March 2021
18	Starlord Shipping Co. ("Starlord")	Marshall Islands	*M/T Wonder Vega*	106,062	2005	May 2021
19	Hawkeye Shipping Co. ("Hawkeye")	Marshall Islands	*M/T Wonder Avior*	106,162	2004	May 2021
20	Elektra Shipping Co. ("Elektra")	Marshall Islands	*M/T Wonder Arcturus*	106,149	2002	May 2021
21	Vision Shipping Co. ("Vision")	Marshall Islands	*M/T Wonder Mimosa*	36,718	2006	May 2021
22	Colossus Shipping Co. ("Colossus")	Marshall Islands	*M/T Wonder Musica*	106,290	2004	June 2021

1. Basis of Presentation and General information (continued):

23	Xavier Shipping Co. ("Xavier")	Marshall Islands	*M/T Wonder Formosa*	36,660	2006	June 2021
24	Songoku Shipping Co. ("Songoku")	Marshall Islands	*M/V Magic Pluto*	74,940	2013	August 2021
25	Asterix Shipping Co. ("Asterix")	Marshall Islands	*M/V Magic Perseus*	82,158	2013	August 2021
26	Johnny Bravo Shipping Co. ("Johnny Bravo")	Marshall Islands	*M/V Magic Mars*	76,822	2014	September 2021
27	Garfield Shipping Co. ("Garfield")	Marshall Islands	*M/V Magic Phoenix*	76,636	2008	October 2021
28	Drax Shipping Co. ("Drax")	Marshall Islands	*M/T Wonder Bellatrix*	115,341	2006	December 2021

Consolidated subsidiaries formed to acquire vessels:

1	Mickey Shipping Co. ("Mickey") incorporated under the laws of the Marshall Islands

Consolidated non-vessel owning subsidiaries:

1	Castor Maritime SCR Corp. [(1)]

[(1)] Incorporated under the laws of the Marshall Islands, this entity serves as the Company's vessel owning subsidiaries' cash manager with effect from November 1, 2021.

Credit concentration:

During the years ended December 31, 2019, 2020 and 2021, charterers that individually accounted for more than 10% of the Company's revenues (as percentages of total revenues), all derived from the Company's dry bulk segment, were as follows:

Charterer	Year Ended December 31, 2019	Year Ended December 31, 2020	Year Ended December 31, 2021
A	63%	34%	20%
B	—%	—%	12%
C	—%	—%	11%
D	13%	—%	—%
E	12%	24%	—%
F	12%	—%	—%
Total	**100%**	**58%**	**43%**

2. Significant Accounting Policies and Recent Accounting Pronouncements:

Principles of consolidation

The accompanying consolidated financial statements have been prepared in accordance with Generally Accepted Accounting Principles in the United States of America ("U.S. GAAP"). The consolidated financial statements include the accounts of Castor and its wholly-owned subsidiaries. All intercompany balances and transactions have been eliminated upon consolidation. Castor, as the holding company, determines whether it has a controlling financial interest in an entity by first evaluating whether the entity is a voting interest entity or a variable interest entity. Under Financial Accounting Standards Board ("FASB") Accounting Standard Codification ("ASC") 810 "Consolidation", a voting interest entity is an entity in which the total equity investment at risk is deemed sufficient to absorb the expected losses of the entity, the equity holders have all the characteristics of a controlling financial interest and the legal entity is structured with substantive voting rights. The holding company consolidates voting interest entities in which it owns all, or at least a majority (generally, greater than 50%) of the voting interest. Variable interest entities ("VIE") are entities, as defined under ASC 810, that in general either have equity investors with non-substantive voting rights or that have equity investors that do not provide sufficient financial resources for the entity to support its activities. The holding company has a controlling financial interest in a VIE and is, therefore, the primary beneficiary of a VIE if it has the power to direct the activities of a VIE that most significantly impact the VIE's economic performance and the obligation to absorb losses or the right to receive benefits that could potentially be significant to the VIE. A VIE should have only one primary beneficiary which is required to consolidate the VIE. A VIE may not have a primary beneficiary if no party meets the criteria described above. The Company evaluates all arrangements that may include a variable interest in an entity to determine if it is the primary beneficiary, and would therefore be required to include assets, liabilities and operations of a VIE in its consolidated financial statements.

2. Significant Accounting Policies and Recent Accounting Pronouncements (continued):

Use of estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include vessel valuations, the valuation of amounts due from charterers, residual value and the useful life of the vessels. Actual results may differ from these estimates.

Segment Reporting

The Company reports financial information and evaluates its operations by charter revenues and by type of vessel. As a result, management, including the chief operating decision maker, reviews operating results by revenue per day and by the segmented operating results of its fleet. In the fourth quarter of 2021, the Company determined that it operated under three reportable segments, as a provider of dry bulk commodities transportation services (dry bulk segment) and as a provider of transportation services for crude oil (Aframax/LR2 tanker segment) and oil products (Handysize tanker segment). The accounting policies applied to the reportable segments are the same as those used in the preparation of the Company's consolidated financial statements. 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 geographic information is impracticable.

Other comprehensive income

The Company follows the accounting guidance relating to comprehensive income, which requires separate presentation of certain transactions that are recorded directly as components of shareholders' equity. The Company has no other comprehensive income/ (loss) items and, accordingly, comprehensive income equals net income for the periods presented.

Foreign currency translation

The Company's reporting and functional currency is the U.S. Dollar ("USD"). Transactions incurred in other currencies are translated into USD using the exchange rates in effect at the time of the transactions. At the balance sheet date, monetary assets and liabilities that are denominated in other currencies are translated into USD to reflect the end-of-period exchange rates and any gains or losses are included in the consolidated statements of comprehensive income.

Cash and cash equivalents

The Company considers highly liquid investments such as time deposits and certificates of deposit with an original maturity of three months or less to be cash equivalents.

Restricted Cash

Restricted cash may comprise of (i) minimum liquidity collateral requirements or minimum required cash deposits that are required to be maintained under the Company's financing arrangements, (ii) cash deposits in so-called "retention accounts" which may only be used as per the Company's borrowing arrangements for the purpose of serving the loan installments coming due or, (iii) other cash deposits required to be retained until other specified conditions prescribed in the Company's debt agreements are met. In the event that the obligation to maintain such deposits is expected to elapse within the next operating cycle, these deposits are classified as current assets. Otherwise, they are classified as non-current assets.

2. Significant Accounting Policies and Recent Accounting Pronouncements (continued):

Accounts receivable trade, net

The amount shown as trade receivables, net, at each balance sheet date, includes receivables from charterers for hire, freight, pool revenue, and other potential sources of income (such as ballast bonus compensation and/or holds cleaning compensation, etc.) under the Company's charter contracts and/or pool arrangements, net of any provision for doubtful accounts. At each balance sheet date, all potentially uncollectible accounts are assessed individually for purposes of determining the appropriate provision for doubtful accounts. Provision for doubtful accounts recorded as of December 31, 2019, 2020 and 2021 amounted to $0, $37,103 and $2,483, respectively.

Inventories

Inventories consist of bunkers, lubricants and provisions on board each vessel. Inventories are stated at the lower of cost or net realizable value. Net realizable value is the estimated selling price less reasonably predictable costs of disposal and transportation. Cost is determined by the first in, first out method. Inventories consist of bunkers during periods when vessels are unemployed, undergoing dry-docking or special survey or under voyage charters, in which case, they are also stated at the lower of cost or net realizable value and cost is also determined by the first in, first out method.

Intangible Assets/Liabilities Related to Time Charters Acquired

When and where the Company identifies any assets or liabilities associated with the acquisition of a vessel, the Company records all such identified assets or liabilities at fair value. Fair value is determined by reference to market data obtained by independent broker's valuations. The valuations reflect the fair value of the vessel with and without the attached time charter and the cost of the acquisition is then allocated to the vessel and the intangible asset or liability on the basis of their relative fair values. The intangible asset or liability is amortized as an adjustment to revenues over the assumed remaining term of the acquired time charter and is classified as non-current asset or liability, as applicable, in the accompanying consolidated balance sheets.

Insurance Claims

The Company records insurance claim recoveries for insured losses incurred on damage to fixed assets, loss of hire and for insured crew medical expenses. Insurance claim recoveries are recorded, net of any deductible amounts, at the time when (i) the Company's vessels suffer insured damages or at the time when crew medical expenses are incurred, (ii) recovery is probable under the related insurance policies, (iii) the Company can estimate the amount of such recovery following submission of the insurance claim and (iv) provided that the claim is not subject to litigation.

Vessels, net

Vessels, net are stated at cost net of accumulated depreciation. The cost of a vessel consists of the contract price plus any direct expenses incurred upon acquisition, including improvements, delivery expenses and other expenditures to prepare the vessel for its intended use which is to provide worldwide integrated transportation services. Subsequent expenditures for conversions and major improvements are also capitalized when they appreciably extend the life, increase the earning capacity or improve the efficiency or safety of a vessel; otherwise these amounts are charged to expense as incurred.

Vessels' depreciation

Depreciation is computed using the straight line method over the estimated useful life of a vessel, after considering the estimated salvage value. Each vessel's salvage value is equal to the product of its lightweight tonnage and estimated scrap rate. Salvage values are periodically reviewed and revised, if needed, to recognize changes in conditions, new regulations or for other reasons. Revisions of salvage value affect the depreciable amount of the vessels and affect depreciation expense in the period of the revision and future periods. Management estimates the useful life of its vessels to be 25 years from the date of their initial delivery from the shipyard.

2. Significant Accounting Policies and Recent Accounting Pronouncements (continued):

Impairment of long- lived assets

The Company reviews its vessels for impairment whenever events or changes in circumstances indicate that the carrying amount of a vessel may not be recoverable. When the estimate of future undiscounted cash flows expected to be generated by the use of a vessel is less than its carrying amount, the Company evaluates the vessel for an impairment loss. Measurement of the impairment loss is based on the fair value of the vessel in comparison to its carrying value, including any related intangible assets and liabilities. In this respect, management regularly reviews the carrying amount of its vessels in connection with their estimated recoverable amount.

Dry-docking and special survey costs

Dry-docking and special survey costs are accounted under the deferral method whereby the actual costs incurred are deferred and are amortized on a straight-line basis over the period through the date the next survey is scheduled to become due. Costs deferred are limited to actual costs incurred at the yard and parts used in the dry-docking or special survey. Costs deferred include expenditures incurred relating to shipyard costs, hull preparation and painting, inspection of hull structure and mechanical components, steelworks, machinery works, and electrical works as well as lodging and subsistence of personnel sent to the yard site to supervise. If a dry-dock and/or a special survey is performed prior to its scheduled date, the remaining unamortized balance is immediately expensed. Unamortized balances of vessels that are sold are written-off and included in the calculation of the resulting gain or loss in the period of a vessel's sale. The amortization charge related to dry-docking costs and special survey costs is presented within Depreciation and amortization in the accompanying consolidated statements of comprehensive income.

Revenue and expenses recognition

The Company currently generates its revenues from time charter contracts, voyage charter contracts and pool arrangements. Under a time charter agreement, a contract is entered into for the use of a vessel for a specific period of time and a specified daily fixed or index-linked charter hire rate. An index-linked rate usually refers to freight rate indices issued by the Baltic Exchange, such as the Baltic Panamax Index. Under a voyage charter agreement, a contract is made for the use of a vessel for a specific voyage to transport a specified agreed upon cargo at a specified freight rate per ton or occasionally a lump sum amount. A less significant part of the Company's revenues is also generated from pool arrangements, determined in accordance with the profit-sharing mechanism specified within each pool agreement.

Revenues related to time charter contracts

The Company accounts for its time charter contracts as operating leases pursuant to ASC 842 "Leases". The Company has determined that the non-lease component in its time charter contracts relates to services for the operation of the vessel, which comprise of crew, technical and safety services, among others. The Company further elected to adopt a practical expedient that provides it with the discretion to recognize lease revenue as a combined single lease component for all time charter contracts (operating leases) since it determined that the related lease component and non-lease component have the same timing and pattern of transfer and the predominant component is the lease. The Company qualitatively assessed that more value is ascribed to the use of the asset (i.e., the vessel) rather than to the services provided under the time charter agreements.

Lease revenues are recognized on a straight-line basis over the non-cancellable rental periods of such charter agreements, as rental service is provided, beginning when a vessel is delivered to the charterer until it is redelivered back to the Company, and is recorded as part of vessel revenues in the Company's consolidated statements of comprehensive income/(loss). Revenues generated from variable lease payments are recognized in the period when changes in facts and circumstances on which the variable lease payments are based occur. Deferred revenue includes (i) cash received prior to the balance sheet date for which all criteria to recognize as lease revenue have not yet been met as at the balance sheet date and, accordingly, is related to revenue earned after such date and (ii) deferred contract revenue such as deferred ballast compensation earned as part of a lease contract. Lease revenue is shown net of commissions payable directly to charterers under the relevant time charter agreements. Charterers' commissions represent discount on services rendered by the Company and no identifiable benefit is received in exchange for the consideration provided to the charterer. Apart from the agreed hire rate, the owner may be entitled to additional income, such as ballast bonus, which is considered as reimbursement of owner's expenses and is recognized together with the lease component over the duration of the charter. The Company made an accounting policy election to recognize the related ballast costs, which mainly consist of bunkers, incurred over the period between the charter party date or the prior redelivery date (whichever is latest) and the delivery date to the charterer, as contract fulfillment costs in accordance with ASC 340-40 and amortize these over the period of the charter.

2. Significant Accounting Policies and Recent Accounting Pronouncements (continued):

Revenues related to voyage charter contracts

The Company accounts for its voyage charter contracts following the provisions of ASC 606, *Revenue from contracts with customers*. The Company has determined that its voyage charter agreements do not contain a lease because the charterer under such contracts does not have the right to control the use of the vessel since the Company retains control over the operations of the vessel, provided also that the terms of the voyage charter are predetermined, and any change requires the Company's consent and are therefore considered service contracts.

The Company assessed the provisions of ASC 606 and concluded that there is one single performance obligation when accounting for its voyage charters, which is to provide the charterer with an integrated cargo transportation service within a specified period of time. In addition, the Company has concluded that voyage charter contracts meet the criteria to recognize revenue over time as the charterer simultaneously receives and consumes the benefits of the Company's performance. As a result of the foregoing, voyage revenue derived from voyage charter contracts is recognized from the time when a vessel arrives at the load port until completion of cargo discharge. Demurrage income, which is considered a form of variable consideration, is included in voyage revenues, and represents payments by the charterer to the vessel owner when loading or discharging time exceeds the stipulated time in the voyage charter agreements.

Under a voyage charter agreement, the Company incurs and pays for certain voyage expenses, primarily consisting of bunkers consumption, brokerage commissions, port and canal costs.

Revenues related to pool contracts

As from the second quarter of 2021, the Company began operation for certain of its tanker vessels in pools. Pool revenue for each vessel is determined in accordance with the profit-sharing mechanism specified within each pool agreement. In particular, the Company'pool managers aggregate the revenues and expenses of all of the pool participants and distribute the net earnings to participants, as applicable:

• based on the pool points attributed to each vessel (which are determined by vessel attributes such as cargo carrying capacity, speed, fuel consumption, and construction and other characteristics); or

• by making adjustments to account for the cost performance, the bunkering fees and the trading capabilities of each vessel; and

• the number of days the vessel participated in the pool in the period (excluding off-hire days).

The Company records revenue generated from the pools in accordance with ASC 842, *Leases*, since it assesses that a vessel pool arrangement is a variable time charter with the variable lease payments recorded as income in profit or loss in the period in which the changes in facts and circumstances on which the variable lease payments are based occur.

2. Significant Accounting Policies and Recent Accounting Pronouncements (continued):

Voyage Expenses

Voyage expenses, consist of: (a) port, canal and bunker expenses unique to a particular charter that the Company incurs primarily when its vessels operate under voyage charter arrangements or during repositioning periods, and (b) brokerage commissions. All voyage expenses are expensed as incurred, except for contract fulfilment costs which are capitalized to the extent the Company, in its reasonable judgement, determines that they (i) are directly related to a contract, (ii) will be recoverable and (iii) enhance the Company's resources by putting the Company's vessel in a location to satisfy its performance obligation under a contract pursuant to the provisions of ASC 340-40 "Other assets and deferred costs". These capitalized contract costs are amortized on a straight-line basis as the related performance obligations are satisfied. Costs to fulfill the contract prior to arriving at the load port primarily consist of bunkers which are deferred and amortized during the voyage period. These capitalized contract fulfilment costs are recorded under "Deferred charges, net" in the accompanying consolidated balance sheets. At the inception of a time charter, the Company records the difference between the cost of bunker fuel delivered by the terminating charterer and the bunker fuel sold to the new charterer as a bunker gain or loss within voyage expenses.

Accounting for Financial Instruments

The principal financial assets of the Company consist of cash and cash equivalents, restricted cash, amounts due from related parties and trade receivables, net. The principal financial liabilities of the Company consist of trade and other payables, accrued liabilities, long-term debt and amounts due to related parties.

Convertible debt and associated beneficial conversion features (BCFs)

Convertible debt is accounted for in accordance with ASC 470-20, Debt with Conversion and Other Options. An instrument that is not a derivative itself must be evaluated for embedded features that should be bifurcated and separately accounted for as freestanding derivatives in accordance with ASC 815, Derivatives and Hedging, or separately accounted for under the cash conversion literature of ASC 470-20, Debt with Conversion and Other Options.

The BCF is recognized separately at issuance by allocating a portion of the proceeds equal to the intrinsic value of the BCF to additional paid-in capital, resulting in a discount on the convertible instrument. This discount is accreted from the date on which the BCF is first recognized through the stated maturity date of the convertible instrument using the effective interest method. Upon conversion of an instrument with a BCF, all unamortized discounts at the conversion date are recognized immediately as interest expense.

Fair value measurements

The Company follows the provisions of ASC 820, "Fair Value Measurements and Disclosures" which defines, and provides guidance as to the measurement of fair value. ASC 820 creates a hierarchy of measurement and indicates that, when possible, 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. The fair value hierarchy gives the highest priority (Level 1) to quoted prices in active markets and the lowest priority (Level 3) to unobservable data, for example, the reporting entity's own data. Under the standard, fair value measurements are separately disclosed by level within the fair value hierarchy.

Repairs and Maintenance

All repair and maintenance expenses including underwater inspection expenses are expensed in the period incurred. Such costs are included in Vessel operating expenses in the accompanying consolidated statements of comprehensive income/(loss).

Financing Costs

Costs associated with long-term debt, including but not limited to, fees paid to lenders, fees required to be paid to third parties on the lender's behalf in connection with debt financing or refinancing, or any unamortized portion thereof, are presented by the Company as a reduction of long-term debt. Such fees are deferred and amortized to interest and finance costs during the life of the related debt instrument using the effective interest method. Any unamortized balance of costs relating to loans repaid or refinanced is expensed in interest and finance costs in the period in which the repayment or refinancing occurs, in accordance with the debt extinguishment guidance. Any unamortized balance of costs relating to refinanced long-term debt is deferred and amortized over the term of the credit facility in the period that such refinancing occurs, subject to the provisions of the accounting guidance prescribed under 470-50, Debt—Modifications and Extinguishments.

2. Significant Accounting Policies and Recent Accounting Pronouncements (continued):

Offering costs

Expenses directly attributable to an equity offering are deferred and set off against the proceeds of the offering within paid-in capital, unless the offering is aborted, in which case they are written-off and charged to earnings.

Earnings/ (losses) per common share

Basic earnings/(losses) per common share are computed by dividing net income available to common stockholders after subtracting the dividends accumulated for the period on cumulative preferred stock (if any, whether or not earned) and the deemed dividend on redemption of cumulative preferred stock, which was recognized during the year ended December 31, 2021, by the weighted average number of common shares outstanding during the period. Diluted earnings per common share, reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised.

Commitments and contingencies

Commitments are recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle this obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are reviewed at each balance sheet 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 financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but are disclosed when an inflow of economic benefits is probable.

Recent Accounting Pronouncements:

Not Yet Adopted

The FASB has issued accounting standards that have not yet become effective and may impact the Company's consolidated financial statements or related disclosures in future periods. These standards and their potential impact are discussed below:

In March 2020, the FASB issued Accounting Standards Update ("ASU") No. 2020-04, "Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting ("ASU 2020-04")". ASU 2020-04 provides temporary optional expedients and exceptions to the guidance in U.S. GAAP on contract modifications and hedge accounting to ease the financial reporting burdens related to expected market transition from LIBOR and other interbank offered rates to alternative reference rates. This ASU is effective for adoption at any time between March 12, 2020, and December 31, 2022. The Company does not expect adoption and transition to alternative reference rates will have a material impact on its consolidated financial statements.

In August 2020, the FASB issued ASU No. 2020-06, "Accounting for Convertible Instruments and Contracts in an Entity's Own Equity" ("ASU 2020-06"). This standard removes the separation models for convertible debt with cash conversion or beneficial conversion features. It eliminates the "treasury stock" method for convertible instruments and requires application of the "if-converted" method for certain agreements. The Company adopted ASU 2020-06 on January 1, 2022, and this adoption had no impact on its consolidated financial statements as there was no outstanding convertible debt as of December 31, 2021.

3. Transactions with Related Parties:

During the years ended December 31, 2019, 2020, and 2021, the Company incurred the following charges in connection with related party transactions, which are included in the accompanying consolidated statements of comprehensive income/ (loss):

	Year ended December 31, 2019	Year ended December 31, 2020	Year ended December 31, 2021
Management fees-related parties			
Management fees – Pavimar (a)	$ 212,300	$ 768,000	$ 4,761,000
Management fees – Castor Ships (c)	—	162,500	1,983,750
Included in Voyage expenses			
Charter hire commissions – Castor Ships (c)(d)	$ 40,471	$ 29,769	$ 1,671,145
Included in Interest and finance costs			
Interest expenses (b) – Thalassa	$ 162,500	$ 305,000	$ 204,167
Included in General and administrative expenses			
Administration fees – Castor Ships (c)	$ —	$ 400,000	$ 1,200,000
Included in Vessels' cost			
Sale & purchase commission – Castor Ships (c)	$ —	$ 138,600	$ 3,406,400

As of December 31, 2020, and 2021, balances with related parties consisted of the following:

	December 31, 2020	December 31, 2021
Assets:		
Due from Pavimar (a) – current	$ 1,559,132	$ —
Due from Pavimar (a) – non-current	—	810,437
Liabilities:		
Due to Pavimar (a) – current	—	3,909,885
Related party debt (b) – Thalassa	$ 5,000,000	$ —
Accrued loan interest (b) – Thalassa	405,000	—
Voyage commissions, management fees and other expenses due to Castor Ships (c)	1,941	597,684

(a) Pavimar:

Each of the Company's ship-owning subsidiaries has entered into separate vessel management agreements with Pavimar, a company controlled by Ismini Panagiotidis, the sister of Petros Panagiotidis (see Note 1). Pursuant to the terms of the management agreements, Pavimar provides the Company with a wide range of shipping services, including crew management, technical management, operational management, insurance management, provisioning, bunkering, vessel accounting and audit support services, which it may choose to subcontract to other parties at its discretion, and provided commercial management until August 31, 2020, in exchange for a daily fee. During the year ended December 31, 2019, the daily fixed fee of the *Magic P* was set at $320, whereas, the daily fixed fee on the other two vessels comprising the Company's fleet, the *Magic Sun* and the *Magic Moon*, was each set from its acquisition date and up to December 31, 2019, at $500. Effective January 1, 2020, and during the eight-month period ended August 31, 2020, the Company's vessels then comprising its fleet were charged with a daily management fee of $500 per day per vessel. On September 1, 2020, the Company's then shipowning subsidiaries entered into revised ship management agreements with Pavimar which replaced the then existing ship management agreements in their entirety (the "Technical Management Agreements"). Pursuant to the terms of the Technical Management Agreements, effective September 1, 2020, Pavimar provides the Company's shipowning subsidiaries with the range of technical, crewing, insurance and operational services stipulated in the previous agreements in exchange for which Pavimar is paid a daily fee of $600 per vessel, which may be also subject to an annual review on their anniversary date. The Technical Management Agreements have a term of five years, and such term automatically renews for a successive five-year term on each anniversary of their effective date, unless the agreements are terminated earlier in accordance with the provisions contained therein. In the event that the Technical Management Agreements are terminated by the shipowning subsidiaries other than by reason of default by Pavimar, a termination fee equal to four times the total amount of the daily management fee calculated on an annual basis shall be payable from the shipowning subsidiaries to Pavimar.

3. Transactions with Related Parties (continued):

As of December 31, 2021, Pavimar had subcontracted the technical management of three of the Company's dry bulk vessels and nine of its tanker vessels and the operational management of three of its tanker vessels to third-party ship-management companies. These third-party management companies provide technical and operational management to the respective vessels for a fixed annual fee which is paid by Pavimar at its own expense. In connection with the subcontracting services rendered by the third-party ship-management companies, the Company had, as of December 31, 2021, paid Pavimar working capital guarantee deposits aggregating the amount of $1,568,689, of which $758,252 are included in Due to related party, current and $810,437 are presented in Due from related party, non-current in the accompanying consolidated balance sheets.

During the years ended December 31, 2019, 2020, and 2021, the Company incurred management fees under the Technical Management Agreements amounting to $212,300, $768,000, and $4,761,000, respectively, which are separately presented in Management fees to related parties in the accompanying consolidated statements of comprehensive income/(loss).

In addition, Pavimar and its subcontractor third-party managers make payments for operating expenses with funds paid from the Company to Pavimar. As of December 31, 2020, an amount of $1,559,132 was due from Pavimar in relation to these working capital advances granted to it, net of payments made by Pavimar on behalf of the Company vessels, whereas, as of December 31, 2021, an amount of $4,668,137 was owed to Pavimar in relation to payments made by Pavimar on behalf of the Company net of working capital advances granted to it.

(b) Thalassa:

$5.0 Million Term Loan Facility

On August 30, 2019, the Company entered into a $5.0 million unsecured term loan with Thalassa, the proceeds of which were used to partly finance the acquisition of the Magic Sun (Note 7). The Company drew down the entire loan amount on September 3, 2019. The facility bore a fixed interest rate of 6.00% per annum and initially had a bullet repayment on March 3, 2021, which, pursuant to a supplemental agreement dated March 2, 2021, was granted a six-month extension. At its extended maturity, on September 3, 2021, the Company repaid $5.0 million of principal and $609,167 of accrued interest due and owing from it to Thalassa and, as a result, the Company, with effect from that date, was discharged from all its liabilities and obligations under this facility.

During the years ended December 31, 2019, 2020, and 2021, the Company incurred interest costs in connection with the above facility amounting to $100,000, $305,000, and $204,167, respectively, which are included in Interest and finance costs in the accompanying consolidated statements of comprehensive income/(loss).

(c) Castor Ships:

On September 1, 2020, the Company and its shipowning subsidiaries entered into a master management agreement (the "Master Agreement") with Castor Ships. Pursuant to the terms of the Master Agreement each of the Company's shipowning subsidiaries also entered into separate commercial ship management agreements with Castor Ships (the "Commercial Shipmanagement Agreements" and together with the Master Agreement, the "Castor Ships Management Agreements"). Under the terms of the Castor Ships Management Agreements, Castor Ships manages overall the Company's business and provides commercial ship management, chartering and administrative services, including, but not limited to, securing employment for the Company's fleet, arranging and supervising the vessels' commercial functions, handling all the Company's vessel sale and purchase transactions, undertaking related shipping project and management advisory and support services, as well as other associated services requested from time to time by the Company and its shipowning subsidiaries. In exchange for these services, the Company and its subsidiaries pay Castor Ships (i) a flat quarterly management fee in the amount of $0.3 million for the management and administration of the Company's business, (ii) a daily fee of $250 per vessel for the provision of the services under the Commercial Shipmanagement Agreements, (iii) a commission rate of 1.25% on all charter agreements arranged by Castor Ships and (iv) a commission of 1% on each vessel sale and purchase transaction.

3. Transactions with Related Parties (continued):

The Castor Ships Management Agreements have a term of five years, and such term automatically renews for a successive five-year term on each anniversary of the effective date, unless the agreements are terminated earlier in accordance with the provisions contained therein. In the event that the Castor Ships Management Agreements are terminated by the Company or are terminated by Castor Ships due to a material breach of the Master Agreement by the Company or a change of control in the Company, Castor Ships shall be entitled to a termination fee equal to four times the total amount of the flat management fee and the per vessel management fees calculated on an annual basis. The Commercial Shipmanagement Agreements also provide that the management fees may be subject to an annual review on their anniversary.

During the years ended December 31, 2020 and 2021, the Company incurred (i) management fees amounting to $400,000 and $1,200,000, respectively, for the management and administration of the Company's business, which are included in General and administrative expenses in the accompanying consolidated statements of comprehensive income/(loss), (ii) management fees amounting to $162,500 and $1,983,750, respectively, for the provision of the services under the Commercial Shipmanagement Agreements which are included in Management fees to related parties in the accompanying consolidated statements of comprehensive income/(loss), (iii) charter hire commissions amounting to $29,769 and $1,671,145, respectively, which are included in Voyage expenses in the accompanying consolidated statements of comprehensive income/(loss) and (iv) sale and purchase commission amounting to $138,600 and $3,406,400, respectively, which are included in Vessels, net in the accompanying consolidated balance sheets.

(d) Alexandria Enterprises S.A:

During the year ended December 31, 2019, the Company used on a non-recurring basis the commercial services of Alexandria Enterprises S.A., ("Alexandria") an entity controlled by a family member of the Company's Chairman, Chief Executive Officer and Chief Financial Officer. In exchange for these services, Alexandria charged the Company a commission rate equal to 1.25% of the gross charter hire, freight and the ballast bonus earned under a charter agreement.

Commissions charged by Alexandria during the year ended December 31, 2019, amounted to $40,471 and are included in Voyage expenses in the accompanying consolidated statements of comprehensive income/(loss). The Company has stopped using the commercial services of Alexandria since January 1, 2020, and, accordingly, no relevant charges exist for the years ended December 31, 2020, and 2021. As of December 31, 2020, and 2021, no amounts were due to Alexandria.

(e) Vessel Acquisitions:

On October 14, 2019, the Company, through a separate wholly owned subsidiary, entered into an agreement to purchase a 2005 Japanese built Panamax dry bulk carrier, the Magic Moon, at a gross purchase price of $10.2 million from a third-party in which an immediate family member of Petros Panagiotidis had a minority interest. The Magic Moon was delivered to the Company on October 20, 2019. The Magic Moon acquisition was financed using a combination of cash on hand, the net proceeds raised under the Company's First ATM Program, discussed in Note 8 below, and the proceeds from a $7.5 million bridge loan provided to the Company by Thalassa on October 17, 2019.

4. Deferred charges, net:

The movement in deferred dry-docking costs, net in the accompanying consolidated balance sheets is as follows:

	Dry-docking costs
Balance December 31, 2018	**$ 341,070**
Amortization	(341,070)
Balance December 31, 2019	**$ —**
Additions	2,216,102
Amortization	(154,529)
Balance December 31, 2020	**$ 2,061,573**
Additions	3,936,331
Amortization	(1,135,080)
Balance December 31, 2021	**$ 4,862,824**

On November 27, 2020, the *Magic Moon* commenced its scheduled dry-dock which was completed on January 13, 2021. During the year ended December 31, 2021, three more vessels in the Company's fleet initiated and completed their scheduled dry-dock, the *Magic Rainbow* the *Wonder Mimosa* and the *Magic Vela*.

5. Fair value of acquired time charter:

In connection with the acquisition of the *Magic Pluto* in May 2021 with a time charter attached (the "*Magic Pluto* Attached Charter"), the Company initially recognized an intangible liability of $1,940,000, representing the fair value of the time charter acquired. The *Magic Pluto* Attached Charter commenced upon the vessel's delivery, on August 8, 2021, and was concluded within the fourth quarter of 2021. Accordingly, the respective intangible liability was fully amortized during that period.

For the year ended December 31, 2021, the amortization of the below market acquired time charter related to the *Magic Pluto* acquisition amounting to $1,940,000 is included in Vessel revenues in the accompanying consolidated statements of comprehensive income/(loss).

6. Vessels, net/ Advances for vessel acquisition:

(a) Vessels, net:

The amounts in the accompanying consolidated balance sheets are analyzed as follows:

	Vessel Cost	Accumulated depreciation	Net Book Value
Balance December 31, 2019	**24,810,061**	**(1,110,032)**	**23,700,029**
— Acquisitions, improvements, and other vessel costs	36,096,033	—	36,096,033
— Period depreciation	—	(1,750,434)	(1,750,434)
Balance December 31, 2020	**60,906,094**	**(2,860,466)**	**58,045,628**
— Acquisitions, improvements, and other vessel costs	299,460,599	—	299,460,599
— Transfers from Advances for vessel acquisitions (b)	49,687,450	—	49,687,450
— Period depreciation	—	(13,227,748)	(13,227,748)
Balance December 31, 2021	**410,054,143**	**(16,088,214)**	**393,965,929**

6. Vessels, net/ Advances for vessel acquisition (continued):

Vessel Acquisitions and other Capital Expenditures:

During the year ended December 31, 2021, the Company agreed to acquire 14 dry bulk carriers and nine tanker vessels for an aggregate cash consideration of $363.6 million (the "2021 Vessel Acquisitions"). Of the 2021 Vessel Acquisitions, 22 were concluded during the year ended December 31, 2021, whereas the last one, this of the Magic Callisto, was concluded on January 4, 2022 (Note 18). The 2021 Vessel Acquisitions were financed with cash on hand and the net proceeds from the debt and equity financings discussed under Notes 7 and 8 below. Details regarding the 2021 Vessel Acquisitions delivered as of December 31, 2020 and 2021, are presented below.

Vessel Name	Vessel Type	DWT	Year Built	Country of Construction	Purchase Price (in million)	Delivery Date
2020 Acquisitions						
Magic Rainbow	Panamax	73,593	2007	China	$7.85	08/08/2020
Magic Horizon	Panamax	76,619	2010	Japan	$12.75	10/09/2020
Magic Nova	Panamax	78,833	2010	Japan	$13.86	10/15/2020
2021 Acquisitions						
Magic Venus	Kamsarmax	83,416	2010	Japan	$15.85	03/02/2021
Wonder Polaris	Aframax LR2	115,351	2005	S. Korea	$13.60	03/11/2021
Magic Orion	Capesize	180,200	2006	Japan	$17.50	03/17/2021
Magic Argo	Kamsarmax	82,338	2009	Japan	$14.50	03/18/2021
Wonder Sirius	Aframax LR2	115,341	2005	S. Korea	$13.60	03/22/2021
Magic Twilight	Kamsarmax	80,283	2010	S. Korea	$14.80	04/09/2021
Magic Thunder	Kamsarmax	83,375	2011	Japan	$16.85	04/13/2021
Magic Vela	Panamax	75,003	2011	China	$14.50	05/12/2021
Magic Nebula	Kamsarmax	80,281	2010	S. Korea	$15.45	05/20/2021
Wonder Vega	Aframax	106,062	2005	S. Korea	$14.80	05/21/2021
Magic Starlight	Kamsarmax	81,048	2015	China	$23.50	05/23/2021
Wonder Avior	Aframax LR2	106,162	2004	S. Korea	$12.00	05/27/2021
Wonder Arcturus	Aframax LR2	106,149	2002	S. Korea	$10.00	05/31/2021
Wonder Mimosa	Handysize	36,718	2006	S. Korea	$7.25	05/31/2021
Magic Eclipse	Panamax	74,940	2011	Japan	$18.48	06/07/2021
Wonder Musica	Aframax LR2	106,290	2004	S. Korea	$12.00	06/15/2021
Wonder Formosa	Handysize	36,660	2006	S. Korea	$8.00	06/22/2021
Magic Pluto	Panamax	74,940	2013	Japan	$19.06	08/06/2021
Magic Perseus	Kamsarmax	82,158	2013	Japan	$21.00	08/09/2021
Magic Mars	Panamax	76,822	2014	S. Korea	$20.40	09/20/2021
Magic Phoenix	Panamax	76,636	2008	Japan	$18.75	10/26/2021
Wonder Bellatrix	Aframax LR2	115,341	2006	S. Korea	$18.15	12/23/2021

During the year ended December 31, 2021, the Company incurred aggregate vessel improvement costs of $1.8 million mainly relating to (i) the purchase and installation of a ballast water management system ("BWMS") on the Wonder Mimosa during the vessel's dry dock that was initiated late in the second quarter of 2021 and concluded early in the third quarter of 2021, and (ii) the consideration paid to acquire the BWMS equipment of the Magic Vela and additional BWMS installation costs incurred during the vessel's dry dock that was initiated in the third quarter and concluded in the fourth quarter of 2021.

During the year ended December 31, 2020, the Company incurred aggregate vessel improvement costs of $1.0 million relating to (i) the purchase and partial installation of a BWMS on the Magic P, and (ii) the purchase and installation of a BWMS on the Magic Sun.

As of December 31, 2021, 13 of the 28 vessels in the Company's fleet having an aggregate carrying value of $164.7 million were first priority mortgaged as collateral to their loan facilities (Note 7).

Consistent with prior practices, the Company reviewed all its vessels for impairment, and none were found to be impaired at December 31, 2020 and December 31, 2021.

6. Vessels, net/ Advances for vessel acquisition (continued):

(b) Advances for vessel acquisition

The amounts in the accompanying consolidated balance sheets are analyzed as follows:

	Vessel Cost
Balance December 31, 2020	**$ —**
— Advances for vessel acquisitions and other vessel pre-delivery costs	52,055,615
—Transfer to Vessels, net (a)	(49,687,450)
Balance December 31, 2021	**$ 2,368,165**

During the year ended December 31, 2021, the Company took delivery of the vessels discussed under (a) above and, hence, certain advances paid in the period for these vessels were transferred from Advances for vessel acquisitions to Vessels, net. The balance of Advances for vessel acquisition as of December 31, 2021, reflects the advance payment made for the acquisition of the Magic Callisto (Note 18).

7. Long-Term Debt:

The amount of long-term debt shown in the accompanying consolidated balance sheet of December 31, 2021, is analyzed as follows:

		Year Ended	
Loan facilities	**Borrowers**	**December 31, 2020**	**December 31, 2021**
$11.0 Million Term Loan Facility (a)	Spetses- Pikachu	$ 9,400,000	$ 7,800,000
$4.5 Million Term Loan Facility (b)	Bistro	4,050,000	3,450,000
$15.29 Million Term Loan Facility (c)	Pocahontas- Jumaru	—	13,877,000
$18.0 Million Term Loan Facility (d)	Rocket- Gamora	—	16,300,000
$40.75 Million Term Loan Facility (e)	Liono-Snoopy-Cinderella-Luffy	—	39,596,000
$23.15 Million Term Loan Facility (f)	Bagheera-Garfield	—	22,738,500
Total long-term debt		**$ 13,450,000**	**$ 103,761,500**
Less: Deferred financing costs		(264,134)	(1,720,101)
Total long-term debt, net of deferred finance costs		**$ 13,185,866**	**102,041,399**
Presented:			
Current portion of long-term debt		**$ 2,200,000**	**$ 16,688,000**
Less: Current portion of deferred finance costs		(97,963)	(596,277)
Current portion of long-term debt, net of deferred finance costs		**$ 2,102,037**	**$ 16,091,723**
Non-Current portion of long-term debt		**11,250,000**	**87,073,500**
Less: Non-Current portion of deferred finance costs		(166,171)	(1,123,824)
Non-Current portion of long-term debt, net of deferred finance costs		**$ 11,083,829**	**$ 85,949,676**
Debt instruments from related party			
$5.0 Million Term Loan Facility (Note 3(b))	Castor	5,000,000	—
Total long-term debt from related party, current		**$ 5,000,000**	**$ —**

7. Long-Term Debt (continued):

a. $11.0 Million Term Loan Facility:

On November 22, 2019, two of the Company's wholly owned dry bulk vessel ship-owning subsidiaries, Spetses and Pikachu owning the *Magic P* and the *Magic Moon*, respectively, entered into the Company's first senior secured term loan facility in the amount of $11.0 million with Alpha Bank S.A. The facility was drawn down in two tranches on December 2, 2019. This facility has a term of five years from the drawdown date, bears interest at a margin over LIBOR per annum and is repayable in twenty (20) equal quarterly instalments of $400,000 each, plus a balloon instalment of $3.0 million payable simultaneously with the last instalment at maturity, on December 2, 2024. The above facility is secured by, including but not limited to, a first preferred mortgage and first priority general assignment covering earnings, insurances and requisition compensation over the vessels owned by the borrowers, an earnings account pledge, shares security deed relating to the shares of the vessels' owning subsidiaries, manager's undertakings and is guaranteed by the Company. The respective facility also contains certain customary minimum liquidity restrictions and financial covenants that require the borrowers to (i) maintain a certain level of minimum free liquidity per collateralized vessel, and (ii) meet a specified minimum security requirement ratio, which is the ratio of the aggregate market value of the mortgaged vessels plus the value of any additional security and the value of the minimum free liquidity requirement referred to above to the aggregate principal amounts due under the facility. This facility's net proceeds were partly used by the Company to repay the $7.5 million bridge loan on December 6, 2019, whereas the remainder of the proceeds was used for general corporate purposes including financing vessel acquisitions.

b. $4.5 Million Term Loan Facility:

On January 23, 2020, pursuant to the terms of a credit agreement, the Company's wholly owned dry bulk vessel ship-owning subsidiary, Bistro, entered into a $4.5 million senior secured term loan facility with Chailease International Financial Services Co., Ltd. The facility was drawn down on January 31, 2020, is repayable in twenty (20) equal quarterly installments of $150,000 each, plus a balloon installment of $1.5 million payable simultaneously with the last instalment at maturity, and bears interest at a margin over LIBOR per annum. The above facility contains a standard security package including a first preferred mortgage on the vessel owned by the borrower (the *Magic Sun*), pledge of bank account, charter assignment, shares pledge and a general assignment over the vessel's earnings, insurances and any requisition compensation in relation to the vessel owned by the borrower and is guaranteed by the Company and Pavimar. Pursuant to the terms of this facility, the Company is also subject to certain minimum liquidity restrictions requiring the borrower to maintain a certain credit balance in an account of the lender as "cash collateral" as well as certain negative covenants customary for facilities of this type. The credit agreement governing this facility also requires maintenance of a minimum value to loan ratio being the aggregate principal amount of (i) fair market value of the collateral vessel and (ii) the value of any additional security (including the cash collateral referred to above), to the aggregate principal amount of the loan. This facility's net proceeds were used to fund the 2021 Vessel Acquisitions (see Note 6(a)) and for general corporate purposes.

c. $15.29 Million Term Loan Facility

On January 22, 2021, pursuant to the terms of a credit agreement, two of the Company's wholly owned dry bulk vessel ship-owning subsidiaries, Pocahontas and Jumaru, entered into a $15.29 million senior secured term loan facility with Hamburg Commercial Bank AG. The loan was drawn down in two tranches on January 27, 2021, is repayable in sixteen (16) equal quarterly installments of $471,000 each, plus a balloon installment in the amount of $7.8 million payable at maturity and bears interest at a margin over LIBOR per annum. The above facility contains a standard security package including first preferred mortgages on the vessels owned by the borrowers, (the *Magic Horizon* and the *Magic Nova*) pledge of bank accounts, charter assignments and a general assignment over the vessels' earnings, insurances and any requisition compensation in relation to the vessels owned by the borrowers, and is guaranteed by the Company. Pursuant to this facility, the Company is also subject to a certain minimum liquidity restriction requiring the borrowers to maintain a certain cash balance with the lender, to maintain and gradually fund certain dry-dock reserve accounts in order to ensure the payment of any costs incurred in relation to the next dry-docking of each mortgaged vessel, as well as to certain negative covenants customary, for facilities of this type. The credit agreement governing this facility also requires maintenance of a minimum security cover ratio being the aggregate amount of (i) the aggregate market value of the collateral vessels, (ii) the value of the minimum liquidity deposits referred to above, (iii) the value of the dry-dock reserve accounts referred to above and (iv) any additional security provided, over the aggregate principal amount of the loan outstanding.

This facility's net proceeds were used to fund the 2021 Vessel Acquisitions (Note 6(a)) and for general corporate purposes.

7. Long-Term Debt (continued):

d. $18.0 Million Term Loan Facility

On April 27, 2021, two of the Company's wholly owned tanker vessel ship-owning subsidiaries, Rocket and Gamora, entered into a $18.0 million senior secured term loan facility with Alpha Bank S.A. The facility was drawn down in two tranches on May 7, 2021. This facility has a term of four years from the drawdown date, bears interest at a margin over LIBOR per annum and is repayable in (a) sixteen (16) quarterly instalments (1 to 4 in the amount of $850,000 and 5 to 16 in the amount of $675,000) and (b) a balloon installment in the amount of $6.5 million, such balloon instalment payable at maturity together with the last repayment instalment. The above facility is secured by first preferred mortgage and first priority general assignment covering earnings, insurances and requisition compensation over the vessels owned by the borrowers, (the *Wonder Sirius* and the *Wonder Polaris*), an earnings account pledge, shares security deed relating to the shares of the vessels' owning subsidiaries, manager's undertakings and is guaranteed by the Company. The facility also contains certain customary minimum liquidity restrictions and financial covenants that require the borrowers to (i) maintain a certain level of minimum free liquidity per collateralized vessel and (ii) meet a specified minimum security requirement ratio, which is the ratio of the aggregate market value of the mortgaged vessels plus the value of any additional security and the value of the minimum liquidity deposits referred to above, to the aggregate principal amounts due under the facility. This facility's net proceeds were used to fund the 2021 Vessel Acquisitions (Note 6(a)) and for general corporate purposes.

e. $40.75 Million Term Loan Facility

On July 23, 2021, pursuant to the terms of a credit agreement, four of the Company's wholly owned dry bulk vessel ship-owning subsidiaries, Liono, Snoopy, Cinderella and Luffy, entered into a $40.75 million senior secured term loan facility with Hamburg Commercial Bank AG. The loan was drawn down in four tranches on July 27, 2021, is repayable in twenty (20) equal quarterly installments of $1,154,000 each, plus a balloon installment in the amount of $17.7 million payable at maturity simultaneously with the last instalment and bears interest at a margin over LIBOR per annum. The above facility contains a standard security package including first preferred mortgages on the vessels owned by the borrowers, pledge of bank accounts, charter assignments, and a general assignment over the vessels' earnings, insurances and any requisition compensation in relation to the vessels owned by the borrowers (the *Magic Thunder*, *Magic Nebula*, *Magic Eclipse* and the *Magic Twilight*), and is guaranteed by the Company. The Company is also subject to a certain minimum liquidity restriction requiring the borrowers to maintain a certain minimum cash balance with the lender (a specified portion of which shall be released to the borrowers following the repayment of the fourth installment with respect to all four tranches), to maintain and gradually fund certain dry-dock reserve accounts to ensure the payment of any costs incurred in relation to the next dry-docking of each mortgaged vessel, as well as to certain negative covenants customary for facilities of this type. The credit agreement governing this facility also requires maintenance of a minimum security cover ratio being the aggregate amount of (i) the aggregate market value of the collateral vessels, (ii) the value of the dry-dock reserve accounts referred to above and, (iii) any additional security provided, over the aggregate principal amount outstanding of the loan. This facility's net proceeds were used to fund the 2021 Vessel Acquisitions (Note 6(a)) and for general corporate purposes.

f. $23.15 Million Term Loan Facility

On November 22, 2021, pursuant to the terms of a credit agreement, two of the Company's wholly owned dry bulk vessel ship-owning subsidiaries, Bagheera and Garfield, entered into a $23.15 million senior secured term loan facility with Chailease International Financial Services (Singapore) Pte. Ltd. The loan was drawn down in two tranches on November 24, 2021, the first in a principal amount of $10.15 million and the second in a principal amount of $13.0 million. Both tranches mature five years after the drawdown date and are repayable in sixty (60) monthly installments (1 to 18 in the amount of $411,500 and 19 to 59 in the amount of $183,700) and (b) a balloon installment in the amount of $8.2 million payable at maturity simultaneously with the last instalment and bear interest at a margin over LIBOR per annum. The above facility contains a standard security package including first preferred mortgages on the vessels owned by the borrowers, pledge of bank accounts, shares security deed relating to the shares of the vessels' owning subsidiaries, charter assignments, shares pledge, and a general assignment over the vessels' earnings, insurances and any requisition compensation in relation to the vessels owned by the borrowers (the *Magic Rainbow* and the *Magic Phoenix*) and is guaranteed by the Company. Pursuant to this facility, the Company is also subject to certain negative covenants customary for facilities of this type and a certain minimum liquidity restriction requiring the borrowers to maintain a certain minimum cash balance with the lender. This facility's net proceeds were used to fund the 2021 Vessel Acquisitions (Note 6(a)) and for general corporate purposes.

7. Long-Term Debt (continued):

g. $5.0 Million Convertible Debentures:

On January 27, 2020, the Company entered into a securities purchase agreement with an institutional investor, YAII PN, LTD, pursuant to which, on January 27, 2020, February 10, 2020 and February 19, 2020, the Company issued and sold to that investor three unsecured convertible debentures in original principal amounts of $2.0 million, $1.5 million and $1.5 million each, respectively. The convertible debentures originally matured 12 months from their issuance dates, bore fixed interest at 6% per annum, and were convertible at the investor's option, at any time after issuance, into common shares of the Company at the lower of (i) a price of $2.25 per common share or (ii) 90% of the lowest daily volume weighted average price of the common stock during the 10 trading days prior to the conversion date. As of June 8, 2020, the investor had converted the full aggregate principal amount and interest owed with respect to the convertible debentures aggregating to an amount of $5,057,773 and the Company issued 804,208 common shares in settlement thereof.

The Company accounted for the issuance of the convertible debentures in accordance with the BCF guidance in ASC 470-20 and accordingly recognized the BCFs, amounting to $532,437, separately at issuance by allocating a portion of the proceeds equal to the intrinsic value of these features to additional paid-in capital. The intrinsic value of each BCF was calculated at the commitment date as the difference between the conversion price and the fair value of the common stock, multiplied by the number of shares into which the security was convertible. Following the conversion by the investor of the amounts owed under the above convertible debentures, the Company, as of December 31, 2020, recognized all unamortized discounts at the conversion dates as interest expense which are included in Interest and Finance Costs in the accompanying consolidated statements of comprehensive income/(loss).

As of December 31, 2020, and 2021, the Company was in compliance with all financial covenants prescribed in its debt agreements.

Restricted cash as of December 31, 2021, current and non-current, includes (i) $4.6 million of minimum liquidity deposits required pursuant to the $11.0 million term loan facility, the $18.0 million term loan facility, the $15.29 million term loan facility and the $40.75 million term loan facility discussed above, (ii) $0.2 million in the dry-dock reserve accounts required under the $15.29 million term loan facility and the $40.75 million term loan facility discussed above, and (iii) $1.4 million of retention deposits.

Restricted cash as of December 31, 2020, includes $0.5 million of non-legally restricted cash as per the $11.0 million term loan facility's minimum liquidity requirements (as discussed above), or $0.25 million per collateralized vessel.

The annual principal payments for the Company's outstanding debt arrangements as of December 31, 2021, required to be made after the balance sheet date, are as follows:

Year ending December 31,	**Amount**
2022	$ 16,688,000
2023	14,743,400
2024	16,604,400
2025	24,545,400
2026	31,180,300
Total long-term debt	**$ 103,761,500**

7. Long-Term Debt (continued):

The weighted average interest rate on the Company's long-term debt for the years ended December 31, 2020, and 2021 was 5.0% and 3.6% respectively.

Total interest incurred on long-term debt for the years ended December 31, 2020, and 2021, amounted to $1,030,925 and $2,232,843 respectively, and is included in Interest and finance costs (Note 15) in the accompanying consolidated statements of comprehensive income/(loss).

8. Equity Capital Structure:

Under the Company's articles of incorporation, the Company's authorized capital stock consists of 2,000,000,000 shares, par value $0.001 per share, of which 1,950,000,000 shares are designated as common shares and 50,000,000 shares are designated as preferred shares.

(a) Common Shares:

Each outstanding common share entitles the holder to one vote on all matters submitted to a vote of shareholders. Subject to preferences that may be applicable to any outstanding preferred shares, common shareholders are entitled to receive ratably all dividends, if any, declared by the Company's board of directors out of funds legally available for dividends. Upon the Company's dissolution or liquidation or the sale of all or substantially all of its assets, the common shareholders are entitled to receive pro rata the remaining assets available for distribution. Common shareholders do not have conversion, redemption or preemptive rights to subscribe to any of the Company's securities. The rights, preferences and privileges of common shareholders are subject to the rights of the holders of any preferred shares, which the Company has or may issue in the future.

June 2019 at-the-market common stock offering program (the "First ATM Program")

On June 28, 2019, the Company, entered into an equity distribution agreement,with Maxim Group LLC ("Maxim") acting as sales agent over a minimum period of 12 months, under which the Company could, from time to time, offer and sell shares of its common stock through an at-the-market offering program. No warrants, derivatives, or other share classes were associated with this transaction. During the period from July 15, 2019, up to September 9, 2019, the Company raised gross and net proceeds (after deducting sales commissions and other fees and expenses) under the First ATM Program of $2.6 million and $2.3 million, respectively, by issuing and selling 61,811 common shares. No further sales under the First ATM Program occurred since then. On June 21, 2021, the Company terminated the First ATM Program, and, as a result, it has not incurred any further sales under it.

June 2020 underwritten common stock follow-on offering (the "2020 June Equity Offering")

On June 23, 2020, the Company entered into an agreement with Maxim acting as underwriter, pursuant to which it offered and sold 5,911,000 units, each unit consisting of (i) one common share or a pre-funded warrant to purchase one common share at an exercise price equal to $0.10 per common share (a "Pre-Funded Warrant"), and (ii) one Class A Warrant to purchase one common share (a "Class A Warrant"), for $3.50 per unit (or $3.40 per unit including a Pre-Funded Warrant). This offering closed on June 26, 2020 and resulted in the issuance of 5,908,269 common shares (the " 2020 June Equity Offering Shares") and 5,911,000 Class A Warrants, which also included 771,000 over-allotment units pursuant to an over-allotment option that was exercised by Maxim on June 24, 2020. The Company raised gross and net cash proceeds from this transaction of $20.7 million and $18.6 million, respectively.

The Class A Warrants issued in the above offering have a term of five years and are exercisable immediately and throughout their term for $3.50 per common share (American style option). The exercise price of the Class A Warrants is subject to appropriate adjustment in the event of certain stock dividends and distributions, stock splits, stock combinations, reclassifications or similar events affecting the Company's common shares and also upon any distributions of assets, including cash, stock or other property to existing shareholders.

8. Equity Capital Structure (continued):

During the years ended December 31, 2020, and 2021, there were exercises of 301,950 and 5,546,706 Class A Warrants pursuant to which the Company received proceeds of $1.1 million and $19.4 million, respectively, and, as a result, as of December 31, 2021, 62,344 Class A Warrants remained unexercised and potentially issuable into common stock of the Company.

On initial recognition the fair value of the Class A Warrants was $22.4 million and was determined using the Black-Scholes methodology. The fair value was considered by the Company to be classified as Level 3 in the fair value hierarchy since it was derived by unobservable inputs. The major unobservable input in connection with the valuation of the Class A Warrants was the volatility used in the valuation model, which was approximated by using historical observations of the Company's share price. The annualized historical volatility that has been applied in the Class A Warrants valuation was 153.5%. A 5% increase in the volatility applied would have led to an increase of 1.4% in the fair value of the Class A Warrants.

2020 registered direct equity offering (the "2020 July Equity Offering")

On July 12, 2020, the Company entered into agreements with certain unaffiliated institutional investors pursuant to which it offered and sold 5,775,000 common shares in a registered offering. In a concurrent private placement, the Company also issued warrants to purchase up to 5,775,000 common shares (the "Private Placement Warrants"). In connection with this offering, which closed on July 15, 2020, the Company received gross and net cash proceeds of approximately $17.3 million and $15.7 million, respectively.

The 2020 Private Placement Warrants issued in the offering discussed above have a term of five years and are exercisable immediately and throughout their term for $3.50 per common share (American style option). The exercise price of the Private Placement Warrant is subject to appropriate adjustment in the event of certain stock dividends and distributions, stock splits, stock combinations, reclassifications or similar events affecting the Company's common shares and also upon any distributions of assets, including cash, stock or other property to existing shareholders.

Between their issuance date, being July 15, 2020 and December 31, 2020, there were no exercises of Private Placement Warrants. During the year ended December 31, 2021, there were exercises of 5,707,136 Private Placement Warrants pursuant to which the Company received total gross proceeds of $20.0 million. As of December 31, 2021, 67,864 Private Placement Warrants remained unexercised and potentially issuable into common stock of the Company.

On initial recognition the fair value of the Private Placement Warrants was $13.2 million and was determined using the Black-Scholes methodology. The fair value was considered by the Company to be classified as Level 3 in the fair value hierarchy since it was derived by unobservable inputs. The major unobservable input in connection with the valuation of the Private Placement Warrants was the volatility used in the valuation model, which was approximated by using historical observations of the Company's share price. The annualized historical volatility that has been applied in the Private Placement Warrants valuation was 153.2%. A 5% increase in the volatility applied would have led to an increase of 1.9% in the fair value of the Private Placement Warrants.

2021 First Registered Direct Equity Offering

On December 30, 2020, the Company entered into agreements with certain unaffiliated institutional investors pursuant to which it offered and sold 9,475,000 common shares and warrants to purchase up to 9,475,000 common shares (the "January 5 Warrants") in a registered direct offering. In connection with this direct equity offering, which closed on January 5, 2021, the Company received gross and net cash proceeds of approximately $18.0 million and $16.5 million, respectively.

The January 5 Warrants issued in the above equity offering had a term of five years and were exercisable immediately and throughout their term for $1.90 per common share (American style option). The exercise price of the January 5 Warrants was subject to appropriate adjustment in the event of certain stock dividends and distributions, stock splits, stock combinations, reclassifications or similar events affecting the Company's common shares and upon any distributions of assets, including cash, stock or other property to existing shareholders.

8. Equity Capital Structure (continued):

As of February 10, 2021, all the January 5 Warrants had been exercised, and, pursuant to their exercise and the issuance by the Company of 9,475,000 common shares, the Company received gross and net proceeds of $18.0 million.

On initial recognition the fair value of the January 5 Warrants was $22.2 million and was determined using the Black-Scholes methodology. The fair value was considered by the Company to be classified as Level 3 in the fair value hierarchy since it was derived by unobservable inputs. The major unobservable input in connection with the valuation of the January 5 Warrants was the volatility used in the valuation model, which was approximated by using historical observations of the Company's share price. The annualized historical volatility that has been applied in the January 5 Warrants valuation was 137.5%. A 5% increase in the volatility applied would have led to an increase of 1.7% in the fair value of the January 5 Warrants.

2021 Second Registered Direct Equity Offering

On January 8, 2021, the Company entered into agreements with certain unaffiliated institutional investors pursuant to which it offered and sold 13,700,000 common shares and warrants to purchase up to 13,700,000 common shares (the "January 12 Warrants") in a registered direct offering. In connection with this direct equity offering, which closed on January 12, 2021, the Company received gross and net cash proceeds of $26.0 million and $24.1 million, respectively.

The January 12 Warrants issued in the above offering had a term of five years and were exercisable immediately and throughout their term for $1.90 per common share (American style option). The exercise price of the January 12 Warrants was subject to appropriate adjustment in the event of certain stock dividends and distributions, stock splits, stock combinations, reclassifications or similar events affecting the Company's common shares and also upon any distributions of assets, including cash, stock or other property to existing shareholders.

As of February 10, 2021, all the January 12 Warrants had been exercised, and, pursuant to their exercise and the issuance by the Company of 13,700,000 common shares, the Company received gross and net proceeds of $26.0 million.

On initial recognition the fair value of the January 12 Warrants was $37.3 million and was determined using the Black-Scholes methodology. The fair value was considered by the Company to be classified as Level 3 in the fair value hierarchy since it was derived by unobservable inputs. The major unobservable input in connection with the valuation of the January 12 Warrants was the volatility used in the valuation model, which was approximated by using historical observations of the Company's share price. The annualized historical volatility that has been applied in the January 12 Warrants valuation was 152.1%. A 5% increase in the volatility applied would have led to an increase of 1.3% in the fair value of the January 12 Warrants.

2021 Third Registered Direct Equity Offering

On April 5, 2021, the Company entered into agreements with certain unaffiliated institutional investors pursuant to which it offered and sold 19,230,770 common shares and warrants to purchase up to 19,230,770 common shares (the "April 7 Warrants") in a registered direct offering. In connection with this direct equity offering, which closed on April 7, 2021, the Company received gross and net cash proceeds of approximately $125.0 million and $116.3 million, respectively.

The April 7 Warrants issued in the above offering have a term of five years and are exercisable immediately and throughout their term for $6.50 per common share (American style option). The exercise price of the April 7 Warrants is subject to appropriate adjustment in the event of certain stock dividends and distributions, stock splits, stock combinations, reclassifications or similar events affecting the Company's common shares and also upon any distributions of assets, including cash, stock or other property to existing shareholders.

8. Equity Capital Structure (continued):

Between their issuance date and December 31, 2021, there were no exercises of the April 7 Warrants and, as a result, as of December 31, 2021, 19,230,770 April 7 Warrants remained unexercised and potentially issuable into common stock of the Company.

On initial recognition the fair value of the April 7 Warrants was $106.6 million and was determined using the Black-Scholes methodology. The fair value was considered by the Company to be classified as Level 3 in the fair value hierarchy since it was derived by unobservable inputs. The major unobservable input in connection with the valuation of the April 7 Warrants was the volatility used in the valuation model, which was approximated by using historical observations of the Company's share price. The annualized historical volatility that has been applied in the April 7 Warrants valuation was 201.7%. A 5% increase in the volatility applied would have led to an increase of 0.7% in the fair value of the April 7 Warrants.

The Company accounted for the Class A Warrants, the Private Placement Warrants and the January 5, January 12 and April 7 Warrants as equity in accordance with the accounting guidance under ASC 815-40. The accounting guidance provides a scope exception from classifying and measuring as a financial liability a contract that would otherwise meet the definition of a derivative if the contract is both (i) indexed to the entity's own stock and (ii) meets the equity classifications conditions. The Company concluded these warrants were equity-classified since they contained no provisions which would require the Company to account for the warrants as a derivative liability, and therefore were initially measured at fair value in permanent equity with subsequent changes in fair value not measured.

June 2021 at-the-market common stock offering program (the "Second ATM Program")

On June 14, 2021, the Company, entered into a new at-the-market offering program with Maxim acting as a sales agent over a minimum period of 12 months under which the Company may, from time to time, offer and sell its common stock through an at-the-market offering having an aggregate offering price of up to $300.0 million. No warrants, derivatives, or other share classes were associated with this transaction. As of December 31, 2021, the Company had raised gross and net proceeds (after deducting sales commissions and other fees and expenses) under the Second ATM Program of $12.9 million and $12.4 million, respectively, by issuing and selling 4,654,240 common shares.

Reverse Stock Split

On May 28, 2021, the Company effected a one-for-ten reverse stock split of its common stock without any change in the number of authorized common shares. All share and per share amounts, as well as warrant shares eligible for purchase under the Company's effective warrant schemes in the accompanying consolidated financial statements have been retroactively adjusted to reflect the reverse stock split. As a result of the reverse stock split, the number of outstanding shares as of May 28, 2021, was decreased to 89,955,848 while the par value of the Company's common shares remained unchanged at $0.001 per share.

(b) Preferred Shares:

On September 22, 2017, Castor entered into a share exchange agreement (the "Exchange Agreement") with the shareholders of Spetses to acquire all of the outstanding common shares of Spetses in exchange for Castor issuing (i) 240,000 common shares proportionally to the then shareholders of Spetses, (ii) 12,000 Series B preferred shares to Thalassa, and (iii) 480,000 9.75% Series A cumulative redeemable perpetual preferred shares to the then shareholders of Spetses excluding Thalassa, all at par value of $0.001 (the "Series A Preferred Shares"). As the Exchange Agreement also involved the issuance of preferred shares, which were a new and additional class of shares, these have been recorded at fair value. The Company determined the fair value of the 9.75% Series A cumulative redeemable perpetual preferred shares to be $2.74 million as of September 22, 2017, the date of their issuance, and reflected the amount within Additional paid-in capital. The Series B preferred shares were deemed to have a fair value of zero as they have no rights to dividends, do not have redemption/call rights and do not have any redemption features or a liquidation preference.

8. Equity Capital Structure (continued):

Series A Preferred Shares amendment and accumulated dividends settlement:

On October 10, 2019, the Company reached an agreement with the holders of its Series A Preferred Shares to settle in full all accumulated dividend obligations on the Series A Preferred Shares (the "Series A Preferred Shares Settlement Agreement") and to simultaneously adopt an Amended and Restated Statements of Designations of its Series A Preferred Shares (the "Series A Preferred Stock Amendment Agreement"). Pursuant to the Series A Dividends Settlement Agreement, the Series A Preferred holders agreed to forgive the Company's obligations related to all due and overdue accumulated dividends on the Series A Preferred shares during the period from their original issue date up to and including June 30, 2019, amounting to $4.3 million, and to receive, in settlement thereof, 30,000 newly issued common shares, the fair value of which as of the settlement date amounted to $967,800 and was determined through Level 1 input data of the fair value hierarchy, i.e. the common share closing market price at the date of issuance (the "Settlement Shares"). The dividends waived amounted to $3,379,589 and an amount of $1,819,575 was charged against retained earnings and an amount of $1,560,014 in the absence of retained earnings, charged against paid-in-capital. The Settlement Shares were issued to the Series A Preferred holders on October 17, 2019.

In addition, in accordance with the terms of the Series A Amended SOD, the Company and the Series A Preferred holders mutually agreed to:

i) waive all dividend payment obligations on the Series A Preferred Shares during the period from July 1, 2019 until December 31, 2021;
ii) reduce the previous progressively increasing dividend payment default rate that was 1.30 times the rate payable on the Series A Preferred Shares on the date preceding such payment to a fixed dividend payment default rate that is 1.30 times the base dividend payment rate;
iii) increase the redemption price of the Series A Preferred Shares to $30 from $25 per share in case that the Company exercises its current option to redeem the Series A Preferred Shares, in whole or in part, with cash; and
iv) increase the liquidation preference from $25 to $30 per Series A Preferred Share.

The Company accounted for the amendment to the rights, preferences and privileges of the Series A Preferred Shares, in accordance with FASB ASC Topic 260-10-S99-2, as an extinguishment of the original preferred stock and the issuance of new preferred stock due to the significance of the modifications to the substantive contractual terms of the preferred stock and the associated fundamental changes to the nature of the preferred stock, which, as discussed above, included the forfeiture of accrued dividends on the Series A Preferred Shares up to and including June 30, 2019 and the issuance of 30,000 common shares in settlement thereof. Accordingly, upon extinguishment, the Company recorded a net gain of $112,637 on the Series A Preferred Stock within shareholders' equity equal to the difference between the fair value of the new shares of preferred stock issued and the carrying amount of the old shares of preferred stock extinguished. The Company allocated the entire net gain on extinguishment of the Series A Preferred Shares to Additional paid-in capital. The net gain on extinguishment is reflected in the calculation of net income available to common stockholders in accordance with FASB ASC Topic 260, Earnings per Share. The non-recurring fair value measurement of the new Series A Preferred Shares was based on Level 3 hierarchical data using the income approach, which was based on projected cash flows discounted to their present value using a discount rate that considers the timing and risk of the forecasted cash flows. The discount rate used was 16.6% and was based on the average estimated value of a market participant's cost of capital and debt, derived using customary market metrics and is considered an unobservable significant input.

On December 8, 2021, the Company redeemed all its 480,000 Series A Preferred Shares, each with a cash liquidation preference of $30, resulting in an aggregate redemption price of $14.4 million. The Company considered the guidance under FASB ASC Topic 260-10-S99-2 for the Series A Preferred Shares redemption and, as a result, the difference between the carrying value and the fair value of the Series A Preferred Shares, amounting to $11.8 million, was recognized in retained earnings as a deemed dividend, and has been considered in the 2021 earnings per share calculations (Note 11).

As of December 31, 2020, and 2021, there were no accumulated, due or overdue dividends on the Series A Preferred Shares.

8. Equity Capital Structure (continued):

Description of Series B Preferred Shares:

The Series B Preferred Shares have the following characteristics: (i) the Series B Preferred Shares are not convertible into common shares, (ii) each Series B Preferred Share has the voting power of 100,000 common shares and shall count for 100,000 votes for purposes of determining quorum at a meeting of shareholders, (iii) the Series B Preferred Shares have no dividend or distribution rights and (iv) upon any liquidation, dissolution or winding up of the Company, the Series B Preferred Shares shall have the same liquidation rights as the common shares.

9. Financial Instruments and Fair Value Disclosures:

The principal financial assets of the Company consist of cash at banks, restricted cash, trade accounts receivable and amounts due from related party. The principal financial liabilities of the Company consist of trade accounts payable, amounts due to related parties and long-term debt.

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

Cash and cash equivalents, restricted cash, accounts receivable trade, net, amounts due from/to related party/(ies) and accounts payable: The carrying values reported in the accompanying consolidated balance sheets for those financial instruments are reasonable estimates of their fair values due to their short-term maturity nature. Cash and cash equivalents and restricted cash, current are considered Level 1 items as they represent liquid assets with short term maturities. The carrying value approximates the fair market value for interest bearing cash classified as restricted cash, non-current and is considered Level 1 item of the fair value hierarchy. The carrying value of these instruments is reflected in the accompanying consolidated balance sheets.

Long-term debt: The secured credit facilities discussed in Note 7, have a recorded value which is a reasonable estimate of their fair value due to their variable interest rate and are thus considered Level 2 items in accordance with the fair value hierarchy as LIBOR rates are observable at commonly quoted intervals for the full terms of the loans.

Concentration of credit risk: Financial instruments, which potentially subject the Company to significant concentrations of credit risk, consist principally of cash and cash equivalents and trade accounts receivable. The Company places its cash and cash equivalents, consisting mostly of deposits, with high credit qualified financial institutions. The Company performs periodic evaluations of the relative credit standing of the financial institutions in which it places its deposits. The Company limits its credit risk with accounts receivable by performing ongoing credit evaluations of its customers' financial condition.

10. Commitments and contingencies:

Various claims, lawsuits, and complaints, including those involving government regulations and product liability, arise in the ordinary course of the shipping business. In addition, losses may arise from disputes with charterers, agents, insurance and other 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 should be disclosed, or for which a provision should be established in the accompanying consolidated financial statements.

The Company accrues for the cost of environmental liabilities when management becomes aware that a liability is probable and is able to reasonably estimate the probable exposure. Currently, management is not aware of any such claims or contingent liabilities, which should be disclosed, or for which a provision should be established in the accompanying consolidated financial statements. The Company is covered for liabilities associated with the vessels' actions to the maximum limits as provided by Protection and Indemnity (P&I) Clubs, members of the International Group of P&I Clubs.

10. Commitments and contingencies (continued):

(a) Commitments under Contracts for BWMS Installation

The Company has entered into a contract to purchase and install BWMS on five of its dry bulk carriers and five of its tanker vessels. As of December 31, 2021, the Company had completed and put into use the BWMS installation on one of these five dry bulk carriers, the *Magic Sun,* and one of the five tanker vessels, the *Wonder Mimosa*, whereas, the contracted BWMS system installations on the remaining eight above discussed vessels are expected to be concluded during 2022. It is estimated that the contractual obligations related to these purchases, excluding installation costs, will be on aggregate approximately €3.0 million (or $3.4 million on the basis of a Euro/US Dollar exchange rate of €1.0000/$1.1324 as of December 31, 2021), of which €2.4 million (or $2.7 million) are due in 2022 and €0.6 million (or $0.7 million) are due in 2023. These costs will be capitalized and depreciated over the remainder of the life of each vessel.

(b) Commitments under long-term lease contracts

The following table sets forth the Company's future minimum contracted lease payments (gross of charterers' commissions), based on vessels' commitments to non-cancelable fixed time charter contracts as of December 31, 2021. The calculation does not include any assumed off-hire days.

Twelve-month period ending December 31,		**Amount**
2022	$	25,772,380
Total	**$**	**25,772,380**

11. Earnings/ (Loss) Per Share:

The Company calculates earnings/(loss) per share by dividing net income/(loss) available to common shareholders in each period by the weighted-average number of common shares outstanding during that period, after adjusting for the effect of cumulative dividends on the Series A Preferred Shares, whether or not earned, and the deemed dividend which resulted from the redemption of the Series A Preferred Shares on December 8, 2021. As further disclosed under Note 8, dividends on the Series A Preferred Shares did not accrue nor accumulate during the period from July 1, 2019 through their redemption date.

Diluted earnings/(loss) per share, if applicable, reflects the potential dilution that could occur if potentially dilutive instruments were exercised, resulting in the issuance of additional shares that would then share in the Company's net income. During the year ended December 31, 2021, the denominator of diluted earnings per common share calculation includes the incremental shares assumed issued under the treasury stock method weighted for the period the shares were outstanding with respect to warrants that were outstanding during the year ended December 31, 2021. Securities that could potentially dilute basic earnings per share for the year ended December 31, 2021, that were excluded from the computation of diluted earnings per share because to do so would have been antidilutive, were the unexercised, as of December 31, 2021, April 7 Warrants, calculated in accordance with the treasury stock method.

For the year ended December 31, 2020, the Company incurred losses and the effect of the warrants outstanding during that period and as of that date, would be antidilutive. Hence, for the year ended December 31, 2020 "Basic loss per share" equaled "Diluted loss per share". The Company had no potentially dilutive instruments in the year ended December 31, 2019.

11. Earnings/ (Loss) Per Share (continued):

The components of the calculation of basic and diluted earnings/(loss) per common share in each of the periods comprising the accompanying consolidated statements of comprehensive income/(loss) are as follows:

	Year ended December 31, 2019	Year ended December 31, 2020	Year ended December 31, 2021
Net income/(loss) and comprehensive income/(loss)	**$ 1,088,149**	**$ (1,753,533)**	**$ 52,270,487**
Less: Cumulative dividends on Series A Preferred Shares	(372,022)	—	—
Plus: Gain on extinguishment of preferred shares pursuant to the Series A Preferred Stock Amendment Agreement, net of expenses	112,637	—	—
Less: Deemed dividend on Series A Preferred Shares	—	—	(11,772,157)
Net income/(loss) and comprehensive income/(loss) available to common shareholders	**828,764**	**(1,753,533)**	**40,498,330**
Weighted average number of common shares outstanding, basic	266,238	6,773,519	83,923,435
Earnings/(Loss) per common share, basic	**3.11**	**(0.26)**	**0.48**
Plus: Dilutive effect of warrants	**—**	**—**	**1,409,293**
Weighted average number of common shares outstanding, diluted	266,238	6,773,519	85,332,728
Earnings/(Loss) per common share, diluted	**$ 3.11**	**$ (0.26)**	**$ 0.47**

12. Vessel Revenues:

The following table includes the voyage revenues earned by the Company by type of contract (time charters, voyage charters and pool agreements) in each of the years ended December 31, 2019, 2020, and 2021, as presented in the accompanying consolidated statements of comprehensive income/(loss):

	Year ended December 31, 2019	Year ended December 31, 2020	Year ended December 31, 2021
Time charter revenues	$ 5,967,772	12,487,692	111,900,699
Voyage charter revenues	—	—	15,002,012
Pool revenues	—	—	5,146,999
Total Vessel revenues	**$ 5,967,772**	**$ 12,487,692**	**$ 132,049,710**

As of December 31, 2021, trade accounts receivable, net increased by $6,924,622 and deferred revenue increased by $3,819,708 compared to December 31, 2020. These changes were mainly attributable to the timing of collections, the timing of commencement of revenue recognition, the increase in charter rates and the increase in vessel revenues resultant to the growth of the Company's fleet during the year ended December 31, 2021.

As of December 31, 2020, deferred assets and deferred liabilities related to revenue contracts were $0 and $108,125, respectively and were recognized in earnings as the performance obligations were satisfied in 2021. As of December 31, 2021, deferred assets and deferred liabilities related to revenue contracts amounted to $191,234 and $3,927,833, respectively, are presented under Deferred charges, net (Current) and Deferred revenue, net (Current) respectively, in the accompanying consolidated balance sheet and will be recognized in earnings as the performance obligations will be satisfied in 2022.

12. Vessel Revenue (continued):

This change in deferred contract assets and liabilities between December 31, 2020 and December 31, 2021, was mainly attributable to the timing of collections, the increase in vessel revenues resultant to the growth of the Company's fleet and the timing of commencement of revenue recognition. Demurrage income for year ended December 31, 2021, amounted to $2,545,283.

13. Vessel Operating and Voyage Expenses:

The amounts in the accompanying consolidated statements of comprehensive income/(loss) are analyzed as follows:

Vessel Operating Expenses	**Year ended December 31, 2019**	**Year ended December 31, 2020**	**Year ended December 31, 2021**
Crew & crew related costs	$ 1,396,477	3,753,578	21,532,311
Repairs & maintenance, spares, stores, classification, chemicals & gases, paints, victualling	868,915	2,314,260	9,828,139
Lubricants	153,969	429,967	2,375,901
Insurances	189,781	507,885	3,126,169
Tonnage taxes	50,553	131,674	592,701
Other	143,296	310,075	1,748,250
Total Vessel operating expenses	**$ 2,802,991**	**$ 7,447,439**	**$ 39,203,471**

Voyage expenses	**Year ended December 31, 2019**	**Year ended December 31, 2020**	**Year ended December 31, 2021**
Brokerage commissions	$ 46,708	158,538	1,733,639
Brokerage commissions- related party	40,471	29,769	1,671,145
Port & other expenses	46,100	173,645	4,520,584
Bunkers consumption	87,760	321,252	7,742,450
Loss/(Gain) on bunkers	40,140	(98,499)	(2,717,035)
Total Voyage expenses	**$ 261,179**	**$ 584,705**	**$ 12,950,783**

14. General and Administrative Expenses:

General and administrative expenses include costs in relation to the administration of the Company and its non-recurring public registration costs.

Company Administration Expenses are analyzed as follows:

	Year ended December 31, 2019	**Year ended December 31, 2020**	**Year ended December 31, 2021**
Audit fees	$ 119,535	$ 129,420	$ 265,744
Chief Executive and Chief Financial Officer and directors' compensation	12,000	29,000	48,000
Other professional fees	247,242	572,533	1,752,566
Administration fees-related party (Note 3(c))	—	400,000	1,200,000
Total	**$ 378,777**	**$ 1,130,953**	**$ 3,266,310**

The Chief Executive Officer and Chief Financial Officer compensation was terminated on October 1, 2020 and, subsequent to this date, all services rendered by the Company's Chief Executive Officer and Chief Financial Officer are included in its Master Agreement with Castor Ships (see Note 3(c)).

14. General and Administrative Expenses (continued):

Public Registration Costs: During the years ended December 31, 2019, 2020 and 2021, the Company incurred public registration costs of $132,091, $0, and $0 respectively. Public registration costs relate to the costs incurred by the Company in connection with the Company's registration and listing of its 240,000 issued and outstanding common shares on the Norwegian OTC on December 21, 2018, and the NASDAQ Stock Market on February 11, 2019. Apart from registration and listing costs, public registration costs further include legal, consultancy and other costs incurred in connection with the subject listings.

15. Interest and Finance Costs:

The amounts in the accompanying consolidated balance sheets are analyzed as follows:

	Year ended December 31, 2019	Year ended December 31, 2020	Year ended December 31, 2021
Interest on long-term debt	$ 47,585	$ 668,152	$ 2,028,676
Interest on long-term debt – related party (Note 3 (b))	162,500	305,000	204,167
Interest on convertible debt – non cash	—	57,773	—
Amortization and write-off of deferred finance charges	6,628	599,087	414,629
Amortization and write-off of convertible notes beneficial conversion features	—	532,437	—
Other finance charges	5,450	27,128	207,526
Total	**$ 222,163**	**$ 2,189,577**	**$ 2,854,998**

16. Income Taxes:

Castor and its subsidiaries are incorporated under the laws of the Republic of the Marshall Islands and they are not subject to income taxes in the Republic of the Marshall Islands. Castor's ship-owning subsidiaries are subject to registration and tonnage taxes, which have been included in Vessel operating expenses in the accompanying consolidated statements of comprehensive income/(loss).

Pursuant to §883 of the Internal Revenue Code of the United States (the "Code"), U.S. source income from the international operation of ships is generally exempt from U.S. Federal income tax on such income if the company meets the following requirements: (a) the company is organized in a foreign country that grants an equivalent exception to corporations organized in the U. S. and (b) either (i) more than 50 percent of the value of the company's stock is owned, directly or indirectly, by individuals who are "residents" of the company's country of organization or of another foreign country that grants an "equivalent exemption" to corporations organized in the U.S. (the "50% Ownership Test") or (ii) the company's stock is "primarily and regularly traded on an established securities market" in its country of organization, in another country that grants an "equivalent exemption" to U.S. corporations, or in the U.S. (the "Publicly-Traded Test"). Marshall Islands, the jurisdiction where the Company and its ship-owning subsidiaries are incorporated, grants an equivalent exemption to United States corporations. Therefore, the Company is exempt from United States federal income taxation with respect to U.S.-source shipping income if either the 50% Ownership Test or the Publicly Traded Test is met.

In the Company's case, it expects that it would have satisfied the Publicly-Traded Test if its common shares represented more than 50% of the voting power of its stock, and it can establish that nonqualified shareholders cannot exercise voting control over the corporation because a qualified shareholder controls the non-traded voting stock. The Company therefore believes its stock structure, when considered by the U.S. Treasury in light of the Publicly-Traded Test enunciated in the regulations satisfies the intent and purpose of the exemption. This position is uncertain and will be disclosed to the Internal Revenue Service when the Company files its U.S. tax returns for 2021.

16. Income Taxes (continued):

Because the position stated above is uncertain, the Company has recorded a provision of $497,339 for U.S. source gross transportation income tax in the accompanying consolidated statement of comprehensive income/(loss) for the year ended December 31, 2021. In addition, U.S. source gross transportation income taxes of approximately $21,640 were recognized in its consolidated comprehensive income/(loss) for the year ended December 31, 2020.

17. Segment Information:

During 2021, the Company acquired a number of tanker vessels for the first time. As a result of the different characteristics of the Aframax/LR2 tanker vessels and the Handysize tanker vessels acquired, the Company determined that, with effect from the fourth quarter of 2021, the Company operated in three reportable segments: (i) dry bulk, (ii) Aframax/LR2 tanker and (ii) Handysize tanker. The reportable segments reflect the internal organization of the Company and the way the chief operating decision maker reviews the operating results and allocates capital within the Company. In addition, the transport of dry cargo commodities, which are carried by dry bulk vessels, has different characteristics to the transport of crude oil (carried by Aframax/LR2 tankers) and differs again from the transport of oil products (carried by Handysize tanker vessels). Further, dry bulk vessels trade on different types of charter contracts as compared to tanker vessels, predominantly being employed in the time charter market, whereas the Company's tanker vessels participate in the voyage charter market and in pooling agreements. The transportation of crude oil also has different characteristics to the transportation of oil products in terms of trading routes and cargo handling.

The table below presents information about the Company's reportable segments as of and for the years ended December 31, 2019, and 2020, when the Company had one reportable segment, and for the year ended December 31, 2021, when the Company had more than one reportable segment. The accounting policies followed in the preparation of the reportable segments are the same as those followed in the preparation of the Company's consolidated financial statements. Segment results are evaluated based on income/ (loss) from operations.

	Year ended December 31, 2019	Year ended December 31, 2020	Year ended December 31, 2021			
	Dry bulk segment	Dry bulk segment	Dry bulk segment	Aframax/LR2 tanker segment	Handysize tanker segment	Total
- Time charter revenues	$ 5,967,772	$ 12,487,692	$ 102,785,442	$ 9,115,257	$ —	$ 111,900,699
- Voyage charter revenues	—	—	—	15,002,012	—	15,002,012
- Pool revenues	—	—	—	2,442,144	2,704,855	5,146,999
Vessel revenues, net	**$ 5,967,772**	**$ 12,487,692**	**$ 102,785,442**	**$ 26,559,413**	**$ 2,704,855**	**$ 132,049,710**
Voyage expenses (including charges from related parties)	(261,179)	(584,705)	(1,891,265)	(11,003,925)	(55,593)	(12,950,783)
Vessel operating expenses	(2,802,991)	(7,447,439)	(26,841,600)	(9,776,724)	(2,585,147)	(39,203,471)
Management fees to related parties	(212,300)	(930,500)	(4,890,900)	(1,433,950)	(419,900)	(6,744,750)
Depreciation and amortization	(897,171)	(1,904,963)	(10,528,711)	(3,087,764)	(746,353)	(14,362,828)
Provision for doubtful accounts	—	(37,103)	(2,483)	—	—	(2,483)
Segments operating income/(loss) [1]	**$ 1,794,131**	**$ 1,582,982**	**$ 58,630,483**	**$ 1,257,050**	**$ (1,102,138)**	**$ 58,785,395**
Less: Unallocated corporate general and administrative expenses	(510,868)	(1,130,953)	—	—	—	(3,266,310)
Total consolidated operating income/(loss)	**$ 1,283,263**	**$ 452,029**	**$ 58,630,483**	**$ 1,257,050**	**$ (1,102,138)**	**$ 55,519,085**

(1) Does not include unallocated corporate general and administrative expenses amounting to $510,868, $1,130,953 and $3,266,310 in each of the years ended December 31, 2019, 2020 and 2021, respectively.

17. Segment Information (continued):

A reconciliation of total segment assets to total assets presented in the accompanying consolidated balance sheets of December 31, 2020, and 2021, is as follows:

	Year Ended December 31, 2020	Year Ended December 31, 2021
Dry bulk segment	$ 67,387,635	$ 314,407,704
Aframax tanker segment	—	104,953,507
Handysize tanker segment	—	19,093,379
Cash and cash equivalents (1)	6,882,398	23,950,795
Prepaid expenses and other assets (1)	101,322	508,057
Total consolidated assets	**$ 74,371,355**	**$ 462,913,442**

(1) Refers to assets of other entities (Castor Maritime Inc. and Castor Maritime SCR Corp.) included in the consolidated financial statements.

18. Subsequent Events:

(a) **Delivery of the Magic Callisto:** On January 4, 2022, the Company's wholly owned subsidiary, Mickey, pursuant to a purchase agreement entered into on December 17, 2021, took delivery of the Magic Callisto, a Japanese-built Panamax dry bulk carrier acquired from a third-party in which a family member of Petros Panagiotidis had a minority interest. The vessel was purchased for $23.55 million. The terms of the transaction were negotiated and approved by a special committee of disinterested and independent directors of the Company.

(b) **Entry into $55.0 million financing:** On January 12, 2022, the Company entered into a $55.0 million senior secured term loan facility with Deutsche Bank AG, through and secured by five of the Company's dry bulk ship-owning subsidiaries, those owning the Magic Starlight, Magic Mars, Magic Pluto, Magic Perseus and the Magic Vela, and guaranteed by the Company. This facility has a tenor of five years, bears interest at a margin over adjusted SOFR per annum and contains a standard security package including a first preferred cross-collateralized mortgage on the vessels owned by the borrowers, pledge of bank accounts, charter assignments, shares pledge, a general assignment over the vessel's earnings, insurances, and any requisition compensation in relation to the vessel owned by the borrower, and managers' undertakings and is guaranteed by the Company. Pursuant to the terms of this facility, the borrowers are subject to (i) a specified minimum security cover requirement, which is the maximum ratio of the aggregate principal amounts due under the facility to the aggregate market value of the mortgaged vessels plus the value of the dry-dock reserve accounts referred to below and any additional security, and (ii) to certain minimum liquidity restrictions requiring us to maintain certain blocked and free liquidity cash balances with the lender, to maintain and gradually fund certain dry-dock reserve accounts in order to ensure the payment of any costs incurred in relation to the next dry-docking of each mortgaged vessel, as well as to certain customary, for this type of facilities, negative covenants. Moreover, the facility contains certain financial covenants requiring the Company as guarantor to maintain (i) a ratio of net debt to assets adjusted for the market value of the Company's fleet of vessels, to net interest expense ratio above a certain level, (ii) an amount of unencumbered cash above a certain level and, (iii) the Company's trailing 12 months EBITDA to net interest expense ratio not to fall below a certain level. The loan was drawn down in full in five tranches on January 13, 2022.

Exhibit 2.2

DESCRIPTION OF THE REGISTRANT'S SECURITIES REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934

As of the date of the annual report to which this exhibit is being filed, Castor Maritime Inc. (the "Company") had two classes of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended:

(1) Common shares, par value $0.001 per share (the "common shares"); and

(2) Preferred Share Purchase Rights under the Rights Agreement, as defined below (a "Right" or the "Rights").

The following description sets forth certain material provisions of these securities. The following summary does not purport to be complete and is subject to, and is qualified in its entirety by reference to, the applicable provisions of (i) the Company's Articles of Incorporation, as amended (the "Articles of Incorporation"), (ii) the Company's Bylaws (the "Bylaws"), and (iii) the Stockholders Rights Agreement, by and between the Company and American Stock Transfer & Trust Company, LLC, as rights agent (the "Rights Agreement"), each of which is an exhibit to the annual report on Form 20-F for the fiscal year ended December 31, 2021 ("Annual Report") of which this Exhibit is a part. We encourage you to refer to our Articles of Incorporation, Bylaws and the Rights Agreement for additional information.

Capitalized terms used but not defined herein have the meanings given to them in our Annual Report.

OUR SHARE CAPITAL

Under our Articles of Incorporation our authorized capital stock consists of 2,000,000,000 registered shares, of which 1,950,000,000 are designated as common shares, par value $0.001 per share, and 50,000,000 are designated as preferred shares, par value $0.001 per share. As of December 31, 2021, we had 94,610,088 authorized and issued common shares, 480,000 authorized Series A preferred shares, 12,000 authorized and issued Series B preferred shares and 1,000,000 authorized Series C preferred shares. Our common shares are listed on the NASDAQ under the symbol "CTRM" and on the Norwegian OTC under the symbol "CASTOR".

Any amendment to our Articles of Incorporation to alter our capital structure requires approval by an affirmative majority of the voting power of the total number of shares issued and outstanding and entitled to vote thereon. Shareholders of any series or class of shares are entitled to vote upon any proposed amendment, whether or not entitled to vote thereon by the Articles of Incorporation, if such amendment would alter the rights of their shares so as to adversely affect them.

DESCRIPTION OF COMMON SHARES

Holders of common shares do not have conversion, sinking fund, redemption or pre-emptive rights to subscribe to any of our securities. There are no restrictions under Marshall Islands law on the transferability of our common shares. The rights, preferences and privileges of holders of our common shares are subject to the rights of the holders of any preferred shares, which we have issued in the past or which we may issue in the future.

Voting Rights

Each outstanding common share entitles the holder to one (1) vote on all matters submitted to a vote of shareholders. Our directors are elected by a plurality of the votes cast by shareholders entitled to vote and serve for three-year terms. There is no provision for cumulative voting. Our common shares and Series B Preferred Shares vote together as a class on most matters submitted to a vote of shareholders of the Company, though our Articles of Incorporation provide for a separate vote of the Series B Preferred Shares for certain matters adversely impacting such shares rights and preferences. Series B Preferred Shares have one hundred thousand (100,000) votes per share and currently have a controlling vote over the various matters put to a vote of the Company's shareholders.

Dividend Rights

Subject to preferences that may be applicable to any outstanding preferred shares, holders of common shares are entitled to receive ratably all dividends, if any, declared by our Board out of funds legally available for dividends.

Liquidation Rights

Upon our dissolution or liquidation or the sale of all or substantially all of our assets, after payment in full of all amounts required to be paid to creditors and to the holders of preferred shares having liquidation preferences, if any, the holders of our common shares are entitled to receive pro rata our remaining assets available for distribution.

Limitations on Ownership

Under Marshall Islands law generally and our Articles of Incorporation, there are no limitations on the right of non-residents of the Marshall Islands or owners who are not citizens of the Marshall Islands to hold or vote our common shares.

DESCRIPTION OF THE RIGHTS UNDER THE STOCKHOLDERS RIGHTS AGREEMENT

Preferred Shares and the Rights

Our Articles of Incorporation, as amended from time to time, authorize our Board to establish one or more series of preferred shares and to determine, with respect to any series of preferred shares, the terms and rights of that series, including:

- the designation of the series;
- the number of shares of 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.

On November 20, 2017, we entered into the Rights Agreement and our Board declared a dividend of one Right for each outstanding common share outstanding on November 21, 2017.

The Rights. The Rights trade with, and are inseparable from, our common shares. The Rights are evidenced by the certificates that represent our common shares registered in the names of the holders thereof or, in the case of uncertificated shares of our common shares registered in book-entry form. New Rights will accompany any new common shares of the Company issued after November 21, 2017 until the Distribution Date described below. As of December 31, 2021, we had 94,610,088 Rights issued and outstanding in connection with our outstanding common shares.

Exercise Price. Each Right allows its holder to purchase from the Company one one-thousandth (1/1,000) of a share of Series C Participating Preferred Stock (a "Series C Preferred Share"), for $150.00 (the "Exercise Price"), once the Rights become exercisable. This portion of a Series C Preferred Share will give the shareholder approximately the same dividend, voting and liquidation rights as would one common share. Prior to exercise, the Right does not give its holder any dividend, voting, or liquidation rights.

Exercisability. The Rights are not exercisable until 10 days after the public announcement by the Company or an Acquiring Person that a person or group has become an "Acquiring Person" by obtaining beneficial ownership of 15% or more of our outstanding common shares, except that our Chairman, Chief Executive Officer and Chief Financial Officer, Petros Panagiotidis and Thalassa Investment Co. S.A. are exempt from being an "Acquiring Person".

Certain synthetic interests in securities created by derivative positions, whether or not such interests are considered to be ownership of the underlying common shares or are reportable for purposes of Regulation 13D of the Securities Exchange Act of 1934, as amended, are treated as beneficial ownership of the number of our common shares equivalent to the economic exposure created by the derivative position, to the extent our actual common shares are directly or indirectly held by counterparties to the derivatives contracts. Swaps dealers unassociated with any control intent or intent to evade the purposes of the Rights Agreement are excepted from such imputed beneficial ownership.

The Rights Agreement "grandfathers" the current level of ownership of persons who, prior to the date of the Rights Agreement, beneficially owned 15% or more of our outstanding common shares, so long as they do not purchase additional shares in excess of certain limitations.

The date when the Rights become exercisable is the "Distribution Date". Until that date, our common share certificates (or, in the case of uncertificated shares, by notations in the book-entry account system) will also evidence the Rights, and any transfer of our common shares will constitute a transfer of Rights. After that date, the Rights will separate from our common shares and will be evidenced by book-entry credits or by Rights certificates that the Company will mail to all eligible holders of our common shares. Any Rights held by an Acquiring Person are null and void and may not be exercised. Please see *"Consequences of a Person or Group Becoming an Acquiring Person"* below for further information.

The Rights entitle their holder to acquire Series C Preferred Shares on the terms described above. Each one one-thousandth (1/1000) of a Series C Preferred Share, if issued, will, among other things:

- not be redeemable;
- entitle holders to quarterly dividend payments in an amount per share equal to the aggregate per share amount of all cash dividends, and the aggregate per share amount (payable in kind) of all non-cash dividends or other distributions other than a dividend payable in our common shares or a subdivision of our outstanding common shares (by reclassification or otherwise), declared on our common shares since the immediately preceding quarterly dividend payment date; and
- entitle holders to one vote on all matters submitted to a vote of the shareholders of the Company.

The value of one one-thousandth (1/1,000) interest in a Series C Preferred Share should approximate the value of one common share.

The Board adopted the Rights Agreement to protect shareholders from coercive or otherwise unfair takeover tactics. In general terms, it works by imposing a significant penalty upon any person or group that acquires beneficial ownership of 15% or more of our outstanding common shares without the approval of our Board. The potential effects of the Rights on a shareholder owning a substantial number of shares are discussed below.

Consequences of a Person or Group Becoming an Acquiring Person.

The Rights may have anti-takeover effects. The Rights will cause substantial dilution to any person or group that attempts to acquire us without the approval of our Board. As a result, the overall effect of the Rights may be to render more difficult or discourage any attempt to acquire us. Because our Board can approve a redemption of the Rights for a permitted offer, the Rights should not interfere with a merger or other business combination approved by our Board.

Notional Shares. Shares held by affiliates and associates of an Acquiring Person, including certain entities in which the Acquiring Person beneficially owns a majority of the equity securities, and Notional Common Shares (as defined in the Rights Agreement) held by counterparties to a Derivatives Contract (as defined in the Rights Agreement) with an Acquiring Person, will be deemed to be beneficially owned by the Acquiring Person.

Flip In. If an Acquiring Person obtains beneficial ownership of 15% or more of our common shares, then each Right will entitle the holder thereof to purchase, for the Exercise Price, a number of our common shares (or, in certain circumstances, cash, property or other securities of the Company) having a then-current market value of twice the Exercise Price. However, the Rights are not exercisable following the occurrence of the foregoing event until such time as the Rights are no longer redeemable by the Company, as further described below.

Following the occurrence of an event set forth in preceding paragraph, all Rights that are or, under certain circumstances specified in the Rights Agreement, were beneficially owned by an Acquiring Person or certain of its transferees will be null and void.

Flip Over. If, after an Acquiring Person obtains 15% or more of our common shares, (i) the Company merges into another entity; (ii) an acquiring entity merges into the Company; or (iii) the Company sells or transfers 50% or more of its assets, cash flow or earning power, then each Right (except for Rights that have previously been voided as set forth above) will entitle the holder thereof to purchase, for the Exercise Price, a number of our common shares of the person engaging in the transaction having a then-current market value of twice the Exercise Price.

Redemption. The Company may, at its option and with the approval of the Board, redeem the Rights for $0.001 per Right at any time before any person or group becomes an Acquiring Person. If the Board redeems any Rights, it must redeem all of the Rights. Once the Rights are redeemed, the only right of the holders of the Rights will be to receive the redemption price of $0.01 per Right. The redemption price will be adjusted if the Company has a stock dividend, a stock split or similar transaction.

Exchange. After a person or group becomes an Acquiring Person, but before an Acquiring Person owns 50% or more of our outstanding common shares, the Board may extinguish the Rights by exchanging one common share or an equivalent security for each Right, other than Rights held by the Acquiring Person. In certain circumstances, the Company may elect to exchange the Rights for cash or other securities of the Company having a value approximately equal to one common share.

Expiration. The Rights expire on the earliest of (i) November 20, 2027, or (ii) the redemption or exchange of the Rights as described above.

Anti-Dilution Provisions. The Board may adjust the purchase price of the Series C Preferred Shares, the number of Series C Preferred Shares issuable and the number of outstanding Rights to prevent dilution that may occur from a stock dividend, a stock split, or a reclassification of the Series C Preferred Shares or our common shares. No adjustments to the Exercise Price of less than 1% will be made.

Amendments. The terms of the Rights and the Rights Agreement may be amended in any respect without the consent of the holders of the Rights on or prior to the Distribution Date. Thereafter, the terms of the Rights and the Rights Agreement may be amended without the consent of the holders of Rights, with certain exceptions, in order to (i) cure any ambiguities; (ii) correct or supplement any provision contained in the Rights Agreement that may be defective or inconsistent with any other provision therein; (iii) shorten or lengthen any time period pursuant to the Rights Agreement; or (iv) make changes that do not adversely affect the interests of holders of the Rights (other than an Acquiring Person or an affiliate or associate of an Acquiring Person).

Taxes. The distribution of Rights should not be taxable for federal income tax purposes. However, following an event that renders the Rights exercisable or upon redemption of the Rights, shareholders may recognize taxable income.

Marshall Islands Company Considerations

Our corporate affairs are governed by our Articles of Incorporation and Bylaws and by the BCA. The provisions of the BCA resemble provisions of the corporation laws of a number of states in the United States. While the BCA also provides that it is to be interpreted according to the laws of the State of Delaware and other states with substantially similar legislative provisions, there have been few, if any, court cases interpreting the BCA in the Marshall Islands and we cannot predict whether Marshall Islands courts would reach the same conclusions as courts in the United States. As a result, you may have more difficulty protecting your interests in the face of actions by our management, directors or controlling shareholders than would shareholders of a corporation incorporated in a U.S. jurisdiction which has developed a substantial body of case law. The following table provides a comparison between the statutory provisions of the BCA and the General Corporation Law of the State of Delaware relating to shareholders' rights.

Marshall Islands	Delaware
Shareholder Meetings	
Held at a time and place as designated in the bylaws.	May be held at such time or place as designated in the certificate of incorporation or the bylaws, or if not so designated, as determined by the board of directors.
Special meetings of the shareholders may be called by the board of directors or by such person or persons as may be authorized by the articles of incorporation or by the bylaws.	Special meetings of the shareholders may be called by the board of directors or by such person or persons as may be authorized by the certificate of incorporation or by the bylaws.
May be held within or without the Marshall Islands.	May be held within or without Delaware.
Notice:	*Notice*:
Whenever shareholders are required to take any action at a meeting, written notice of the meeting shall be given which shall state the place, date and hour of the meeting and, unless it is an annual meeting, indicate that it is being issued by or at the direction of the person calling the meeting. Notice of a special meeting shall also state the purpose for which the meeting is called.	Whenever shareholders are required to take any action at a meeting, a written notice of the meeting shall be given which shall state the place, if any, date and hour of the meeting, and the means of remote communication, if any.
A copy of the notice of any meeting shall be given personally, sent by mail or by electronic mail not less than 15 nor more than 60 days before the meeting.	Written notice shall be given not less than 10 nor more than 60 days before the meeting.

Shareholders' Voting Rights	
Unless otherwise provided in the articles of incorporation, any action required to be taken at a meeting of shareholders may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, is signed by all the shareholders entitled to vote with respect to the subject matter thereof, or if the articles of incorporation so provide, by the holders of outstanding shares having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted.	Any action required to be taken at a meeting of shareholders may be taken without a meeting if a consent for such action is in writing and is signed by shareholders having not fewer than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted.
Any person authorized to vote may authorize another person or persons to act for him by proxy.	Any person authorized to vote may authorize another person or persons to act for him by proxy.
Unless otherwise provided in the articles of incorporation or bylaws, a majority of shares entitled to vote constitutes a quorum. In no event shall a quorum consist of fewer than one-third of the shares entitled to vote at a meeting. However, where a company's articles of incorporation provide for more than one vote on any share or matter, references to quorum shall refer to the number of votes entitled to be cast.	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. However, where a company's certificate of incorporation provides for more or less than one vote for any share or matter, references to quorum shall refer to the number of votes entitled to be cast.
When a quorum is once present to organize a meeting, it is not broken by the subsequent withdrawal of any shareholders.	When a quorum is once present to organize a meeting, it is not broken by the subsequent withdrawal of any shareholders.
The articles of incorporation may provide for cumulative voting in the election of directors.	The certificate of incorporation may provide for cumulative voting in the election of directors.

Merger or Consolidation	
Any two or more domestic corporations may merge into a single corporation if approved by the board and if authorized by a majority vote of the holders of outstanding shares at a shareholder meeting.	Any two or more corporations existing under the laws of the state may merge into a single corporation pursuant to a board resolution and upon the majority vote by shareholders of each constituent corporation at an annual or special meeting.
Any sale, lease, exchange or other disposition of all or substantially all the assets of a corporation, if not made in the corporation's usual or regular course of business, once approved by the board, shall be authorized by the affirmative vote of two-thirds of the shares of those entitled to vote at a shareholder meeting.	Every corporation may at any meeting of the board sell, lease or exchange all or substantially all of its property and assets as its board deems expedient and for the best interests of the corporation when so authorized by a resolution adopted by the holders of a majority of the outstanding stock of the corporation entitled to vote.
Any domestic corporation owning at least 90% of the outstanding shares of each class of another domestic corporation may merge such other corporation into itself without the authorization of the shareholders of any corporation.	Any corporation owning at least 90% of the outstanding shares of each class of another corporation may merge the other corporation into itself and assume all of its obligations without the vote or consent of shareholders; however, in case the parent corporation is not the surviving corporation, the proposed merger shall be approved by a majority of the outstanding stock of the parent corporation entitled to vote at a duly called shareholder meeting.
Any mortgage, pledge of or creation of a security interest in all or any part of the corporate property may be authorized without the vote or consent of the shareholders, unless otherwise provided for in the articles of incorporation.	Any mortgage or pledge of a corporation's property and assets may be authorized without the vote or consent of shareholders, except to the extent that the certificate of incorporation otherwise provides.

Director	
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. If the number of directors is fixed by the by-laws, it may be changed by an amendment to the by-laws.
Removal:	*Removal*:
Any or all of the directors may be removed for cause by vote of the shareholders.	Any or all of the directors may be removed, with or without cause, by the holders of a majority of the shares entitled to vote unless the certificate of incorporation otherwise provides.
If the articles of incorporation or the bylaws so provide, any or all of the directors may be removed without cause by vote of the shareholders.	In the case of a classified board, shareholders may effect removal of any or all directors only for cause.

Dissenters' Rights of Appraisal	
Shareholders have a right to dissent from any plan of merger, consolidation or sale of all or substantially all assets not made in the usual course of business, and receive payment of the fair value of their shares. However, the right of a dissenting shareholder under the BCA to receive payment of the appraised fair value of his shares shall not be available for the shares of any class or series of stock, which shares or depository receipts in respect thereof, at the record date fixed to determine the shareholders entitled to receive notice of and to vote at the meeting of the shareholders to act upon the agreement of merger or consolidation, were either (i) listed on a securities exchange or admitted for trading on an interdealer quotation system or (ii) held of record by more than 2,000 holders. The right of a dissenting shareholder to receive payment of the fair value of his or her shares shall not be available for any shares of stock of the constituent corporation surviving a merger if the merger did not require for its approval the vote of the shareholders of the surviving corporation.	Appraisal rights shall be available for the shares of any class or series of stock of a corporation in a merger or consolidation, subject to limited exceptions, such as a merger or consolidation of corporations listed on a national securities exchange in which listed stock is offered for consideration which is (i) listed on a national securities exchange or (ii) held of record by more than 2,000 holders. Notwithstanding those limited exceptions, appraisal rights will be available if shareholders are required by the terms of an agreement of merger or consolidation to accept certain forms of uncommon consideration.
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:	Shareholders do not have appraisal rights due to an amendment of the company's certificate of incorporation unless provided for in such certificate.
• Alters or abolishes any preferential right of any outstanding shares having preference; or	
• Creates, alters, or abolishes any provision or right in respect to the redemption of any outstanding shares; or	
• Alters or abolishes any preemptive right granted by law and not disseated by the articles of incorporation of such holder to acquire shares or other securities; or	
• Excludes or limits the right of such holder to vote on any matter, except as such right may be limited by the voting rights given to new shares then being authorized of any existing or new class.	
Shareholder's Derivative Actions	
Such action shall not be discontinued, compromised or settled, without the approval of the High Court of the Republic of the Marshall Islands.	
Reasonable expenses including attorney's fees may be awarded if the action is successful.	
A corporation may require a plaintiff bringing a derivative suit to give security for reasonable expenses if the plaintiff owns less than 5% of any class of outstanding shares or holds voting trust certificates or a beneficial interest in shares representing less than 5% of any class of such shares and the shares, voting trust certificates or beneficial interest of such plaintiff has a fair value of $50,000 or less.	

Exhibit 4.6

STATEMENT OF DESIGNATIONS

OF

CASTOR MARITIME INC.

Reg. No. 92609

Pursuant to Section 35(5) of the Business Corporations Act

REPUBLIC OF THE MARSHALL ISLANDS

REGISTRAR OF CORPORATIONS

DUPLICATE COPY

The original of this Document was

FILED ON

March 30, 2022

Tamara Hoffman
Deputy Registrar

NON RESIDENT

AMENDED AND RESTATED STATEMENT OF DESIGNATIONS OF RIGHTS, PREFERENCES AND PRIVILEGES OF SERIES C PARTICIPATING PREFERRED STOCK OF CASTOR MARITIME INC.

The undersigned, Mr. Panagiotidis and Mr. Makris do hereby certify:

1. That they are the duly elected and acting President and Secretary, respectively, of Castor Maritime Inc., a Marshall Islands corporation (the "Company").

2. That pursuant to the authority conferred by the Company's Articles of Incorporation, as amended, the Company's Board of Directors on March 29, 2022 adopted the following resolution designating and prescribing the relative rights, preferences and limitations of the Company's Series C Participating Preferred Stock:

RESOLVED, that pursuant to the authority vested in the Board of Directors (the "Board") of the Company by the Articles of Incorporation, as amended, the Board does hereby establish a series of preferred stock, par value $0.001 per share, and the designation and certain powers, preferences and other special rights of the shares of such series, and certain qualifications, limitations and restrictions thereon, are hereby fixed as follows:

Section 1. Designation and Amount. The shares of such series shall be designated as "Series C Participating Preferred Stock". The Series C Participating Preferred Stock shall have a par value of $0.001 per share, and the number of shares constituting such series shall initially be 1,000,000, which number the Board may from time to time increase or decrease (but not below the number then outstanding).

Section 2. Proportional Adjustment. In the event the Company shall at any time after the issuance of any share or shares of Series C Participating Preferred Stock (i) declare any dividend on the common stock of the Company par value $0.001 per share (the "Common Stock") payable in shares of Common Stock, (ii) subdivide the outstanding Common Stock or (iii) combine the outstanding Common Stock into a smaller number of shares, then in each such case the Company shall simultaneously effect a proportional adjustment to the number of outstanding shares of Series C Participating Preferred Stock.

Section 3. Dividends and Distributions.

(a) Subject to the prior and superior right of the holders of any shares of any series of preferred stock ranking prior and superior to the shares of Series C Participating Preferred Stock with respect to dividends, the holders of shares of Series C Participating Preferred Stock shall be entitled to receive when, as and if declared by the Board out of funds legally available for the purpose, quarterly dividends payable in cash on the last day of January, April, July and October in each year (each such date being referred to herein as a "Quarterly Dividend Payment Date"), commencing on the first Quarterly Dividend Payment Date after the first issuance of a share or fraction of a share of Series C Participating Preferred Stock, in an amount per share (rounded to the nearest cent) equal to 1,000 times the aggregate per share amount of all cash dividends, and 1,000 times the aggregate per share amount (payable in kind) of all non-cash dividends or other distributions other than a dividend payable in shares of Common Stock or a subdivision of the outstanding shares of Common Stock (by reclassification or otherwise), declared on the Common Stock since the immediately preceding Quarterly Dividend Payment Date, or, with respect to the first Quarterly Dividend Payment Date, since the first issuance of any share or fraction of a share of Series C Participating Preferred Stock.

(b) The Company shall declare a dividend or distribution on the Series C Participating Preferred Stock as provided in paragraph (a) above immediately after it declares a dividend or distribution on the Common Stock (other than a dividend payable in shares of Common Stock).

(c) Dividends shall begin to accrue on outstanding shares of Series C Participating Preferred Stock from the Quarterly Dividend Payment Date immediately preceding the date of issue of such shares of Series C Participating Preferred Stock, unless the date of issue of such shares is prior to the record date for the first Quarterly Dividend Payment Date, in which case dividends on such shares shall begin to accrue from the date of issue of such shares, or unless the date of issue is a Quarterly Dividend Payment Date or is a date after the record date for the determination of holders of shares of Series C Participating Preferred Stock entitled to receive a quarterly dividend and before such Quarterly Dividend Payment Date, in either of which events such dividends shall begin to accrue from such Quarterly Dividend Payment Date. Accrued but unpaid dividends shall not bear interest. Dividends paid on the shares of Series C Participating Preferred Stock in an amount less than the total amount of such dividends at the time accrued and payable on such shares shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding. The Board may fix a record date for the determination of holders of shares of Series C Participating Preferred Stock entitled to receive payment of a dividend or distribution declared thereon, which record date shall be no more than 30 days prior to the date fixed for the payment thereof.

Section 4. Voting Rights. The holders of shares of Series C Participating Preferred Stock shall have the following voting rights:

(a) Each share of Series C Participating Preferred Stock shall entitle the holder thereof to 1,000 votes on all matters submitted to a vote of the stockholders of the Company.

(b) Except as otherwise provided herein or by law, the holders of shares of Series C Participating Preferred Stock and the holders of shares of Common Stock shall vote together as one class on all matters submitted to a vote of stockholders of the Company.

(c) Except as required by law, holders of Series C Participating Preferred Stock shall have no special voting rights and their consent shall not be required (except to the extent they are entitled to vote with holders of Common Stock as set forth herein) for taking any corporate action.

Section 5. Certain Restrictions.

(a) The Company shall not declare any dividend on, make any distribution on, or redeem or purchase or otherwise acquire for consideration any shares of Common Stock after the first issuance of a share or fraction of a share of Series C Participating Preferred Stock unless concurrently therewith it shall declare a dividend on the Series C Participating Preferred Stock as required by Section 3 hereof.

(b) Whenever quarterly dividends or other dividends or distributions payable on the Series C Participating Preferred Stock as provided in Section 3 are in arrears, thereafter and until all accrued and unpaid dividends and distributions, whether or not declared, on shares of Series C Participating Preferred Stock outstanding shall have been paid in full, the Company shall not (i) declare or pay dividends on, make any other distributions on, or redeem or purchase or otherwise acquire for consideration any shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series C Participating Preferred Stock; (ii) declare or pay dividends on, make any other distributions on any shares of stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with Series C Participating Preferred Stock, except dividends paid ratably on the Series C Participating Preferred Stock and all such parity stock on which dividends are payable or in arrears in proportion to the total amounts to which the holders of all such shares are then entitled; (iii) redeem or purchase or otherwise acquire for consideration shares of any stock ranking on a parity (either as to dividends or upon liquidation, dissolution or winding up) with the Series C Participating Preferred Stock, provided that the Company may at any time redeem, purchase or otherwise acquire shares of any such parity stock in exchange for shares of any stock of the Company ranking junior (either as to dividends or upon dissolution, liquidation or winding up) to the Series C Participating Preferred Stock; (iv) purchase or otherwise acquire for consideration any shares of Series C Participating Preferred Stock, or any shares of stock ranking on a parity with the Series C Participating Preferred Stock, except in accordance with a purchase offer made in writing or by publication (as determined by the Board) to all holders of such shares upon such terms as the Board, after consideration of the respective annual dividend rates and other relative rights and preferences of the respective series and classes, shall determine in good faith will result in fair and equitable treatment among the respective series or classes.

(c) The Company shall not permit any subsidiary of the Company to purchase or otherwise acquire for consideration any shares of stock of the Company unless the Company could, under paragraph (a) of this Section 5, purchase or otherwise acquire such shares at such time and in such manner.

Section 6. Reacquired Shares. Any shares of Series C Participating Preferred Stock purchased or otherwise acquired by the Company in any manner whatsoever shall be retired and canceled promptly after the acquisition thereof. All such shares shall upon their cancellation become authorized but unissued shares of preferred stock and may be reissued as part of a new series of preferred stock to be created by resolution or resolutions of the Board, subject to the conditions and restrictions on issuance set forth herein and, in the Articles of Incorporation, as amended.

Section 7. Liquidation, Dissolution or Winding Up. Upon any liquidation, dissolution or winding up of the Company, the holders of shares of Series C Participating Preferred Stock shall be entitled to receive an aggregate amount per share equal to 1,000 times the aggregate amount to be distributed per share to holders of shares of Common Stock plus an amount equal to any accrued and unpaid dividends on such shares of Series C Participating Preferred Stock.

Section 8. Consolidation, Merger, etc. In case the Company shall enter into any consolidation, merger, combination or other transaction in which the shares of Common Stock are exchanged for or changed into other stock or securities, cash and/or any other property, then in any such case the shares of Series C Participating Preferred Stock shall at the same time be similarly exchanged or changed in an amount per share equal to 1,000 times the aggregate amount of stock, securities, cash and/or any other property (payable in kind), as the case may be, into which or for which each share of Common Stock is changed or exchanged.

Section 9. No Redemption. The shares of Series C Participating Preferred Stock shall not be redeemable.

Section 10. Ranking. The Series C Participating Preferred Stock shall rank junior to all other series of the Company's preferred stock as to the payment of dividends and the distribution of assets, unless the terms of any such series shall provide otherwise.

Section 11. Amendment. The Articles of Incorporation of the Company, as amended, shall not be further amended in any manner which would materially alter or change the powers, preference or special rights of the Series C Participating Preferred Stock so as to affect them adversely without the affirmative vote of the holders of a majority of the outstanding shares of Series C Participating Preferred Stock, voting separately as a class.

Section 12. Fractional Shares. Series C Participating Preferred Stock may be issued in fractions of a share which shall entitle the holder, in proportion to such holder's fractional shares, to exercise voting rights, receive dividends, participate in distributions and to have the benefit of all other rights of holders of Series C Participating Preferred Stock.

RESOLVED FURTHER, that the President or any Vice President and the Secretary or any Assistant Secretary of this Company be, and they hereby are, authorized and directed to prepare and file a Statement of Designations of Rights, Preferences and Privileges in accordance with the foregoing resolution and the provisions of Marshall Islands law and to take such actions as they may deem necessary or appropriate to carry out the intent of the foregoing resolution.

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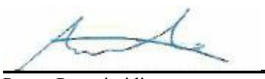
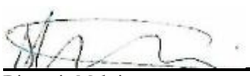
We further declare under penalty of perjury that the matters set forth in the foregoing Statement of Designations are true and correct of our own knowledge.

Executed in New York on March 29, 2022.



Petros Panagiotidis
President



Dionysis Makris
Secretary

Exhibit 4.17

Private & confidential

Dated: 27th April, 2021

ALPHA BANK S.A.
(as lender)

- and -

GAMORA SHIPPING CO. and

ROCKET SHIPPING CO.
(as joint and several borrowers)

LOAN AGREEMENT

for a secured floating interest rate loan facility of up to
US$18,000,000

Theo V. Sioufas & Co.
Law Offices
Piraeus

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THIS AGREEMENT is dated the 27th day of April, 2021 and made BETWEEN:

(1) **ALPHA BANK S.A.**, a banking société anonyme incorporated in and pursuant to the laws of the Hellenic Republic with its head office at 40 Stadiou Street, Athens, Greece, acting, except as otherwise herein provided, through its office at 93 Akti Miaouli, Piraeus, Greece, as lender (hereinafter called the ***"Lender"***, which expression shall include its successors and assigns); and

(2) (a) **GAMORA SHIPPING CO.**, a corporation duly incorporated in the Republic of the Marshall Islands having its registered address at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH 96960 (and includes its successors) (the ***"Gamora Borrower"***); and

(b) **ROCKET SHIPPING CO.**, a corporation duly incorporated in the Republic of the Marshall Islands having its registered address at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH 96960 (and includes its successors) (the ***"Rocket Borrower"*** and together with the Gamora Borrower hereinafter called the ***"Borrowers"***)

AND IT IS HEREBY AGREED as follows:

1. PURPOSE, DEFINITIONS AND INTERPRETATION

1.1 Amount and Purpose

(a) Amount: This Agreement sets out the terms and conditions upon and subject to which it is agreed that the Lender will make available to the Borrowers, on a joint and several basis, by one (1) Advance a secured term loan facility in the amount of up to the lesser of:

(i) Dollars Eighteen million ($18,000,000); and

(ii) 60% of the aggregate Market Value of the Vessels as determined in accordance with Clause 8.5(b) *(Valuation of Vessels)* by valuation obtained maximum twenty (20) days prior to the Drawdown Date;

(b) Purpose: The Loan proceeds shall be used for the purpose of re-financing part of the acquisition cost of the Vessels.

1.2 Definitions

Subject to Clause 1.3 *(Interpretation)* and Clause 1.4 *(Construction of certain terms)*, in this Agreement (unless otherwise defined in the relevant Finance Document and unless the context otherwise requires) and the other Finance Documents each term or expression defined in the recital of the parties and in this Clause shall have the meaning given to it in the recital of the parties and in this Clause:

"Accounts Pledge Agreement" means an agreement to be entered into between the Borrowers and the Lender for the creation of a pledge over the Operating Accounts in favour of the Lender, in form and substance as the Lender may approve or require, as the same may from time to time be amended and/or supplemented;

"Advance" means each borrowing of a portion of the Commitment by the Borrowers or (as the context may require) the principal amount of such borrowing;

"Affiliate" means, in relation to any person, a subsidiary of that person or a parent company of that person or any other subsidiary of that parent company;

"Alternative Rate" means a rate agreed between the Lender and the Borrowers on the basis of which (instead of LIBOR) the interest rate is determined pursuant to Clause 3.6 *(Market disruption – Non Availability)*;

"Approved Commercial Manager" in relation to each Vessel means for the time being **CASTOR SHIPS S.A.** , a corporation lawfully incorporated and validly existing under the laws of the Republic of the Marshall Islands, and having an office established in Greece pursuant to the Greek laws 378/68, 27/75, 2234/94, 3752/09 and 4150/13 (as amended and in force at the date hereof) at 17th km National Road Athens-Lamia & F0inikos Street, Nea Kifissia 145 64, Greece, or any other person appointed by the Borrower with the consent of the Lender (such consent not to be unreasonably withheld, delayed or conditioned), as the commercial manager of that Vessel, and includes its successors in title;

"Approved Managers" means, for the time being, together, the Approved Commercial Manager, the Approved Head Manager and the Approved Technical Manager, and ***"Approved Manager"*** means either of them, as the context may require;

"Approved Manager's Undertaking" means a letter of undertaking and subordination to be executed by the relevant Approved Manager, as manager of the Vessels, in favour of the Lender, such Approved Manager's Undertaking to be in form and substance as the Lender may approve or require, as the same may from time to time be amended and/or supplemented, and ***"Approved Manager's Undertakings"*** means all of them;

"Approved Head Manager" in relation to each Vessel means for the time being **PAVIMAR S.A.**, a corporation lawfully incorporated and validly existing under the laws of the Republic of the Marshall Islands, and having an office established in Greece pursuant to the Greek laws 378/68, 27/75, 2234/94, 3752/09 and 4150/13 (as amended and in force at the date hereof) at 17th km National Road Athens-Lamia & F0inikos Street, Nea Kifissia 145 64, Greece or any other person appointed by the Owner of the relevant Vessel with the consent of the Lender (such consent not to be unreasonably withheld), as the technical manager of that Vessel, and includes its successors in title;

"Approved Technical Manager" in relation to each Vessel means for the time being **WALLEM SHIPMANAGEMENT LIMITED**,of Hong Kong, or any other person appointed by the Borrower with the consent of the Lender (such consent not to be unreasonably withheld, delayed or conditioned), as the technical manager of that Vessel, and includes its successors in title;

"Approved Shipbrokers" means any of Clarksons (Hellas), Braemar and Allied Shipbroking or any other first class independent firm of internationally known shipbrokers, appointed by the Lender at its discretion and agreed by the Borrower, and includes their respective successors in title and ***"Approved Shipbroker"*** means any of them;

"Article 55 BRRD" means Article 55 of Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms;

"Assignable Charterparty" means in relation to a Vessel, any time or bareboat charterparty (irrespective of the duration of such bareboat charterparty), consecutive voyage charter or contract of affreightment or related document in respect of the employment of that Vessel having a duration (or capable of exceeding a duration) of more than 12 months and any guarantee of the obligations of the charterer under such charter in respect of that Vessel, whether now existing or hereinafter entered or to be entered into by the Owner thereof or any person, firm or company on its behalf and a charterer at a daily rate and on terms and conditions acceptable to the Lender (and shall include any addenda thereto);

"Assignee" has the meaning ascribed thereto in Clause 14.3 *(Assignment by Lenders)*;

"Availability Period" means the period starting on the date hereof and ending on:

(a) the 30th day of April, 2021 or until such later date as the Lender may agree in writing; or

(b) such earlier date (if any): (i) on which the whole Commitment has been advanced by the Lender to the Borrowers, or (ii) on which the Commitment is reduced to zero pursuant to Clauses 3.6 *(Market disruption – Non Availability)*, 9.2 *(Consequences of Default – Acceleration)*, 12.1 *(Unlawfulness)* or any other Clause of this Agreement;

"Bail-In Action" means the exercise of any Write-down and Conversion Powers;

"Bail-In Legislation" means:

(a) in relation to an EEA Member Country which has implemented, or which at any time implements, Article 55 of Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms, the relevant implementing law or regulation as described in the EU Bail-In Legislation Schedule from time to time; and

(b) in relation to any other state, 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;

"Balloon Instalment" has the meaning given in Clause 4.1 *(Repayment)*;

"Banking Day" means any day on which banks and foreign exchange markets in New York, London, Athens and Piraeus and in each country or place in or at which an act is required to be done under this Agreement in accordance with the usual practice of the Lender, are open for the transaction of business of the nature contemplated in this Agreement;

"Basel II Accord" means the *"International Convergence of Capital Measurement and Capital Standards, a Revised Framework"* published by the Basel Committee on Banking Supervision in June 2004 in the form existing on the date of this Agreement;

"Basel II Approach" means either the Standardised Approach or the relevant Internal Ratings Based Approach (each as defined in the Basel II Accord) adopted by the Lender (or its holding company) for the purposes of implementing or complying with the Basel II Accord;

"Basel II Regulation" means (a) any law or regulation implementing the Basel II Accord or (b) any Basel II Approach adopted by the Lender;

"Basel III Accord" means:

(a) the agreements on capital requirements, leverage ratio and liquidity standards contained in *"Basel III: A global regulatory framework for more resilient banks and banking systems"*, *"Basel III: International framework for liquidity risk measurement, standards and monitoring"* and *"Guidance for national authorities operating the countercyclical capital buffer"* published by the Basel Committee on Banking Supervision in December 2010, each as amended, supplemented or restated;

(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;

"Basel III Regulation" means any law or regulation implementing the Basel III Accord save and to the extent that it re-enacts a Basel II Regulation;

"Beneficial Shareholder(s)" means in respect of each of the Borrowers, the person or persons disclosed to the Lender as being the ultimate legal and beneficial owner or owners (either directly and/or through companies beneficially owned by such person or persons and/or trusts or foundations of which such person or persons are legal and beneficial owners) of 100% of the shares in each of the Borrowers, and in the case of the Corporate Guarantor having a controlling interest of the Corporate Guarantor through voting rights attaching to a certain class of shares and the legal ownership of those shares in each of the Borrowers and the Corporate Guarantor;

"Borrowed Money" means Financial Indebtedness incurred in respect of (i) money borrowed or raised, (ii) any bond, note, loan stock, debenture or similar instrument, (iii) acceptance of documentary credit facilities, (iv) deferred payments for assets or services acquired, (v) rental payments under leases (whether in respect of land, machinery, equipment or otherwise) entered into primarily as a method of raising finance or of financing the acquisition of the asset leased, (vi) guarantees, bonds, stand-by letters of credit or other instruments issued in connection with the performance of contracts and (vii) guarantees or other assurances against financial loss in respect of Financial Indebtedness of any person falling within any of sub-paragraphs (i) to (vi) above;

"Borrowers" means jointly and severally the Gamora Borrower and the Rocket Borrower as specified at the beginning of this Agreement and ***"Borrower"*** means either of them as the context may require;

"Break Costs" means all costs, losses, premiums or penalties incurred by the Lender in the circumstances contemplated by Clause 10.1 *(Miscellaneous indemnities)*, or as a result of it receiving any prepayment of all or any part of the Loan (whether pursuant to Clause 4 *(Repayment-Prepayment)* or otherwise), or any other payment under or in relation to the Security Documents on a day other than the due date for payment of the sum in question, and includes (without limitation) any losses or costs incurred in liquidating or re-employing deposits from third parties acquired to effect or maintain the Loan;

"Charterparty Assignment" means, in relation to a Vessel, an assignment of the rights of its Owner under any Assignable Charterparty and any guarantee of such Assignable Charterparty executed or to be executed by its Owner in favour of the Lender and the acknowledgement of notice of the assignment in respect of such Assignable Charterparty to be obtained (on best effort basis by its Owner) in form and substance as the Lender may approve or require, as the same may from time to time be amended and/or supplemented and, ***"Charterparty Assignments"*** means all of them;

"Classification" in relation to a Vessel means the classification referred to in the Mortgage registered thereon with the Classification Society or such other classification society as the Lender shall, at the request of the Borrowers, have agreed in writing, shall be treated as the Classification Society for the purposes of the Finance Documents;

"Classification Society" means such classification society which is a member of IACS (other than the China Classification Society and the Russian Maritime Registry of Shipping) and which the Lender shall, at the request of the Borrowers, have agreed in writing to be treated as the Classification Society for the purposes of the Finance Documents;

"Commitment" means the amount which the Lender agreed to lend to the Borrowers under Clause 2.1 *(Commitment to Lend)* as reduced by any relevant term of this Agreement;

"Commitment Letter" means the Commitment Letter dated 8 March, 2021 addressed by the Lender to the Borrowers and accepted by it on the same date, and shall include any amendments or addenda thereto;

"Corporate Guarantee" means an irrevocable and unconditional guarantee given or, as the context may require, to be given by the Corporate Guarantor in form and substance satisfactory to the Lender as security for the Outstanding Indebtedness and any and all other obligations of the Borrowers under this Agreement and the Security Documents, as the same may from time to time be amended and/or supplemented;

"Corporate Guarantor" means **C**ASTOR **M**ARITIME **I**NC.**,** a corporation lawfully incorporated and validly existing under the laws of the Republic of the Marshall Islands, and/or any other person nominated by the Borrowers and acceptable to the Lender which may give a Corporate Guarantee, and includes its successors in title;

"Default" means any Event of Default or any event which with the giving of notice or lapse of time or the satisfaction of any other condition (or any combination thereof) would constitute an Event of Default;

"Default Rate" means that rate of interest per annum which is determined in accordance with the provisions of Clause 3.4 *(Default Interest)*;

"DOC" means a document of compliance issued to an Operator in accordance with rule 13 of the ISM Code;

"Dollars" (and the sign **"$"**) means the lawful currency for the time being of the United States of America;

"Drawdown Date" means the date, being a Banking Day, requested by the Borrowers for the Loan to be made available, or (as the context requires) the date on which the Loan is actually made available;

"Drawdown Notice" means a notice substantially in the terms of Schedule 1 (*Form of Drawdown Notice*) (or in any other form which the Lender approves);

"Earnings" in relation to a Vessel means all moneys whatsoever which are now, or later become, payable (actually or contingently) to the Owner thereof and which arise out of the use or operation of that Vessel, including (but not limited to) all freight, hire and passage moneys, compensation payable to the Owner thereof in the event of requisition of that Vessel for hire, remuneration for salvage and towage services, demurrage and detention moneys, contributions of any nature whatsoever in respect of general average, damages for breach (or payments for variation or termination) of any charterparty or other contract for the employment of that Vessel and any other earnings whatsoever due or to become due to the Owner thereof in respect of that Vessel and all sums recoverable under the Insurances in respect of loss of Earnings and includes, if and whenever that Vessel is employed on terms whereby any and all such moneys as aforesaid are pooled or shared with any other person, that proportion of the net receipts of the relevant pooling or sharing agreement which is attributable to that Vessel;

"EEA Member Country" means any member state of the European Union, Iceland, Liechtenstein and Norway;

"Environmental Affiliate" means any agent or employee of any of the Borrowers or any other Relevant Party or any person having a contractual relationship with any of the Borrowers or any other Relevant Party in connection with any Relevant Ship or her operation or the carriage of cargo thereon;

"Environmental Approval" means any consent, authorisation, licence or approval of any governmental or public body or authorities or courts applicable to any Relevant Ship or her operation or the carriage of cargo thereon and/or passengers therein and/or provisions of goods and/or services on or from the Relevant Ship required under any Environmental Law;

"Environmental Claim" means:

(a) any claim by any governmental, judicial or regulatory authority which arises out of an Environmental Incident or which relates to any Environmental Law; or

(b) any claim by any other person which relates to an Environmental Incident,

and *"**claim**"* means (i) a claim for damages, compensation, fines, penalties or any other payment of any kind which exceeds $400,000 (or the equivalent in any other currency) per Vessel per incident or (ii) one or more claims for damages, compensation, fines, penalties or any other payment of any kind, the subject matter of which exceeds $400,000 (or the equivalent in any other currency) in aggregate, whether such claim or claims are in relation to one or more Vessels and whether resulting from one incident or a series of incidents;

"Environmental Incident" means (i) any release of Material of Environmental Concern from a Vessel, (ii) any incident in which Material of Environmental Concern is released from a vessel other than the Vessels and which involves collision between a Vessel and such other vessel or some other incident of navigation or operation, in either case, where a Vessel, the Borrowers (or any of them) or the Approved Managers (or any of them) is/are actually or allegedly at fault or otherwise liable (in whole or in part) or (iii) any incident in which Material of Environmental Concern is released from a vessel other than the Vessels and where a Vessel is actually or potentially liable to be arrested as a result and/or where the Borrowers (or any of them) or the Approved Managers (or any of them) is/are actually or allegedly at fault or otherwise liable;

"Environmental Laws" means all national, international and state laws, rules, regulations, treaties and conventions applicable to any Relevant Ship pertaining to the pollution or protection of human health or the environment including, without limitation, the carriage of Materials of Environmental Concern and actual or threatened emissions, spills, releases or discharges of Materials of Environmental Concern and actual or threatened emissions, spills, releases or discharges of Materials of Environmental Concern from any Relevant Ship (including, without limitation, the United States Oil Pollution Act of 1990 and any comparable laws of the individual States of the United States of America);

"EU Bail-In Legislation Schedule" means the document described as such and published by the Loan Market Association (or any successor person) from time to time;

"Event of Default" means any event or circumstance set out in Clause 9.1 *(Events)* or described as such in any other of the Finance Documents;

"Expenses" means the aggregate at any relevant time (to the extent that the same have not been received or recovered by the Lender) of:

(a) all losses, liabilities, costs, charges, expenses, damages and outgoings of whatever nature, (including, without limitation, Taxes, repair costs, registration fees and insurance premiums, crew wages, repatriation expenses and seamen's pension fund dues) suffered, incurred, charged to or paid or committed to be paid by the Lender in connection with the exercise of the powers referred to in or granted by any of the Finance Documents or otherwise payable by the Borrowers or any of them in accordance with the terms of any of the Finance Documents;

(b) the expenses referred to in Clause 10.2 *(Expenses)*; and

(c) interest on all such losses, liabilities, costs, charges, expenses, damages and outgoings from, in the case of Expenses referred to in sub-paragraph (b) above, the date on which such Expenses were demanded by the Lender from the Borrowers and in all other cases, the date on which the same were suffered, incurred or paid by the Lender until the date of receipt or recovery thereof (whether before or after judgement) at the Default Rate (as conclusively certified by the Lender);

"FATCA" means:

(a) sections 1471 to 1474 of the US Internal Revenue Code of 1986 (the ***"Code"***) or any associated regulations or other associated official guidance;

(b) any treaty, law, regulation or other official guidance enacted in any other jurisdiction, or relating to an intergovernmental agreement between the US and any other jurisdiction, which (in either case) facilitates the implementation of paragraph (a) above; or

(c) any agreement pursuant to the implementation of paragraphs (a) or (b) above with the US Internal Revenue Service, the US government or any governmental or taxation authority in any other jurisdiction;

"FATCA Deduction" means a deduction or withholding from a payment under a Finance Document required by FATCA;

"FATCA Exempt Party" means a party that is entitled to receive payments free from any FATCA Deduction;

"Final Maturity Date" means the date falling on the fourth (4^{th}) anniversary of the Drawdown Date;

"Finance Documents" means, together, this Agreement, the Security Documents, the Insurance Letters and any other document designated as such by the Lender and the Borrowers;

"Financial Indebtedness" means, in relation to a person (the *"**debtor**"*), a liability of the debtor:

(a) for principal, interest or any other sum payable in respect of any moneys borrowed or raised by the debtor;

(b) under any loan stock, bond, note or other security issued by the debtor;

(c) under any acceptance credit, guarantee or letter of credit facility made available to the debtor;

(d) under a financial lease, a deferred purchase consideration arrangement or any other agreement having the commercial effect of a borrowing or raising of money by the debtor;

(e) under any interest or currency swap or any other kind of derivative transaction entered into by the debtor or, if the agreement under which any such transaction is entered into requires netting of mutual liabilities, the liability of the debtor for the net amount; or

(f) under a guarantee, indemnity or similar obligation entered into by the debtor in respect of a liability of another person which would fall within (a) to (e) if the references to the debtor referred to the other person;

"Financial Year" means, in relation to the Borrowers, each period of one (1) year commencing on 1st January thereof in respect of which financial statements referred to in Clause 8.1(f) *(Financial statements)* are or ought to be prepared;

"Flag State" means in relation to each Vessel, the Republic of the Marshall Islands or such other state or territory designated in writing by the Lender, at the request of an Owner, as being the *"Flag State"* of such Vessel for the purposes of the Security Documents;

"General Assignment" means, in relation to each Vessel, the first priority assignment of the Earnings, Insurances and Requisition Compensation collateral to the Mortgage relative to such Vessel, executed or (as the context may require) to be executed by the Owner thereof in favour of the Lender, in form and substance as the Lender may approve or require, as the same may from time to time be amended and/or supplemented (together, the ***"General Assignments"***);

"Government Entity" means and includes (whether having a distinct legal personality or not) any national or local government authority, board, commission, department, division, organ, instrumentality, court or agency and any association, organisation or institution of which any of the foregoing is a member or to whose jurisdiction any of the foregoing is subject or in whose activities any of the foregoing is a participant;

"Governmental Withholdings" means withholdings and any restrictions or conditions resulting in any charge whatsoever imposed, either now or hereafter, by any sovereign state or by any political sub-division or taxing authority of any sovereign state;

"Group" means the Borrowers, the Corporate Guarantor and their direct or indirect Subsidiaries and all other shipping companies now or in the future substantially directly or indirectly owned and/or controlled by same beneficial interests as the Borrowers from time to time during the Security Period and *"**member of the Group**"* means any member of the Group;

"Insurance Letter" in relation to a Vessel means a letter from the Owner thereof in the form of Schedule 2 (*Form of Insurance Letter*);

"Insurances" in relation to a Vessel means all policies and contracts of insurance (including, without limitation, all entries of such Vessel in a protection and indemnity, hull and machinery, war risks or other mutual insurance association) which are from time to time in place or taken out or entered into by or for the benefit of its Owner (whether in the sole name of its Owner or in the joint names of its Owner and the Lender, however without the Mortgagee being liable for payment of premiums, contributions or calls) in respect of such Vessel and its earnings or otherwise howsoever in connection with such Vessel and all benefits of such policies and/or contracts (including all claims of whatsoever nature and return of premiums);

"Interest Payment Date" means in respect of the Loan or any part thereof in respect of which a separate Interest Period is fixed the last day of the relevant Interest Period and in case of any Interest Period longer than three (3) months the date(s) falling at successive three (3) monthly intervals during such longer Interest Period and the last day of such Interest Period, provided, however, that if any of the aforesaid dates falls on a day which is not a Banking Day the Borrowers shall pay the accrued interest on the first Banking Day thereafter unless the result of such extension would be to carry such Interest Payment Date over into another calendar month in which event such Interest Payment Date shall be the immediately preceding Banking Day;

"Interest Period" means in relation to the Loan or any part thereof, each period for the calculation of interest in respect of the Loan or such part ascertained in accordance with Clauses 3.2 *(Selection of Interest Period)* and 3.3 *(Determination of Interest Periods)*;

"ISM Code" means in relation to its application to the Borrowers, the Vessels and their operation:

(a) *"The International Management Code for the Safe Operation of Ships and for Pollution Prevention"*, currently known or referred to as the *"ISM Code"*, adopted by the Assembly of the International Maritime Organisation by Resolution A. 741(18) on 4th November, 1993 and incorporated on 19th May, 1994 into chapter IX of the International Convention for the Safety of Life at Sea 1974 (SOLAS 1974); and

(b) all further resolutions, circulars, codes, guidelines, regulations and recommendations which are now or in the future issued by or on behalf of the International Maritime Organisation or any other entity with responsibility for implementing the ISM Code, including without limitation, the *"Guidelines on implementation or administering of the International Safety Management (ISM) Code by Administrations"* produced by the International Maritime Organisation pursuant to Resolution A. 788(19) adopted on 25th November, 1995;

as the same may be amended, supplemented or replaced from time to time;

"ISM Code Documentation" includes:

(a) the DOC and SMC issued by a classification society in all respects acceptable to the Lender in its absolute discretion pursuant to the ISM Code in relation to the Vessels within the period specified by the ISM Code;

(b) all other documents and data which are relevant to the ISM SMS and its implementation and verification which the Lender may require by request; and

(c) any other documents which are prepared or which are otherwise relevant to establish and maintain each Vessel's or each Owner's compliance with the ISM Code which the Lender may require by request;

"ISM SMS" means the safety management system which is required to be developed, implemented and maintained under the ISM Code;

"ISPS Code" means the International Ship and Port Security Code of the International Maritime Organization and includes any amendments or extensions thereto and any regulation issued pursuant thereto;

"ISSC" in relation to a Vessel means an International Ship Security Certificate issued in respect of such Vessel pursuant to the ISPS Code;

"Lender" means the Lender as specified in the beginning of this Agreement, and includes its successors in title and transferees;

"Lending Office" means the office of the Lender appearing at the beginning of this Agreement or any other office of the Lender designated by the Lender as the Lending Office by notice to the Borrowers;

"LIBOR" means, in relation to the Loan or any part of the Loan:

(a) the applicable Screen Rate at or about 11.45 a.m. (London time) on the Quotation Day for Dollars and for a period equal in length to the Interest Period then applicable to the Loan or that part of the Loan; or

(b) as otherwise determined pursuant to Clause3.6(d) *(Negotiation of alternative rate of interest)*,

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

"Loan" means the aggregate principal amount borrowed by the Borrowers in respect of the Commitment or (as the context may require) the principal amount owing to the Lender under this Agreement at any time;

"Major Casualty" in relation to a Vessel means any casualty to such Vessel in respect whereof the claim or the aggregate of the claims against all insurers, before adjustment for any relevant franchise or deductible, exceeds the Major Casualty Amount;

"Major Casualty Amount" means Four hundred thousand Dollars ($400,000) or the equivalent in any other currency;

"Management Agreement" in relation to a Vessel means the agreement made between the Owner thereof and the relevant Approved Manager providing *(inter alia)* for that Approved Manager to manage such Vessel, as amended and/or supplemented from time to time (together, the ***"Management Agreements"***);

"MAPI" has the meaning given in Clause 10.9 *(MII and MAPI costs)*;

"Margin" means three point two zero per centum (3.20%) per annum;

"Market Value" in relation to a Vessel means the market value of such Vessel as determined in accordance with Clause 8.5(b) *(Valuation of Vessels)*;

"Material of Environmental Concern" means and includes pollutants, contaminants, toxic substances, oil as defined in the United States Oil Pollution Act of 1990 and all hazardous substances as defined in the United States Comprehensive Environmental Response, Compensation and Liability Act 1980;

"Material Adverse Change" means any event or series of events which, in the opinion of the Lender, is likely to have a Material Adverse Effect;

"Material Adverse Effect" means a material, in the reasonable opinion of the Lender, adverse effect on:

(a) the business, property, assets, liabilities, operations or condition (financial or otherwise) of the Borrower and/or any Security Party taken as a whole;

(b) the ability of the Borrower and/or any Security Party to (i) comply with or perform any of its obligations or (ii) discharge any of its liabilities, under any Finance Document as they fall due; or

(c) the validity, legality or enforceability of any Finance Document or the rights and remedies of the Lender under any Finance Document;

"MII" has the meaning given in Clause 10.9 *(MII and MAPI costs)*;

"month" means a period beginning in one calendar month and ending in the next calendar month on the day numerically corresponding to the day of the calendar month on which it started, provided that (i) if the period started on the last Banking Day in a calendar month or if there is no such numerically corresponding day, it shall end on the last Banking Day in such next calendar month and (ii) if such numerically corresponding day is not a Banking Day, the period shall end on the next following Banking Day in the same calendar month but if there is no such Banking Day it shall end on the preceding Banking Day and ***"months"*** and ***"monthly"*** shall be construed accordingly;

"Mortgage" in relation to a Vessel means the first preferred ship mortgage or, as the case may be, first priority ship mortgage and the deed of covenant supplemental thereto on such Vessel to be executed by the Owner thereof in favour of the Lender in form and substance as the Lender may approve or require, as the same may from time to time be amended and/or supplemented (together, the ***"Mortgages"***);

"Mortgaged Vessel(s)" means the Vessel(s) which remain mortgaged in favour of the Lender pursuant to this Agreement at any relevant time hereunder;

"Operating Account" means the account to be opened and maintained in the name of each Owner with the Lending Office or with any other branch of the Lender or any other office of the Lender or with such other bank as may be required by and at the discretion of the Lender pursuant to Clause 13.7 *(Relocation of Operating Accounts)* and shall include any sub-accounts or call accounts (whether in Dollars or any other currency) opened under the same designation or any revised designation or number from time to time notified by the Lender to the Borrowers, to which (inter alia) all Earnings of the relevant Vessel and/or any other moneys are to be paid in accordance with the provisions of this Agreement and/or the relevant General Assignment and/or any of the other Finance Documents (together, the ***"Operating Accounts"***);

"Operating Expenses" means the voyage and operating expenses of the Vessels, including, but not limited to, the expenses for operating, crewing, victualing, insuring, maintaining, repairing and generally trading the Vessels *(and if applicable, voyage expenses)*, the expenses for spares, administration and management of the Vessels (inclusive of the management fees, survey expenses, legal fees, commissions, bunkering expenses, ballast water treatment installation costs and corporate administration fees and taxes) as well as the reserves that the Borrowers, acting reasonably, consider necessary for the commercial operation of the Vessels and the costs of intermediate and special surveys and dry docking of the Vessels;

"Operator" means any person who is from time to time during the Security Period concerned in the operation of the Vessels (or any of them) and falls within the definition of *"Company"* set out in rule 1.1.2. of the ISM Code;

"Outstanding Indebtedness" means the aggregate of (a) the Loan and interest accrued and accruing thereon, (b) the Expenses, and (c) all other sums of any nature (together with all interest on any of those sums) which from time to time may be payable by the Borrowers to the Lender pursuant to the Finance Documents, whether actually or contingently and (d) any damages payable as a result of any breach by the Borrowers of any of the Finance Documents and (e) any damages or other sums payable as a result of any of the obligations of the Borrowers under or pursuant to any of the Finance Documents being disclaimed by a liquidator or any other person, or, where the context permits, the amount thereof for the time being outstanding;

"Owner" in relation to a Vessel means the owner of such Vessel as specified in the definition of the Vessels in this Clause 1.2 (together, the ***"Owners"***);

"Party" means a party to this Agreement;

"Permitted Security Interest" means:

(a) Security Interests created by the Finance Documents;

(b) liens for unpaid crew's wages in accordance with usual maritime practice;

(c) liens for salvage;

(d) liens arising by operation of law for not more than 2 months' prepaid hire under any charter in relation to such Vessel not prohibited by this Agreement;

(e) liens for master's disbursements incurred in the ordinary course of trading and any other lien arising by operation of law or otherwise in the ordinary course of the operation, repair or maintenance of a Vessel, provided such liens do not secure amounts more than 60 days overdue (unless the overdue amount is being contested in good faith by appropriate steps) and, in the case of liens for repair or maintenance, in such Vessel is put in the possession of any person for the purpose of work being done upon her in an amount exceeding or likely to exceed the Major Casualty Amount provided that (i) either that person has first given to the Lender and in terms satisfactory to it a written undertaking not to exercise any lien on such Vessel or her earnings for the cost of such work or (ii) the previous consent of the Lender shall have been obtained (which consent shall not be unreasonably withheld);

(f) any Security Interest created in favour of a plaintiff or defendant in any action of the court or tribunal before whom such action is brought as security for costs and expenses where the Owner is prosecuting or defending such action in good faith by appropriate steps; and

(g) Security Interests arising by operation of law in respect of taxes which are not overdue for payment other than taxes being contested in good faith by appropriate steps and in respect of which appropriate reserves have been made;

"Pledged Deposit" has the meaning ascribed thereto in Clause 8.1(k) *(Pledged Deposit);*

"Pledgor" means the Corporate Guarantor or any other person(s) acceptable to the Lender who has/have executed or (as the context may require) shall execute the Shares Pledge Agreement (together, the ***"Pledgors"***);

"Quotation Day" means, in respect of any period in respect of which LIBOR falls to be determined under this Agreement, the second Banking Day before the first day of such period;

"Registry" in relation to a Vessel means the offices of such registrar, commissioner or representative of the relevant Flag State who is duly authorised to register such Vessel, its Owner's title thereto and the relevant Mortgage over such Vessel under the laws and flag of the relevant Flag State;

"Regulatory Agency" means the Government Entity or other organization in the relevant Flag State which has been designated by the government of the relevant Flag State to implement and/or administer and/or enforce the provisions of the ISM Code;

"Related Company" means any shipping company which is under the ultimate control, direct or indirect, of the Corporate Guarantor;

"Relevant Jurisdiction" means any jurisdiction in which or where any Security Party is incorporated, resident, domiciled, has a permanent establishment, carries on, or has a place of business or is otherwise effectively connected;

"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 Party" means the Borrower, the Borrower's Related Companies and the other corporate Security Parties and their respective Related Companies;

"Relevant Ship" means the Vessels and any other vessel from time to time (whether before or after the date of this Agreement) owned, managed or crewed by, or chartered to, by any Relevant Party;

"Repayment Date" means each of the dates specified in Clause 4.1 *(Repayment)* on which the Repayment Instalments shall be payable by the Borrowers to the Lender;

"Repayment Instalments" means each of the instalments of the Loan which becomes due for repayment by the Borrowers to the Lender on a Repayment Date pursuant to Clause 4.1 *(Repayment)*;

"Replacement Benchmark" means a benchmark rate which is:

(a) formally designated, nominated or recommended as the replacement for a Screen Rate by:

(i) the administrator of that Screen Rate (provided that the market or economic reality that such benchmark rate measures is the same as that measured by that Screen Rate); or

(ii) any Relevant Nominating Body,

and if replacements have, at the relevant time, been formally designated, nominated or recommended under both paragraphs, the *"Replacement Benchmark"* will be the replacement under paragraph (ii) above;

(b) in the opinion of the Lender and the Borrower, generally accepted in the international loan markets as the appropriate successor to a Screen Rate; or

(c) in the opinion of the Lender and the Borrower, an appropriate successor to a Screen Rate*;*

*"**Requisition Compensation"*** includes all compensation or other moneys payable by reason of any act or event such as is referred to in paragraph (b) of the definition of *"Total Loss";*

"Resolution Authority" means any body which has authority to exercise any Write-down and Conversion Powers;

"Sanctions" means any economic, financial or trade sanctions laws, regulations, embargoes or other restrictive measures adopted, administered, enacted or enforced by any Sanctions Authority, or otherwise imposed by any law or regulation, compliance with which is reasonable in the ordinary course of business of the Borrowers (or any of them), any other Security Party and the Lender or to which the Borrowers, any other Security Party and the Lender are subject (which shall include without limitation, any extra-territorial sanctions imposed by law or regulation of the United States of America);

"Sanctions Authority" means:

(a) the government of the United States of America;

(b) the United Nations;

(c) the European Union (or the governments of any of its member states);

(d) the United Kingdom;

(e) the Flag State; or

(f) 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 (***"OFAC"***), the United States Department of State, the United States Department of Commerce and Her Majesty's Treasury;

"Sanctions Restricted Jurisdiction" means any country or territory which is the target of country-wide or territory-wide Sanctions, including as at the date of this Agreement, Iran, Sudan, Syria, Crimea, North Korea and Cuba;

"Sanctions Restricted Person" means a person or vessel:

(a) that is, or is directly or indirectly, owned or controlled (as such terms are defined by the relevant Sanctions Authority) by, or acting on behalf of, one or more persons or entities on any list (each as amended, supplemented or substituted from time to time) of restricted entities, persons or organisations (or equivalent) published by a Sanctions Authority;

(b) that is located or resident in or incorporated under the laws of, or owned or controlled by, a person located or resident in or incorporated under the laws of a Sanctions Restricted Jurisdiction; or

(c) that is otherwise the target or subject of Sanctions;

"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 Lender may specify another page or service displaying the relevant rate after consultation with the Borrowers;

"Screen Rate Replacement Event" means, in relation to a Screen Rate:

(a) the methodology, formula or other means of determining that Screen Rate has, in the opinion of the Lender and the Borrowers, materially changed;

(b) (i)

(A) the administrator of that Screen Rate or its supervisor publicly announces that such administrator is insolvent; or

(B) information is published in any order, decree, notice, petition or filing, however described, or filed with a court, tribunal, exchange, regulatory authority or similar administrative, regulatory or judicial body which reasonably confirms that the administrator of that Screen Rate is insolvent,

provided that, in each case, at that time, there is no successor administrator to continue to provide that Screen Rate;

(ii) the administrator of that Screen Rate publicly announces that it has ceased or will cease, to provide that Screen Rate permanently or indefinitely and, at that time, there is no successor administrator to continue to provide that Screen Rate;

(iii) the supervisor of the administrator of that Screen Rate publicly announces that such Screen Rate has been or will be permanently or indefinitely discontinued; or

(iv) the administrator of that Screen Rate or its supervisor announces that that Screen Rate may no longer be used; or

(v) in the opinion of the Lender and the Borrowers, that Screen Rate is otherwise no longer appropriate for the purposes of calculating interest under this Agreement;

"Security Documents" means:

(a) the Accounts Pledge Agreement;

(b) the Approved Manager's Undertakings;

(c) the General Assignments;

(d) the Mortgages;

(e) any Charterparty Assignment;

(f) the Corporate Guarantee;

(g) the Shares Pledge Agreement; and

(h) any other agreement or document (whether creating a Security Interest or not) that may have been or shall from time to time after the date of this Agreement be executed to guarantee and/or secure all or any part of the Outstanding Indebtedness and/or any and all other obligations of the Borrowers to the Lender pursuant to this Agreement and any other moneys from time to time owing or payable by the Borrowers under or in connection with this Agreement and/or any of the other documents referred to in this definition, as each such document may from time to time be amended and/or supplemented, and ***"Security Document"*** means any of them as the context may require;

"Security Interest" means any mortgage, charge (whether fixed or floating), pledge, lien, hypothecation, assignment, trust arrangement or security interest or other encumbrance of any kind securing any obligation of any person or any type of preferential arrangement (including without limitation title transfer and/or retention arrest, seizure, garnishee order (whether nisi or absolute) or any other order or judgement arrangements having a similar effect) or other encumbrance of any kind or the security rights of a plaintiff under an action *in rem* or any right conferring a priority of payment in respect of any obligation of any person;

"Security Party" means each Borrower, the Corporate Guarantor, the Pledgor and any other person (other than the Lender, any charterer and the Approved Managers), who, as a surety or mortgagor, as a party to any subordination or priorities arrangement, or in any similar capacity, executes a document falling within the last paragraph of the definition of *"Finance Documents"*, and ***"Security Parties"*** means any or all of them, as the context may require;

"Security Period" means the period commencing on and including the date hereof and terminating on and including the date upon which Outstanding Indebtedness has been paid in full to the Lender;

"Security Requirement" means the amount in Dollars (as certified by the Lender whose certificate shall, in the absence of manifest error, be conclusively binding on the Borrowers) which is at any relevant time not less than one hundred and twenty percent (120%) of the Loan;

"Security Value" means the amount in Dollars (as certified by the Lender whose certificate shall, in the absence of manifest error, be conclusive and binding on the Borrowers) which, at any relevant time is the aggregate of (i) the aggregate Market Value of the Mortgaged Vessels as most recently determined in accordance with Clause 8.5(b) *(Valuation of Vessels)*, (ii) the market value of any additional security provided under Clause 8.5(a) *(Security shortfall-Additional Security)* and accepted by the Lender (if any) and (iii) the Pledged Deposit;

"Shares" means the five hundred (500) registered shares in the issued share capital of each of the Borrowers owned by the Pledgor;

"Shares Pledge Agreement" means the pledge agreement to be executed by the Pledgor(s) in favour of the Lender, whereby the Pledgor shall pledge all Shares, in form and substance as the Lender may approve or require, as the same may from time to time be amended and/or supplemented;

"SMC" means a safety management certificate issued in respect of the Vessels in accordance with rule 13 of the ISM Code;

"Subsidiary" of a person means any company or entity directly or indirectly controlled by such person;

"Taxes" includes all present and future taxes, levies, imposts, duties, fees or charges of whatever nature together with interest thereon and penalties in respect thereof (except taxes concerning the Lender and imposed on the net income of the Lender) and ***"Taxation"*** shall be construed accordingly;

"Total Loss" means, in relation to a Vessel:

(a) actual, constructive, compromised or arranged total loss of that Vessel; or

(b) any expropriation, confiscation, appropriation, expropriation, deprivation, forfeiture, requisition or acquisition of that Vessel, whether for full or part consideration, a consideration less than its proper value, a nominal consideration or without any consideration, which is effected by any Government Entity or by any person or persons claiming to be or to represent a Government Entity whether de jure or de facto, unless it is within thirty (30) days from the date of such occurrence redelivered to the full control of the Owner thereof; or

(c) any condemnation of that Vessel by any tribunal or by any person or persons claiming to be a tribunal,

(d) any arrest, capture, seizure, confiscation or detention of that Vessel (including any hijacking or theft or piracy or related incident) unless it is within ninety (90) days from the date of such occurrence redelivered to the full control of the Owner thereof;

"Total Loss Date" means, in relation to a Vessel:

(a) in the case of an actual loss of that Vessel, the date on which it occurred or, if that is unknown, the date when that Vessel was last heard of;

(b) in the case of a constructive, compromised, agreed or arranged total loss of that Vessel, the earliest of:

(i) the date on which a notice of abandonment is given to the insurers; and

(ii) the date of any compromise, arrangement or agreement made by or on behalf of the Owner of that Vessel with that Vessel's insurers in which the insurers agree to treat that Vessel as a total loss;

"Transferee" has the meaning ascribed thereto in Clause 14.3 *(Assignment by the Lender)*;

"UK Bail-In Legislation" means (to the extent that the United Kingdom is not an EEA Member Country which has implemented, or implements, Article 55 BRRD) Part 1 of the United Kingdom Banking Act 2009 and any other law or regulation applicable in the United Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial institutes or their Affiliates (otherwise than through liquidation, administration or other insolvency proceedings);

"US" means the United States of America;

"US Tax Obligor" means:

(a) a Borrower which is resident for tax purposes in the US; or

(b) a Borrower or a Security Party some or all whose payments under the Finance Documents are from sources within the US for US federal income tax purposes;

"Vessels" means:

(a) the oil tanker motor vessel **"WONDER SIRIUS"**, of about 62,806 gt and 34,551 nt, built in 2005 in Geoje, S. Korea by Samsung Heavy Industries Co. Ltd., having IMO No. 9285847, registered under the laws and flag of the Republic of the Marshall Islands at the Ships Registry of the port of Majuro in the ownership of the Gamora Borrower with Official No. 9332 (the ***"Vessel A"***); and

(b) the oil tanker motor vessel **"WONDER POLARIS"**, of about 62,806 gt and 34,551 nt, built in 2005 in Geoje, S. Korea by Samsung Heavy Industries Co. Ltd., having IMO No. 9285835, registered under the laws and flag of the Republic of the Marshall Islands at the Ships Registry of the port of Majuro in the ownership of the Rocket Borrower with Official No. 9331 (the ***"Vessel B"***),

in each case, together with all her boats, engines, machinery tackle outfit spare gear fuel consumable and other stores belongings and appurtenances whether on board or ashore and whether now owned or hereafter acquired and all the additions, improvements and replacements in or on the above described vessel,

(the Vessel A and the Vessel B hereinafter together called the ***"Vessels"***, and ***"Vessel"*** means any of them, as the context may require);

"Write-down and Conversion Powers" means:

(a) in relation to any Bail-In Legislation described in the EU Bail-In Legislation Schedule from time to time, the powers described as such in relation to that Bail-In Legislation in the EU Bail-In Legislation Schedule; and

(b) in relation to any other applicable Bail-In Legislation:

(i) any powers under that Bail-In Legislation to cancel, transfer or dilute shares issued by a person that is a bank or investment firm or other financial institution or affiliate of a bank, investment firm or other financial institution, to cancel, reduce, modify or change the form of a liability of such a person or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or any other person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that Bail-In Legislation that are related to or ancillary to any of those powers; and

(ii) any similar or analogous powers under that Bail-In Legislation; and

(c) in relation to any UK Bail-In Legislation:

(i) any powers under that UK Bail-In Legislation to cancel, transfer or dilute shares issued by a person that is a bank or investment firm or other financial institution or Affiliate of a bank, investment firm or other financial institution, to cancel, reduce, modify or change the form of a liability of such a person or any contract or instrument under which that liability arises, to convert all or part of that liability into shares, securities or obligations of that person or any other person, to provide that any such contract or instrument is to have effect as if a right had been exercised under it or to suspend any obligation in respect of that liability or any of the powers under that UK Bail-In Legislation that are related to or ancillary to any of those powers; and

(ii) any similar or analogous powers under that UK Bail-In Legislation.

1.3 Interpretation

In this Agreement:

(c) Clause headings and the table of contents are inserted for convenience of reference only and shall be ignored in the interpretation of this Agreement;

(d) subject to any specific provision of this Agreement or of any assignment and/or participation or syndication agreement of any nature whatsoever, reference to each of the parties hereto and to the other Finance Documents shall be deemed to be reference to and/or to include, as appropriate, their respective successors and permitted assigns;

(e) where the context so admits, words in the singular include the plural and vice versa;

(f) the words *"including"* and *"in particular"* shall not be construed as limiting the generality of any foregoing words;

(g) references to (or to any specified provisions of) a Finance Document or any other agreement or instrument is a reference to that Finance Document or other agreement or instrument as it may from time to time be amended, restated, novated or replaced, however fundamentally, whether before the date of this Agreement or otherwise;

(h) references to Clauses and Schedules are to be construed as references to the Clauses of, and the Schedules to, the relevant Finance Document and references to a Finance Document include all the terms of that Finance Document and any Schedules, Annexes or Appendices thereto, which form an integral part of same;

(i) references to the opinion of the Lender or a determination or acceptance by the Lender or to documents, acts, or persons acceptable or satisfactory to the Lender or the like shall be construed as reference to opinion, determination, acceptance or satisfaction of the Lender at the sole discretion of the Lender, and such opinion, determination, acceptance or satisfaction of the Lender shall be conclusive and binding on the Borrowers;

(j) references to a ***"regulation"*** include any present or future regulation, rule, directive, requirement, request or guideline (whether or not having the force of law) of any governmental or intergovernmental body, agency, authority, central bank or government department or any self-regulatory or other national or supra-national authority or organisation and includes (without limitation) any Basel II Regulation or Basel III Regulation;

(k) references to any person include such person's assignees and successors in title; and

(l) references to or to a provision of, any law include any amendment, extension, re-enactment or replacement, whether made before the date of this Agreement or otherwise;

1.4 Construction of certain terms

In this Agreement:

"asset" includes every kind of property, asset, interest or right, including any present, future or contingent right to any revenues or other payment;

"company" includes any partnership, joint venture and unincorporated association;

"consent" includes an authorisation, consent, approval, resolution, licence, exemption, filing, registration, notarisation and legalisation;

*"**contingent liability**"* means a liability which is not certain to arise and/or the amount of which remains unascertained;

*"**continuing**"*, in relation to any Default or any Event of Default, means that the Default or the Event of Default has not been remedied or waived;

"control" of an entity means:

(a) 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 that entity; or

(ii) appoint or remove all, or the majority, of the directors or other equivalent officers of that entity; or

(iii) give directions with respect to the operating and financial policies of that entity with which the directors or other equivalent officers of that entity are obliged to comply; and/or

(b) the holding beneficially of more than 50 per cent of the issued share capital of that entity (excluding any part of that issued share capital that carries no right to participate beyond a specified amount in a distribution of either profits or capital) (and, for this purpose, any Security Interest over the share capital shall be disregarded in determining the beneficial ownership of such share capital);

and *"**controlled**"* shall be construed accordingly;

*"**document**"* includes a deed; also a letter or fax;

*"**guarantee**"* means any guarantee, letter of credit, bond, indemnity or similar assurance against loss, or any obligation, direct or indirect, actual or contingent, to purchase or assume any indebtedness of any person or to make an investment in or loan to any person or to purchase assets of any person where, in each case, such obligation is assumed in order to maintain or assist the ability of such person to meet its indebtedness and *"**guaranteed**"* shall be construed accordingly;

*"**law**"* includes any form of delegated legislation, any order or decree, 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;

*"**liability**"* includes every kind of debt or liability (present or future, certain or contingent), whether incurred as principal or surety or otherwise;

*"**person**"* includes any individual, firm, company, corporation, unincorporated body of persons or any state, political sub-division or any agency thereof and local or municipal authority and any international organisation;

*"**policy**"*, in relation to any insurance, includes a slip, cover note, certificate of entry or other document evidencing the contract of insurance or its terms;

*"**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;

*"**right**"* means any right, privilege, power or remedy, any proprietary interest in any asset and any other interest or remedy of any kind, whether actual or contingent, present or future, arising under contract or law, or in equity;

*"**successor**"* includes any person who is entitled (by assignment, novation, merger or otherwise) to any other person's rights under this Agreement or any other Finance Document (or any interest in those rights) or who, as administrator, liquidator or otherwise, is entitled to exercise those rights; and in particular references to a successor include a person to whom those rights (or any interest in those rights) are transferred or pass as a result of a merger, division, reconstruction or other reorganisation of it or any other person;

*"**liquidation**", "**winding up**", "**dissolution**",* or *"**administration**"* of person or a *"**receiver**"* or *"**administrative receiver**"* or *"**administrator**"* in the context of insolvency proceedings or security enforcement actions in respect of a person shall be construed so as to include any equivalent or analogous proceedings or any equivalent and analogous person or appointee (respectively) under the law of the jurisdiction in which such person is established or incorporated or any jurisdiction in which such person carries on business including (in respect of proceedings) the seeking or occurrences of liquidation, winding-up, reorganisation, dissolution, administration, arrangement, adjustment, protection or relief of debtors.

1.5 Same meaning

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.

1.6 Inconsistency

Unless a contrary indication appears, in the event of any inconsistency between the terms of this Agreement and the terms of any other Finance Document when dealing with the same or similar subject matter (other than as relates to the creation and/or perfection of security) are subject to the terms of this Agreement and, in the event of any conflict between any provision of this Agreement and any provision of any Finance Document (other than in relation to the creation and/or perfection of security) the provisions of this Agreement shall prevail.

1.7 Finance Documents

Where any other Finance Document provides that Clause 1.3 *(Interpretation)* and Clause 1.4 *(Construction of certain terms)*, shall apply to that Finance Document, any other provision of this Agreement which, by its terms, purports to apply to all or any of the Finance Documents and/or any Security Party shall apply to that Finance Document as if set out in it but with all necessary changes.

2. THE LOAN

2.1 Commitment to lend

The Lender, relying upon (inter alia) each of the representations and warranties set forth in Clause 6 *(Representations and warranties)* and in each of the Security Documents, agrees to lend to the Borrowers in (1) Advance and upon and subject to the terms of this Agreement, the amount specified in Clause 1.1 *(Amount and Purpose)* and the Borrowers shall apply all amounts borrowed under the Commitment in accordance with Clause 1.1 *(Amount and Purpose)*.

2.2 Drawdown Notice irrevocable

A Drawdown Notice must be signed by a director or a duly authorised attorney-in-fact of the Borrowers and shall be effective on actual receipt thereof by the Lender and, once served, it, subject as provided in Clause 3.6 *(Market disruption – Non Availability)*, cannot be revoked without the prior consent of the Lender.

2.3 Drawdown Notice and commitment to borrow

Subject to the terms and conditions of this Agreement, the Commitment shall be advanced to the Borrowers following receipt by the Lender from the Borrowers of a Drawdown Notice not later than 10:00 a.m. (London time) on the third Banking Day before the date on which the drawdown is intended to be made.

2.4 Number of advances agreed

The Commitment shall be advanced to the Borrowers by one (1) Advance and any amount undrawn under the Commitment shall be cancelled and may not be borrowed by the Borrowers at a later date.

2.5 Disbursement

Upon receipt of the relevant Drawdown Notice complying with the terms of this Agreement the Lender shall, subject to the provisions of Clause 7 *(Conditions precedent)*, on the date specified in the relevant Drawdown Notice, make the Commitment available to the Borrowers, and payment to the Borrowers shall be made to the account which the Borrowers specify in the relevant Drawdown Notice.

2.6 Application of proceeds

Without prejudice to the Borrowers' obligations under Clause 8.1(d) *(Use of Loan proceeds)*, the Lender is not bound to monitor or verify the application of any amount borrowed pursuant to this Agreement and shall have no responsibility for the application of the proceeds of the Loan (or any part thereof) by the Borrowers.

2.7 Termination date of the Commitment

Any part of the Commitment undrawn and uncancelled at the end of the Availability Period shall thereupon be automatically cancelled.

2.8 Evidence

It is hereby expressly agreed and admitted by the Borrowers that abstracts or photocopies of the books of the Lender as well as statements of accounts or a certificate signed by an authorised officer of the Lender shall be conclusive binding and full evidence, save for manifest error, on the Borrowers as to the existence and/or the amount of the at any time Outstanding Indebtedness, of any amount due under this Agreement, of the applicable interest rate or Default Rate or any other rate provided for or referred to in this Agreement, the Interest Period, the value of additional securities under Clause 8.5(a) *(Security shortfall Additional Security)*, the payment or non-payment of any amount. Nevertheless, enforcement procedures or any other court or out-of-court procedure can be commenced by the Lender on the basis of the above mentioned means of evidence including written statements or certificates of the Lender.

2.9 Cancellation

The Borrowers shall be entitled to cancel any undrawn part of the Commitment under this Agreement upon giving the Lender not less than five (5) Banking Days' notice in writing to that effect, provided that no Drawdown Notice has been given to the Lender under Clause 2.3 *(Drawdown Notice and commitment to borrow)* for the full amount of the Commitment or in respect of the portion thereof in respect of which cancellation is required by the Borrowers. Any such notice of cancellation, once given, shall be irrevocable. Any amount cancelled may not be drawn. Notwithstanding any such cancellation pursuant to this Clause 2.9 the Borrowers shall continue to be liable for any and all amounts due to the Lender under this Agreement including without limitation any amounts due to the Lender under Clause 10 *(Indemnities - Expenses – Fees)*.

2.10 No security or lien from other person

Neither of the Borrowers has taken or received, and each of the Borrowers undertakes that until all moneys, obligations and liabilities due, owing or incurred by the Borrowers under this Agreement and the Security Documents have been paid in full, none of the Borrowers will take or receive, any security or lien from any other person liable or for any liability whatsoever.

2.11 Interest to co-borrow

The Borrowers have an interest in borrowing jointly and severally in that they are companies which have close financial co-operation and mutual assistance and in that the Commitment would not have been available to each one of the Borrowers separately.

3. INTEREST

3.1 Normal Interest Rate

The Borrowers shall pay interest on the Loan (or as the case may be, each portion thereof to which a different Interest Period relates) in respect of each Interest Period (or part thereof) on each Interest Payment Date. The interest rate for the calculation of interest shall be the rate per annum determined by the Lender to be the aggregate of (i) the Margin and (ii) LIBOR for that Interest Period, unless there is an Alternative Rate in which case the interest rate for the calculation of interest shall be the rate per annum determined by the Lender to be the aggregate of (i) the Margin and (ii) the Alternative Rate.

3.2 Selection of Interest Period

(a) Notice: The Borrowers may by notice received by the Lender not later than 10:00 a.m. (London time) on the second Banking Day before the beginning of each Interest Period specify (subject to Clause 3.3 *(Determination of Interest Periods)* below) whether such Interest Period shall have a duration of one (1) or two (2) or three (3) months (or such other period as may be requested by the Borrowers and as the Lender, in its sole discretion, may agree to).

(b) Non-availability of matching deposits for Interest Period selected: If, after the Borrowers by notice to the Lender have selected an Interest Period, the Lender notifies the Borrowers on the same Banking Day before the commencement of that Interest Period that it is not satisfied that deposits in Dollars for a period equal to that Interest Period will be available to it in the London Interbank Market when that Interest Period commences, that Interest Period shall be of such duration as the Lender may advise the Borrowers in writing.

3.3 Determination of Interest Periods

Every Interest Period shall, subject to market availability to be conclusively determined by the Lender, be of the duration specified by the Borrowers pursuant to Clause 3.2 *(Selection of Interest Periods)* but so that:

(a) Initial Interest Period: the initial Interest Period in respect of the Loan will commence on the date on which the Commitment is advanced and each subsequent Interest Period will commence forthwith upon the expiry of the preceding Interest Period;

(b) Interest tranches: if any Interest Period would otherwise overrun one or more Repayment Dates, then, in the case of the last Repayment Date, such Interest Period shall end on such Repayment Date, and in the case of any other Repayment Date or Dates the Loan shall be divided into parts so that there is one part equal to the amount(s) of the Repayment Instalment(s) due on each Repayment Date falling during that Interest Period and having an Interest Period ending on the relevant Repayment Date and another part equal to the amount of the balance of the Loan having an Interest Period determined in accordance with Clause 3.2 *(Selection of Interest Period)* and the other provisions of this Clause 3.3 and the other provisions of this Clause 3.3 and the expression *"**Interest Period in respect of the Loan**"* when used in this Agreement refers to the Interest Period in respect of the balance of the Loan;

(c) Failure to notify: if the Borrowers fail to specify the duration of an Interest Period in accordance with the provisions of Clause 3.2 *(Selection of Interest Period)* and this Clause 3.3, such Interest Period shall have a duration of three (3) months unless another period shall be determined by the Lender at its sole discretion provided, always, that such period (whether of three (3) months or of different duration) shall comply with this Clause 3.3,

provided, always, that:

(i) any Interest Period which commences on the last day of a calendar month, and any Interest Period which commences on the day on which there is no numerically corresponding day in the calendar month during which such Interest Period is due to end, shall end on the last Banking Day of the calendar month during which such Interest Period is due to end; and

(ii) if the last day of an Interest Period is not a Banking Day the Interest Period shall be extended until the next following Banking Day unless such next following Banking Day falls in the next calendar month in which case such Interest Period shall be shortened to expire on the preceding Banking Day.

3.4 Default Interest

(a) Default interest: If the Borrowers fail to pay any sum (including, without limitation, any sum payable pursuant to this Clause 3.4) on its due date for payment under any of the Finance Documents, the Borrowers shall pay interest on such sum from the due date up to the date of actual payment (as well after as before judgement) at the rate determined by the Lender pursuant to this Clause 3.4. The period beginning on such due date and ending on such date of payment shall be divided into successive periods as selected by the Lender each of which (other than the first, which shall commence on such due date) shall commence on the last day of the preceding such period. The rate of interest applicable to each such period shall be the aggregate (as determined by the Lender) of (i) two per cent (2%) per annum, (ii) the Margin and (iii) LIBOR. Such interest shall be due and payable on the last day of each such period as determined by the Lender and each such day shall, for the purposes of this Agreement, be treated as an Interest Payment Date, provided that if such unpaid sum is of principal which became due and payable by reason of a declaration by the Lender under Clause 9.2 *(Consequences of Default – Acceleration)* or a prepayment pursuant to Clauses 4.2 *(Voluntary Prepayment)*, 4.3 *(Compulsory Prepayment in case of Total Loss or sale of a Vessel)*, 8.5(a)(i), 12.1 *(Unlawfulness) and 12.2 (Increased Cost)* on a date other than an Interest Payment Date relating thereto, the first such period selected by the Lender shall be of a duration equal to the period between the due date of such principal sum and such Interest Payment Date and interest shall be payable on such principal sum during such period at a rate two per cent (2%) above the rate applicable thereto immediately before it fell due. If for the reasons specified in Clause 3.6 *(Market disruption – Non Availability)*, the Lender is unable to determine a rate in accordance with the foregoing provisions of this Clause 3.4, interest on any sum not paid on its due date for payment shall be calculated at a rate determined by the Lender to be two per cent (2%) per annum above the aggregate of (i) the Margin and (ii) the Alternative Rate.

(b) Compounding of default interest: Any such interest which is not paid at the end of the period by reference to which it was determined shall be compounded every 6 months and shall be payable on demand.

3.5 Notification of Interest and interest rate

The Lender shall notify the Borrowers promptly of the duration of each Interest Period and of each rate of interest determined by it under this Clause 3 without prejudice to the right of the Lender to make determinations at its sole discretion. In case that the Lender fails to notify the Borrowers as above, such failure will not affect the validity of the determination of the Interest Period and Interest Rate made pursuant to this Clause 3 and neither constitute nor will be interpreted as if to constitute a breach of obligation of the Lender except in case of wilful misconduct.

3.6 Market disruption – Non Availability

(a) Market Disruption Event - Notification: If and whenever, at any time prior to the commencement of any Interest Period, the Lender (in its discretion) shall have determined (which determination shall be conclusive in the absence of manifest error) that a Market Disruption Event has occurred in relation to the Loan for any such Interest Period, then the Lender shall forthwith give notice thereof (a ***"Determination Notice"***) to the Borrowers stating the circumstances falling within Clause 3.6(c) *(Meaning of "Market Disruption Event")* which have caused its notice to be given and the rate of interest on the Loan (or the relevant part thereof) for that Interest Period shall be the percentage rate per annum which is the sum of:

(i) the Margin; and

(ii) the rate which expresses as a percentage rate per annum the cost to the Lender of funding the Loan (or the relevant part thereof) from whatever source it may select.

(b) Suspension of drawdown: If the Determination Notice is given before the Commitment (or a part thereof) is advanced, the Lender's obligation to make the Commitment (or a part thereof) available shall be suspended while the circumstances referred to in the Determination notice continue.

(c) Meaning of "Market Disruption Event": In this Agreement ***"Market Disruption Event"*** means:

(i) at or about noon on the Quotation Day for the relevant Interest Period no Screen Rate is available for LIBOR for Dollars; and/or

(ii) before close of business in London on the Quotation Day for the relevant Interest Period, the Lender determines (in its sole discretion) that the cost to it of obtaining matching deposits in the London Interbank Market to fund the Loan (or the relevant part thereof) for such Interest Period would be in excess of the Screen Rate for such Interest Period; and

(iii) before close of business in London on the Quotation Day for the relevant Interest Period, deposits in Dollars are not available to the Lender in the London Interbank Market in the ordinary course of business in sufficient amounts to fund the Loan (or the relevant part thereof) for such Interest Period.

(d) Negotiation of alternative rate of interest: If the Determination Notice is served after the Loan is borrowed, the Borrower and the Lender shall enter into negotiations (for a period of not more than 15 days after the date on which the Lender serves the Determination Notice (the ***"Negotiation Period"***) and shall use reasonable endeavours to agree, an alternative interest rate or (as the case may be) an alternative basis for the Lender to fund or continue to fund the Loan during the Interest Period concerned. During the Negotiation Period the Lender shall set an Interest Period and interest rate representing the Cost of Funding of the Lender in Dollars, in each case as determined by the Lender, of the Loan plus the Margin.

(e) Application of agreed alternative rate of interest: Any alternative interest rate or an alternative basis which is agreed during the Negotiation Period shall be binding on the Lender and all Security Parties and shall take effect in accordance with the terms agreed**.**

(d) Alternative basis of interest in absence of agreement: If the Lender and the Borrowers will not enter into negotiations as provided in Clause 3.6(c)(i) or if an alternative interest rate or alternative basis is not agreed within the Negotiation Period, and the relevant circumstances are continuing at the end of the Negotiation Period, then the Lender shall set the following Interest Period and an interest rate representing the cost of funding of the Lender in Dollars of the Loan (or the relevant part thereof) plus the Margin for such Interest Period; if the relevant circumstances are continuing at the end of the Interest Period so set by the Lender and the Borrowers and the Lender are unable to agree a suitable alternative basis, the Lender shall continue to set the following Interest Period and an interest rate representing its cost of funding in Dollars of the Loan (or the relevant part thereof) plus the Margin for such Interest Period until such time as the circumstances specified in Sub-Clause 3.6(a) *(Market Disruption Event)* shall no longer exist, whereupon the normal rate of interest shall apply.

(e) Notice of prepayment: If the Borrowers do not agree with an interest rate set by the Lender under Clause 3.6(d) *(Alternative basis of interest in absence of agreement)*, the Borrowers may give the Lender not less than 5 Banking Days' notice of its intention to prepay the Loan at the end of the interest period set by the Lender.

(f) Prepayment; termination of Commitment: A notice under Clause 3.6(e) *(Notice of prepayment)* shall be irrevocable; and on the last Banking Day of the interest period set by the Lender, the Borrowers, if the Commitment has already been advanced, shall prepay (without premium or penalty) the Loan, together with accrued interest thereon at the applicable rate plus the Margin and the balance of the Outstanding Indebtedness or, if the Commitment has not been advanced, the Commitment shall be reduced to zero and no Advance shall be made to the Borrowers under this Agreement thereafter.

(g) Application of prepayment: The provisions of Clause 4 *(Repayment-Prepayment)* shall apply in relation to the prepayment made hereunder.

3.7 Replacement of Screen Rate

(a) If a Screen Rate Replacement Event has occurred in relation to the Screen Rate for dollars, any amendment or waiver which relates to:

(i) providing for the use of a Replacement Benchmark in relation to that currency in place of that Screen Rate ; and

(ii)

(1) aligning any provision of any Finance Document to the use of that Replacement Benchmark;

(2) enabling that Replacement Benchmark to be used for the calculation of interest under this Agreement (including, without limitation, any consequential changes required to enable that Replacement Benchmark to be used for the purposes of this Agreement);

(3) implementing market conventions applicable to that Replacement Benchmark;

(4) providing for appropriate fallback (and market disruption) provisions for that Replacement Benchmark; or

(5) adjusting the pricing to reduce or eliminate, to the extent reasonably practicable, any transfer of economic value from one Party to another as a result of the application of that Replacement Benchmark (and if any adjustment or method for calculating any adjustment has been formally designated, nominated or recommended by the Relevant Nominating Body, the adjustment shall be determined on the basis of that designation, nomination or recommendation),

may be made with the consent of the Lender and the Borrowers.

4. REPAYMENT - PREPAYMENT

4.1 Repayment

The Borrowers shall and it is expressly undertaken by the Borrowers to repay the Loan jointly and severally by (a) Sixteen (16) quarterly repayment instalments (the ***"Repayment Instalments"***), the first of which to be repaid on the date falling three (3) months after the Drawdown Date, and each of the subsequent ones consecutively falling due for payment on each of the dates falling three (3) months after the immediately preceding Repayment Date with the last (the 16th) of such Repayment Instalments falling due for payment on the Final Maturity Date and (b) a balloon installment in the amount of Dollars Six million five hundred thousand ($6,500,000) (the ***"Balloon Installment"***), such Balloon Installment to be repaid together with the last (the 16th) Repayment Instalment on the Final Maturity Date; subject to the provisions of this Agreement, each of the Repayment Instalments shall be in the following amount:

(a) 1st to 4th (both incl.) in the amount of Dollars Eight hundred fifty thousand ($850,000); and

(a) 5th to 16th (both incl.) in the amount of Dollars Six hundred seventy five thousand ($675,000);

provided that (a) if the last Repayment Date would otherwise fall after the Final Maturity Date, the last Repayment Date shall be the Final Maturity Date, (b) there shall be no Repayment Dates after the Final Maturity Date, (c) on the Final Maturity Date the Borrowers shall also pay to the Lender any and all other monies then due and payable under this Agreement and the other Finance Documents, (d) if any part of the Commitment is not advanced to the Borrowers the amounts of the Repayment Instalments and the Balloon Instalment shall be reduced pro-rata, and (e) if any of the Repayment Instalments shall become due on a day which is not a Banking Day, the due date therefor shall be extended to the next succeeding Banking Day unless such Banking Day falls in the next calendar month, in which event such due date shall be the immediately preceding Banking Day.

4.2 Voluntary Prepayment

The Borrowers shall have the right, to prepay, part or all of the Loan in each case together with all unpaid interest accrued thereon and all other sums of money whatsoever due and owing from the Borrowers to the Lender hereunder or pursuant to the other Finance Documents and all interest accrued thereon, provided that:

(a) the Lender shall have received from the Borrowers not less than five (5) days' prior notice in writing (which shall be irrevocable) of their intention to make such prepayment and specify the account and the date on which such prepayment is to be made;

(b) such prepayment may take place only on the last day of an Interest Period relating to the whole of the Loan;

(c) each such prepayment shall be equal to One hundred thousand Dollars ($100,000) or a whole multiple thereof or the balance of the Loan;

(d) any prepayment of less than the whole of the Loan will be applied in or towards pro-rata satisfaction of the outstanding Repayment Installments and the Balloon Installment;

(e) every notice of prepayment shall be effective only on actual receipt by the Lender, shall be irrevocable and shall oblige the Borrowers to make such prepayment on the date specified;

(f) the Borrowers have provided evidence satisfactory to the Lender that any consent required by the Borrowers (or any of them) or any Security Party in connection with the prepayment has been obtained and remains in force, and that any regulation relevant to this Agreement which affects the Borrowers (or any of them) or any Security Party has been complied with;

(g) no amount prepaid may be re-borrowed; and

(h) the Borrowers may not prepay the Loan or any part thereof save as expressly provided in this Agreement;

Provided always that if the Borrowers shall, subject always to Clause 4.2(a), make a prepayment on a Banking Day other than the last day of an Interest Period in respect of the whole of the Loan, it shall, in addition to the amount prepaid and accrued interest, pay to the Lender any amount which the Lender may certify is necessary to compensate the Lender for any Break Costs incurred by the Lender as a result of the making of the prepayment in question.

4.3 Compulsory Prepayment in case of Total Loss or sale of a Vessel

(a) Total Loss of a Vessel: On a Vessel becoming a Total Loss:

(i) prior to the advancing of the Commitment, the obligation of the Lender to make available the Commitment shall immediately cease and the Commitment shall be reduced to zero; or

(ii) in case the Commitment or, as the case may be, any part thereof has been already advanced, the amount of the Loan shall, on on the earlier of the date falling one hundred and twenty (120) days after the Total Loss Date and the date of receipt by the Lender of the insurance proceeds relating to such Total Loss, be reduced by an amount equal to the Relevant Percentage (as hereinafter defined) of the Loan and the Borrowers shall thereupon be obliged to make such repayment of the Relevant Percentage of the Loan.

(b) Sale or refinancing of a Mortgaged Vessel: In the event of a sale or other disposal of any Mortgaged Vessel or in case of refinancing of a Mortgaged Vessel by another bank or financial institution or if the Borrowers request the Lender's consent for the discharge of the Mortgage registered on a Mortgaged Vessel the amount of the Loan shall be reduced by an amount equal to the Relevant Percentage (as hereinafter defined) and the Borrowers shall thereupon be obliged to make such repayment of the Relevant Percentage of the Loan;

AND for the purpose of this Clause 4.3 ***"Relevant Percentage"*** in relation to any Mortgaged Vessel, means an amount equal to the higher of:

(i) an amount equal to the proportion which the Market Value of such Mortgaged Vessel bears to the aggregate of the Market Values of both Mortgaged Vessels based on the valuations of such Vessels carried out under Clause 8.5(b) *(Valuation of Vessels)* immediately before the Total Loss occurred or the sale or other disposal of the relevant Mortgaged Vessel, as the case may be occurs; and

(ii) the amount which is required to be repaid to the Lender so that, after the payment to the Lender of the amount referred to in paragraph (i), the aggregate of (1) the Market Value of the Vessel remaining mortgaged to the Lender determined in accordance with Clause 8.5(b) *(Valuation of Vessels)* immediately after the Total Loss or the sale or other disposal of the relevant Vessel, as the case may be, and (2) the Pledged Deposit is at least equal to 120% of the amount of the Loan;

provided, however, that if the relevant Mortgaged Vessel so lost or sold or otherwise disposed of is the last Mortgaged Vessel, then the full amount of the insurance or, as the case may be, the sale proceeds shall apply against repayment of the Outstanding Indebtedness and additionally the Borrowers shall pay to the Lender the balance (if any) of the Outstanding Indebtedness.

4.4 Application by the Lender in case of compulsory prepayment

Any amount prepaid in accordance with Clause 4.3(a) *(Total Loss of a Mortgaged Vessel),* and Clause 4.3(b) *(Sale of a Mortgaged Vessel)* which is less than the whole of the Outstanding Indebtedness will be applied by the Lender in or towards pro rata satisfaction of the outstanding Repayment Instalments and the Balloon Instalment.

4.5 Amounts payable on prepayment

Any prepayment of all or part of the Loan under this Agreement shall be made together with:

(a) accrued interest on the amount of the Loan to the date of such prepayment (calculated, in the case of a prepayment pursuant to Clause 3.6 *(Market disruption – Non Availability)* at a rate equal to the aggregate of the Margin and the cost to the Lender of funding the Loan);

(b) any additional amount payable under Clause 5.3 *(Gross Up)*;

(c) all other sums payable by the Borrowers to the Lender under this Agreement or any of the other Finance Documents including, without limitation, any amounts payable under Clause 10 *(Indemnities - Expenses – Fees)*; and

(d) in relation to any prepayment made on a date other than an Interest Payment Date in respect of the whole of the Loan, it shall, in addition to the amount prepaid and accrued interest, pay to the Lender any amount which the Lender may certify is necessary to compensate the Lender for any Break Costs incurred by the Lender as a result of the making of the prepayment in question.

5. PAYMENTS, TAXES AND COMPUTATION

5.1 Payment - No set-off or Counterclaims

(a) The Borrowers hereby jointly and severally acknowledge that in performing their respective obligations under this Agreement, the Lender will be incurring liabilities to third parties in relation to the funding of amounts to the Borrowers, such liabilities matching the liabilities of the Borrowers to the Lender and that it is reasonable for the Lender to be entitled to receive payments from the Borrowers gross on the due date in order that the Lender is put in a position to perform its matching obligations to the relevant third parties. Accordingly, all payments to be made by the Borrowers under this Agreement and/or any of the other Finance Documents shall be made in full, without any set-off or counterclaim whatsoever and, subject as provided in Clause 5.3 *(Gross Up)*, free and clear of any deductions or withholdings or Governmental Withholdings whatsoever, as follows:

(i) in Dollars (except for charges or expenses which shall be paid in the currency in which they are incurred), not later than 10:00 a.m. (London time) on the Banking Day (in Piraeus, Athens, London and New York City) on which the relevant payment is due under the terms of this Agreement; and

(ii) to such account and at such bank as the Lender may from time to time specify for this purpose by written notice to the Borrowers, reference: *"GAMORA SHIPPING CO./ROCKET SHIPPING CO./LOAN AGREEMENT DATED: 27TH APRIL, 2021"* provided, however, that the Lender shall have the right to change the place of account for payment, upon three (3) Banking Days' prior written notice to the Borrowers.

(b) If at any time it shall become unlawful or impracticable for the Borrowers (or any of them) to make payment under this Agreement to the relevant account or bank referred to in Clause 5.1(a), the Borrowers may request and the Lender may agree to alternative arrangements for the payment of the amounts due by the Borrowers to the Lender under this Agreement or the other Finance Documents.

5.2 Payments on Banking Days

All payments due shall be made on a Banking Day. If the due date for payment falls on a day which is not a Banking Day, that payment due shall be made on the immediately following Banking Day unless such Banking Day falls in the next calendar month, in which case payments shall fall due and be made on the immediately preceding Banking Day.

5.3 Gross Up

If at any time any law, regulation, regulatory requirement or requirement of any governmental authority, monetary agency, central bank or the like compels the Borrowers to make payment subject to Governmental Withholdings, the Borrowers shall pay to the Lender such additional amounts as may be necessary to ensure that there will be received by the Lender a net amount equal to the full amount which would have been received had payment not been made subject to such Governmental Withholdings. The Borrowers shall indemnify the Lender against any losses or costs incurred by the Lender by reason of any failure of the Borrowers to make any such deduction or withholding or by reason of any increased payment not being made on the due date for such payment. The Borrowers shall, not later than thirty (30) days after each deduction, withholding or payment of any Governmental Withholdings, forward to the Lender official receipts and any other documentary receipts and any other documentary evidence reasonably required by the Lender in respect of the payment made or to be made of any deduction or withholding or Governmental Withholding. The obligations of the Borrowers under this provision shall, subject to applicable law, remain in force notwithstanding the repayment of the Loan and the payment of all interest due thereon pursuant to the provisions of this Agreement.

5.4 Mitigation

If circumstances arise which would result in an increased amount being payable by the Borrower under this Clause then, without in any way limiting the rights of the Lender under this Clause, the Lender shall use reasonable endeavours to transfer the obligations, liabilities and rights under this Agreement and the Security Documents to another office or financial institution not affected by the circumstances, but the Lender shall be under no obligation to take any such action if in its opinion, to do so would or might:

(a) have an adverse effect on its business, operations or financial condition on the Lender; or

(b) involve it in any activity which is unlawful or prohibited or any activity that is contrary to, or inconsistent, with any regulation of the Lender; or

(c) involve the Lender in any expense (unless indemnified to its reasonable satisfaction) or tax disadvantage.

5.5 Claw-back of Tax benefit

If, following any such deduction or withholding as is referred to in Clause 5.3 *(Gross-up)* from any payment by the Borrower, the Lender shall receive or be granted a credit against or remission for any Taxes payable by it, the Lender shall, subject to the Borrower having made any increased payment in accordance with Clause 5.3 *(Gross-up)* and to the extent that the Lender can do so without prejudicing its retention of the amount of such credit or remission and without prejudice to the right of the Lender to obtain any other relief or allowance which may be available to it, reimburse the Borrower with such amount as the Lender shall in its absolute discretion certify to be the proportion of such credit or remission as will leave the Lender (after such reimbursement) in no worse position than it would have been in had there been no such deduction or withholding from the payment by the Borrower. Such reimbursement shall be made forthwith upon the Lender certifying that the amount of the credit or remission has been received by it, provided, always, that:

(a) the Lender shall not be obliged to allocate this transaction any part of a tax repayment or credit which is referable to a number of transactions;

(b) nothing in this Clause shall oblige the Lender to rearrange its tax affairs in any particular manner, to claim any type of relief, credit, allowance or deduction instead of, or in priority to, another or to make any such claim within any particular time or to disclose any information regarding its tax affairs and computations;

(c) nothing in this Clause shall oblige the Lender to make a payment which exceeds any repayment or credit in respect of tax on account of which the Borrower has made an increased payment under this Clause;

(d) any allocation or determination made by the Lender under or in connection with this Clause shall be binding on the Borrower; and

(e) without prejudice to the generality of the foregoing, the Borrower shall not, by virtue of this Clause 5.5, be entitled to enquire about the Lender's tax affairs.

5.6 Loan Account

All sums advanced by the Lender to the Borrowers under this Agreement and all interest accrued thereon and all other amounts due under this Agreement from time to time and all repayments and/or payments thereof shall be debited and credited respectively to a separate loan account maintained by the Lender in accordance with its usual practices in the name of the Borrowers. The Lender may, however, in accordance with its usual practices or for its accounting needs, maintain more than one account, consolidate or separate them but all such accounts shall be considered parts of one single loan account maintained under this Agreement. In case that a ship mortgage in the form of Account Current is granted as security under this Agreement, the account(s) referred to in this Clause shall be the Account Current referred to in such mortgage.

5.7 Computation

All interest and other payments payable by reference to a rate per annum under this Agreement shall accrue from day to day and be calculated on the basis of actual days elapsed and a 360 day year.

6. REPRESENTATIONS AND WARRANTIES

6.1 Continuing representations and warranties

The Borrowers jointly and severally represent and warrant to the Lender that;

(a) Due Incorporation/Valid Existence: Each of the Borrowers and the other corporate Security Parties is duly incorporated and validly existing and in good standing under the laws of their respective countries of incorporation, and have power to own their respective property and assets, to carry on their respective business as the same are now being lawfully conducted and to purchase, own, finance and operate vessels, or, as the case may be, manage vessels, as well as to undertake the obligations which such Security Party has undertaken or shall undertake pursuant to the Finance Documents and does not have a place of business in the United Kingdom or the United States of America;

(b) Due Corporate Authority: Each of the Borrowers has power to execute, deliver and perform its obligations under the Finance Documents to which is or is to be a party and to borrow the Commitment and each of the other Security Parties has power to execute and deliver and perform its/his obligations under the Finance Documents to which it/he is or is to be a party; all necessary corporate, shareholder and other action has been taken to authorise the execution, delivery and performance of the same and no limitation on the powers of the Borrowers (or any of them) to borrow will be exceeded as a result of borrowing the Loan;

(c) Litigation: no litigation or arbitration, tax claim or administrative proceeding (including action relating to any alleged or actual breach of the ISM Code and the ISPS Code) involving a potential liability of the Borrowers (or any of them) or any other Security Party is current or pending or (to its or its officers' knowledge) threatened against the Borrowers (or any of them) or any other Security Party, which, if adversely determined, would have a Material Adverse Effect of any of them;

(d) No conflict with other obligations: the execution and delivery of, the performance of its obligations under, and compliance with the provisions of, the Finance Documents by the relevant Security Parties will not (i) contravene any existing applicable law, statute, rule or regulation or any judgment, decree or permit to which the Borrowers (or any of them) or any other Security Party is subject, (ii) conflict with, or result in any breach of any of the terms of, or constitute a default under, any agreement or other instrument to which the Borrowers (or any of them) or any other Security Party is a party or is subject to or by which it or any of its property is bound, (iii) contravene or conflict with any provision of the memorandum and articles of association/articles of incorporation/by-laws/statutes or other constitutional documents of the Borrowers (or any of them) or any other Security Party or (iv) result in the creation or imposition of or oblige the Borrowers (or any of them) or any other Security Party to create any Security Interest (other than a Permitted Security Interest) on any of the undertakings, assets, rights or revenues of the Borrowers (or any of them) or any other Security Party;

(e) Financial Condition: the financial condition of the Borrowers (or any of them) and of the other Security Parties (other than the Approved Managers) has not suffered any material deterioration since that condition was last disclosed to the Lender;

(f) No Immunity: neither the Borrowers nor any other Security Party nor any of their respective assets are entitled to immunity on the grounds of sovereignty or otherwise from any legal action or proceeding (which shall include, without limitation, suit, attachment prior to judgement, execution or other enforcement);

(g) Shipping Company: each of the Borrowers and the Approved Managers is a shipping company involved in the owning or, as the case may be, managing of ships engaged in international voyages and earning profits in free foreign currency;

(h) Licences/Authorisation: every consent, authorisation, license or approval of, or registration with or declaration to, governmental or public bodies or authorities or courts required by any Security Party to authorise, or required by any Security Party in connection with, the execution, delivery, validity, enforceability or admissibility in evidence of each of the Finance Documents or the performance by each Security Party of its obligations under the Finance Documents to which such Security Party is or is to be a party has been obtained or made and is in full force and effect and there has been no default in the observance of any of the conditions or restrictions (if any) imposed in, or in connection with, any of the same so far as the Borrowers are aware;

(i) Perfected Securities: the Finance Documents do now or, as the case may be, will, upon execution and delivery (and, where applicable, registration as provided for in the Finance Documents):

(i) constitute the relevant Security Party's legal, valid and binding obligations enforceable against that Security Party in accordance with their respective terms (having the requisite corporate benefit which is legally and economically sufficient); and

(ii) create legal, valid and binding Security Interests (having the priority specified in the relevant Finance Document) enforceable in accordance with their respective terms over all the assets and revenues intended to be covered to which they, by their terms, relate, subject to any relevant insolvency laws affecting creditors' rights generally;

(m) No third party Security Interests: without limiting the generality of Clause 6.1(i) *(Perfected Securities)*, at the time of the execution and delivery of each Finance Document to which each Borrower is a party:

(i) each Borrower will have the right to create all the Security Interests which that Finance Document purports to create; and

(ii) no third party will have any Security Interests (except for Permitted Security Interests) or any other interest, right or claim over, in or in relation to any asset to which any such Security Interest, by its terms, relates;

(n) No Notarisation/Filing/Recording: save for the registration of any Mortgage in the appropriate shipping Registry, it is not necessary to ensure the legality, validity, enforceability or admissibility in evidence of this Agreement or any of the other Finance Documents that it or they or any other instrument be notarised, filed, recorded, registered or enrolled in any court, public office or elsewhere or that any stamp, registration or similar tax or charge be paid on or in relation to this Agreement or the other Finance Documents;

(o) Taxes paid: each Borrower has paid all taxes applicable to, or imposed on or in relation to that Borrower, its business or its Vessel; and

(p) Valid Choice of Law: the choice of law agreed to govern this Agreement and/or any other Finance Document and the submission to the jurisdiction of the courts agreed in each of the Finance Documents are or will be, on execution of the respective Finance Documents, valid and binding on each of the Borrowers and any other Security Party which is or is to be a party thereto.

6.2 Initial representations and warranties

The Borrowers further jointly and severally represent and warrant to the Lender that:

(a) Direct obligations - Pari Passu: the obligations of the Borrowers under this Agreement are direct, general and unconditional obligations of the Borrowers and rank at least pari passu with all other present and future unsecured and unsubordinated Financial Indebtedness of the Borrowers with the exception of any obligations which are mandatorily preferred by law;

(b) Information: all information, accounts, statements of financial position, exhibits and reports furnished by or on behalf of any Security Party to the Lender in connection with the negotiation and preparation of this Agreement and each of the other Finance Documents are true and accurate in all material respects and not misleading, do not omit material facts and all reasonable enquiries have been made to verify the facts and statements contained therein; there are no other facts the omission of which would make any fact or statement therein misleading and, in the case of accounts and statements of financial position, they have been prepared in accordance with generally accepted international accounting principles, standards and practices which have been consistently applied;

(c) No Default: no Default has occurred and is continuing;

(d) No Taxes: no Taxes are imposed by deduction, withholding or otherwise on any payment to be made by any Security Party under this Agreement and/or any other of the Finance Documents or are imposed on or by virtue of the execution or delivery of this Agreement and/or any other of the Finance Documents or any document or instrument to be executed or delivered hereunder or thereunder. In case that any Tax exists now or will be imposed in the future, it will be borne by the Borrowers;

(e) No Default under other Financial Indebtedness: neither of the Borrowers nor any other Security Party (other than the Approved Managers) is in Default under any agreement relating to Financial Indebtedness to which it is a party or by which it is or may be bound;

(f) Ownership/Flag/Seaworthiness/Class/Insurance of the Vessels: each Vessel on the Drawdown Date will be:

(i) in the absolute and free from Security Interests (other than in favour of the Lender) ownership of the Owner thereof who is and will on and after the Drawdown Date be the sole legal and beneficial owner of that Vessel;

(ii) registered in the name of the Owner thereof through the relevant Registry of the port of registry of the Flag State under the laws and flag of the Flag State;

(iii) operationally seaworthy and in every way fit for service;

(iv) classed with a Classification Society member of IACS, which has been approved by the Lender in writing and such classification is and will be free of all requirements and overdue recommendations of such Classification Society;

(v) insured in accordance with the provisions of this Agreement and the relevant Mortgage;

(vi) managed by the Approved Managers; and

(vii) in full compliance with the ISM and the ISPS Code;

(g) No Charter: unless otherwise permitted in writing by the Lender, none of the Vessels will on or before the Drawdown Date or be subject to any charter or contract nor to any agreement to enter into any charter or contract which, if entered into after the Drawdown Date would have required the consent of the Lender under any of the Finance Documents and there will not on or before the Drawdown Date be any agreement or arrangement whereby the Earnings of the relevant Vessel may be shared with any other person;

(h) No Security Interests: neither the Vessel, nor its Earnings, Requisition Compensation or Insurances nor any other properties or rights which are, or are to be, the subject of any of the Security Documents nor any part thereof will, on the Drawdown Date, be subject to any Security Interests other than Permitted Security Interests or otherwise permitted by the Finance Documents;

(i) Compliance with Environmental Laws and Approvals: eexcept as may already have been disclosed by the Borrowers in writing to, and acknowledged in writing by, the Lender:

(i) each Borrower and its Related Companies have complied with the provisions of all Environmental Laws;

(ii) each Borrower and its Related Companies have obtained all Environmental Approvals and are in compliance with all such Environmental Approvals; and

(iii) neither the Borrowers nor any of their respective Related Companies have received notice of any Environmental Claim that the Borrowers or any of their respective Related Companies are not in compliance with any Environmental Law or any Environmental Approval;

(j) No Environmental Claims: except as may already have been disclosed by the Borrowers in writing to, and acknowledged in writing by, the Lender:

(i) there is no Environmental Claim pending or, to the best of the Borrowers' knowledge and belief, threatened against either Borrower or its Vessel or that Borrower's Related Companies or any other Relevant Ship; and

(ii) there has been no emission, spill, release or discharge of a Material of Environmental Concern from the Vessels or any other Relevant Ship or any vessel owned by, managed or crewed by or chartered to either Borrower which could give rise to an Environmental Claim;

(k) Copies true and complete: the copies of the Management Agreements delivered or to be delivered to the Lender pursuant to Clause 7.1 *(Conditions precedent to the execution of this Agreement)* are, or will when delivered be, true and complete copies of such documents; such documents will when delivered constitute valid and binding obligations of the parties thereto enforceable in accordance with their respective terms and there will have been no amendments or variations thereof or defaults thereunder;

(l) DOC and SMC: in relation to each Vessel the DOC applicable to each Approved Manager and the SMC applicable to that Vessel are presently in full effect;

(m) Compliance with ISM Code: each Vessel will comply on the Drawdown Date and the Operator complies with the requirements of the ISM Code and the SMC which has been or, as the case may be, shall be issued in respect of each relevant Vessel shall remain valid on the Drawdown Date and thereafter throughout the Security Period;

(n) Compliance with ISPS Code: each Borrower has a valid and current ISSC in respect of its Vessel and it is and will be in full compliance with the ISPS Code; and the Operator complies with the requirements of the ISPS Code and the ISSC in respect of each Vessel shall remain valid throughout the Security Period;

(o) Shareholdings:

(i) each Borrower is a fully owned Subsidiary of the Corporate Guarantor and the shares in the Corporate Guarantor are legally and beneficially owned as disclosed to the Lender before signing of this Agreement; and

(ii) no change of control has been made directly or indirectly in the ownership, beneficial ownership, or management of each of the Borrowers and the Corporate Guarantor or any share therein or of the Vessel and the voting rights in each of the Borrowers and the Corporate Guarantor, but, so far as the Corporate Guarantor is concerned, the result of such change is that the controlling interest in the Corporate Guarantor ceases to remain in the Beneficial Shareholder(s) disclosed to the Lender before signing of this Agreement , unless otherwise permitted by the Lender; and

(p) No US Tax Obligor: none of the Security Parties is a US Tax Obligor;

(q) Sanctions: neither any Security Party nor any other member of the Group:

(i) is a Sanctions Restricted Person;

(ii) owns or controls directly or indirectly a Sanctions Restricted Person; or

(iii) has a Sanctions Restricted Person serving as a director, officer or, to the best of its knowledge, employee; and

(iv) no proceeds of the Loan shall be made available, directly or to the knowledge of the Borrowers, or any of them (after reasonable enquiry) indirectly, to or for the benefit of a Sanctions Restricted Person contrary to Sanctions or for transactions in a Sanctions Restricted Jurisdiction nor shall they be otherwise directly or indirectly, applied in a manner or for a purpose prohibited by Sanctions.

6.3 Money laundering - acting for own account

Each of the Borrowers further jointly and severally represents and warrants and confirms to the Lender that it is the beneficiary for each part of the Loan made or to be made available to it and it will promptly inform the Lender by written notice if it is not, or ceases to be, the beneficiary and notify the Lender in writing of the name and the address of the new beneficiary/beneficiaries; each of the Borrowers is aware that under applicable money laundering provisions, it has an obligation to state for whose account the Loan is obtained; each of the Borrowers confirms that, by entering into this Agreement and the other Finance Documents, it is acting on its own behalf and for its own account and it is obtaining the Loan for its own account. In relation to the borrowing by the Borrowers of the Loan, the performance and discharge of its obligations and liabilities under this Agreement or any of the other Finance Documents and the transactions and other arrangements effected or contemplated by this Agreement or any of the Documents to which each of the Borrowers is a party, it is acting for its own account and that the foregoing will not involve or lead to a contravention of any law, official requirement or other regulatory measure or procedure which has been implemented to combat *"money laundering"* (as defined in Article 1 of the Directive (91/308/EEC) of the Council of the European Community).

6.4 Representations Correct

At the time of entering into this Agreement all above representations and warranties or any other information given by the Borrowers and/or the Approved Managers to the Lender are true and accurate.

6.5 Repetition of Representations and Warranties

The representations and warranties in this Clause 6 (except in relation to the representations and warranties in Clause 6.2 *(Initial representations and warranties)*) shall be deemed to be repeated by the Borrower:

(a) on the date of service of the Drawdown Notice;

(b) on the Drawdown Date; and

(c) on each Interest Payment Date throughout the Security Period,

as if made with reference to the facts and circumstances existing on each such day.

7. CONDITIONS PRECEDENT

7.1 Conditions precedent to the execution of this Agreement

The obligation of the Lender to make the Commitment or any part thereof available shall be subject to the condition that the Lender, shall have received, not later than two (2) Banking Days before the day on which the Drawdown Notice in respect of the Commitment or such part thereof is given, the following documents and evidence in form and substance satisfactory to the Lender:

(a) Constitutional Documents: a duly certified true copy of the Articles of Incorporation and By-Laws or the Memorandum and Articles of Association, or of any other constitutional documents, as the case may be, of each corporate Security Party;

(b) Certificates of incumbency: a recent certificate of incumbency of each corporate Security Party issued by the appropriate authority and/or at the discretion of the Lender signed by the secretary or a director of each of them respectively, stating the corporate body which binds every one of them, the officers and/or the directors of each of them and containing specimens of their signatures;

(c) Shareholding: a statement to the Lender confirming the identity of the Beneficial Shareholder(s) of each of the Borrowers and the Corporate Guarantor in line with *"know your customer"* procedures of the Lender for opening account purposes, who should be acceptable in all respects to the Lender; in the event that the Lender agrees (at its sole discretion) that a Security Party may have a corporate shareholder, the conditions set out in Sub-clauses (a) *(Constitutional Documents)*, (b) *(Certificates of incumbency)*, (d) *(Resolutions)* and (e) *(Powers of Attorney)* of this Clause 7.1 shall apply (mutatis mutandis) to such corporate shareholder;

(d) Resolutions: minutes of separate meetings of the directors and (if required) shareholders of each of the Borrowers and the Corporate Guarantor at which there was approved (inter alia) the entry into, execution, delivery and performance of this Agreement, the other Finance Documents and any other documents executed or to be executed pursuant hereto or thereto to which the relevant Security Party is or is to be a party;

(e) Powers of Attorney: the original of any power(s) of attorney and any further evidence of the due authority of any person signing this Agreement, the other Finance Documents, and any other documents executed or to be executed pursuant hereto or thereto on behalf of any corporate person;

(f) Consents: evidence that all necessary licences, consents, permits and authorisations (including exchange control ones) have been obtained by any Security Party for the execution, delivery, validity, enforceability, admissibility in evidence and the due performance of the respective obligations under or pursuant to this Agreement and the other Finance Documents;

(g) Fees: evidence that the fees referred to in Clause 10.14 *(Arrangement Fee)* have been paid in full;

(h) DOC: a copy of the DOC applicable to each Approved Manager certified as true and in effect;

(i) Other documents: any other documents or recent certificates or other evidence which would be required by the Lender in relation to each Security Party evidencing that the relevant Security Party has been properly established, continues to exist validly and is in good standing;

(j) Management Agreements – Assignable Charterparty: a copy of each of the following documents certified as true and complete by the legal counsel of the Borrowers:

(i) each Management Agreement evidencing that the relevant Vessel is managed by the Approved Managers on terms acceptable to the Lender; and

(ii) any Assignable Charterparty; and

(k) Operating Accounts: evidence that the Operating Accounts have been duly opened and all mandate forms and other legal documents required for the opening of an account under any applicable law, as well as signature cards and properly adopted authorizations have been duly delivered to and have been accepted by the compliance department of the Lender.

7.2 Conditions precedent to the making of the Commitment

The obligation of the Lender to advance the Commitment (or any part thereof) is subject to the further condition that the Lender shall have received prior to the drawdown or, where this is not possible, simultaneously with the drawdown of the Commitment or the relevant part thereof or the Drawdown Date:

(a) Conditions precedent: evidence that the conditions precedent set out in Clause 7.1 *(Conditions precedent to the execution of this Agreement)* remain fully satisfied;

(b) Drawdown Notice: the Drawdown Notice duly executed, issued and delivered to the Lender as provided in Clause 2.2 *(Drawdown Notice and commitment to borrow)*;

(c) Security Documents: each of the Security Documents duly executed and where appropriate duly registered with the Registry or any other competent authority (as required);

(d) Title and no Security Interests: evidence that, prior to or simultaneously with the drawdown, each Vessel will be duly registered in the ownership of the Owner thereof with the Registry and under the laws and flag of the Flag State free from any Security Interests save for those in favour of the Lender and otherwise as contemplated herein;

(e) Insurances: evidence in form and substance satisfactory to the Lender that each Vessel has been insured in accordance with the insurance requirements provided for in this Agreement and the Security Documents, to be followed by full copies of cover notes, policies, certificates of entry or other contracts of insurance and irrevocable authority is hereby given to the Lender at any time at its discretion to obtain copies of the policies, certificates of entry or other contracts of insurance from the insurers and/or obtain any information in relation to the Insurances relating to that Vessel;

(f) Insurers' confirmations: evidence in form and substance satisfactory to the Lender that each Vessel has been insured in accordance with the insurance requirements provided for in this Agreement and the other Security Documents, including a MII and a MAPI, accompanied by waivers for liens for unpaid premium of other vessels managed by the relevant Approved Manager, together with an opinion from insurance consultants (appointed by the Lender at the Borrowers' expense) as to the adequacy of the insurances effected or to be effected in respect of each Vessel, to be followed by full copies of cover notes, policies, certificates of entry or other contracts of insurance and irrevocable authority is hereby given to the Lender at any time at its discretion to obtain copies of the policies, certificates of entry or other contracts of insurance from the insurers and/or obtain any information in relation to the Insurances relating to each Vessel;

(g) MII and MAPI: the MII and the MAPI shall have been effected by the Lender, but at the expense of the Borrowers as provided in Clause 10.9 *(MII costs and MAPI)*;

(h) Access to class records: due authorisation from the Drawdown Date in form and substance satisfactory to the Lender authorising the Lender to have access and/or obtain any copies of class records or other information at its discretion from the Classification Society of the relevant Vessel, provided however, that the Lender shall not exercise such right unless and until an Event of Default has occurred and is continuing;

(i) Notices of assignment: duly executed notices of assignment in the form prescribed by the Security Documents;

(j) Mortgage registration; evidence that each Mortgage on or before the Drawdown Date will be registered against the relevant Vessel through the Registry under the laws and flag of the Flag State;

(k) Trading certificates: upon issuance, copies of the trading certificates of each Vessel certified as true and complete by the legal counsel of the Borrowers evidencing the same to be valid and in force;

(l) Class confirmation: evidence from the Classification Society that on the Drawdown Date each Vessel is classed with the class notation (referred to in the Mortgage relative thereto), with the Classification Society or to a similar standard with another classification society of like standing to be specifically approved by the Lender and remains free from any overdue requirements or recommendations affecting her class;

(m) Trim and stability booklet: if so requested by the Lender, an extract of the trim and stability booklet certifying the lightweight of each Vessel, certified as true and complete by the legal counsel of the Borrowers;

(n) DOC and SMC: (i) a certified copy of the DOC issued to the Operator of each Vessel and (ii) a certified copy of the SMC for each Vessel;

(o) ISM Code Documentation: copies of such applications for ISM Code Documentation as the Lender may by written notice to the Borrowers have requested not later than two (2) days before the Drawdown Date certified as true and complete in all material respects by the Borrowers and the Approved Managers;

(p) ISPS Code compliance:

(i) evidence satisfactory to the Lender that each Vessel is subject to a ship security plan which complies with the ISPS Code (such as proof that a security plan has been submitted to the recognized organisation for approval); and

(ii) a copy, certified as a true and complete copy of the ISSC for each Vessel delivered to the Lender on the Drawdown Date;

(r) Valuation: charter free valuation of each Vessel satisfactory to the Lender, to be obtained by the Lender, at the Borrowers' expense, not earlier than twenty (20) days prior to the expected Drawdown Date, made on the basis and in the manner specified in Clause 8.5(b) *(Valuation of Vessels)*;

(s) Insurance Letters: the Insurance Letters duly executed;

(t) Confirmations from process agents: confirmation from any agents nominated in this Agreement and elsewhere in the other Finance Documents for the acceptance of any notice or service of process, that they consent to such nomination;

(u) Acknowledgement of Receipt: a receipt in writing in form and substance satisfactory to the Lender including an acknowledgement and admission of the Borrowers and the Corporate Guarantor to the effect that the Commitment or relevant part thereof (as the case may be) was drawn by the Borrowers and a declaration by the Borrowers and the Corporate Guarantor that all conditions precedent have been fulfilled, that there is no Event of Default and that all the representations and warranties are true and correct;

(v) Legal opinions: draft opinion from lawyers appointed by the Lender as to all the matters referred to in Clause 6.1(a) *(Due Incorporation/Valid Existence)* and Clause 6.1(b) *(Due Corporate Authority)* and all such aspects of law as the Lender shall deem relevant to this Agreement and the other Finance Documents and any other documents executed pursuant hereto or thereto and any further legal or other expert opinion as the Lender at its sole discretion may require;

(w) Flag State opinion: draft opinion of legal advisers to the Lender on matters of the laws of the Flag State of the relevant Vessel;

(x) Condition survey report: if the Lender so requires, a satisfactory to the Lender physical condition survey report on each Vessel together with a comprehensive record inspection from a surveyor appointed by the Lender, at the Borrowers' expense.

7.3 No change of circumstances

The obligation of the Lender to advance the Commitment or any part thereof is subject to the further condition that at the time of the giving of a Drawdown Notice and on advancing the Commitment:

(a) Representations and warranties: the representations and warranties set out in Clause 6 *(Representations and warranties)* and in each of the other Finance Documents are true and correct on and as of each such time as if each was made with respect to the facts and circumstances existing at such time;

(b) No Event of Default: no Event of Default shall have occurred and be continuing or would result from the drawdown;

(c) No change: the Lender shall be satisfied that (i) there has been no change in the control of any of the Borrowers and the Corporate Guarantor from that disclosed to the Lender at the negotiation of this Agreement and no change directly or indirectly in the ownership, beneficial ownership, or management of the Borrowers (or either of them), each of which is a fully owned Subsidiary of the Corporate Guarantor, or any share therein or of the Vessels (or either of them), but, so far as the Corporate Guarantor is concerned, the result of such change is that the control in the Corporate Guarantor ceases to remain in the Beneficial Shareholder(s) disclosed to the Lender before signing of this Agreement and (ii) there has been no Material Adverse Change in the financial condition of any Security Party which (change) might, in the sole opinion of the Lender, be detrimental to the interests of the Lender, provided, however, that such '***control'*** (as defined in Clause 1.4 (*Construction of certain terms*) of the Loan Agreement) of each of the Borrowers and Guarantor will remain with such Beneficial Shareholder(s) throughout the remainder of the Security Period; and

(d) No Market Disruption Event: none of the circumstances contemplated by Clause 3.6 *(Market disruption – Non Availability)* has occurred and is continuing.

7.4 Know your customer and money laundering compliance

The obligation of the Lender to advance the Commitment or any part thereof is subject to the further condition that the Lender, prior to or simultaneously with the drawdown, shall have received, to the extent required by any change in applicable law and regulation or any changes in the Lender's own internal guidelines since the date on which the applicable documents and evidence were delivered to the Lender pursuant to Clause 8.9 *(Know your customer and money laundering compliance)*, such further documents and evidence as the Lender shall require to identify the Borrowers and the other Security Parties and any other persons involved or affected by the transaction(s) contemplated by this Agreement.

7.5 Further documents

Without prejudice to the provisions of this Clause 7 each of the Borrowers hereby undertakes with the Lender to make or procure to be made such amendments and/or additions to any of the documents delivered to the Lender in accordance with this Clause 7 and to execute and/or deliver to the Lender or procure to be executed and/or delivered to the Lender such further documents as the Lender and its legal advisors may reasonably require to satisfy themselves that all the terms and requirements of this Agreement have been complied with.

7.6 Waiver of conditions precedent

The conditions specified in this Clause 7 are inserted solely for the benefit of the Lender and may be waived by the Lender in whole or in part and with or without conditions. Without prejudice to any of the other provisions of this Agreement, in the event that the Lender, in its sole and absolute discretion, makes the Commitment available to the Borrowers prior to the satisfaction of all or any of the conditions referred to in Clauses 7.1 (*Conditions precedent to the execution of this Agreement)*, 7.2 *(Conditions precedent to the making of the Commitment)* and 7.3 *(No change of circumstances)*, each of the Borrowers hereby covenants and undertakes to satisfy or procure the satisfaction of such condition or conditions by no later than fourteen (14) days after the Drawdown Date or within such longer period as the Lender may, in its sole and absolute discretion, agree to or specify.

8. COVENANTS

8.1 General

Each of the Borrowers, jointly and severally with the other Borrower, undertakes with the Lender that, from the date of this Agreement and until the full and complete payment and discharge of the Outstanding Indebtedness, it will:

(a) Notice on Material Adverse Change or Default: promptly inform the Lender upon becoming aware of any occurrence which might materially adversely affect the ability of any Security Party to perform its obligations under any of the Finance Documents and, without limiting the generality of the foregoing, will inform the Lender of any Default forthwith upon becoming aware thereof and will from time to time, if so requested by the Lender, confirm to the Lender in writing that, save as otherwise stated in such confirmation, no Default has occurred and is continuing;

(b) Notification of litigation:

(i) provide the Lender with details of any legal or administrative action involving that Borrower, the Vessel owned by it, any bareboat charterer, any bareboat guarantor, the Earnings or the Insurances in respect of that Vessel, any Security Party, as soon as such action is instituted or it becomes apparent to that Borrower that it is likely to be instituted, unless it is clear that the legal or administrative action cannot be considered material in the context of any Finance Document, and each Borrower shall procure that all reasonable measures are taken to defend any such legal or administrative action; and

(ii) and shall procure that any bareboat charterer shall supply to the Lender promptly, to the extent permitted by law, details of any claim, action, suit, proceedings or investigation against it with respect to Sanctions by any Sanctions Authority;

(c) Consents and licenses: without prejudice to Clauses 6 *(Representations and warranties)* and 7 *(Conditions precedent)*, obtain or cause to be obtained, maintain in full force and effect and comply in all material respects with the conditions and restrictions (if any) imposed in, or in connection with, every consent, authorisation, license or approval of governmental or public bodies or authorities or courts and do or cause to be done, all other acts and things which may from time to time be necessary or desirable under applicable law for the continued due performance of all the obligations of the Security Parties under each of the Finance Documents;

(d) Use of Loan proceeds: use the Loan exclusively for the purposes specified in Clause 1.1 *(Amount and Purpose)*;

(e) Pari passu: ensure that its obligations under this Agreement shall, without prejudice to the provisions of this Clause 8.1, at all times rank at least pari passu with all its other present and future unsecured and unsubordinated Financial Indebtedness with the exception of any obligations which are mandatorily preferred by law and not by contract;

(f) Financial statements: furnish the Lender with (i) audited annual consolidated financial statements of the Corporate Guarantor audited by the auditors acceptable to the Lender and (ii) management prepared accounts of the Borrowers attested by its financial officer, in each case prepared in accordance with internationally accepted accounting principles and practices consistently applied in respect of each Financial Year as soon as practicable but not later than 180 days after the end of the Financial Year to which they relate, commencing with Financial Year ending on 31st December, 2021; xxx

(g) Provision of further information: promptly, when requested, provide the Lender with such financial and other information and accounts relating to the business, undertaking, assets, liabilities, revenues, financial condition commitments, operations or affairs of the Borrowers and the Corporate Guarantor and such other further general information relating to each Security Party as the Lender from time to time may reasonably require;

(h) Financial Information: provide the Lender from time to time as the Lender may reasonably request with information on the financial conditions, cash flow position, commitments and operations of the Borrowers and the Corporate Guarantor including cash flow analysis and voyage accounts of each Vessel with a breakdown of income and running expenses showing net trading profit, trade payables and trade receivables, such financial details to be certified by an authorized signatory of the Borrowers as to their correctness;

(i) Information on the employment of the Vessels: provide the Lender from time to time as the Lender may request with information on the employment of each Vessel, as well as on the terms and conditions of any charterparty, contract of affreightment, agreement or related document in respect of the employment of each Vessel, such information to be certified by one of the directors of the Borrowers as to their correctness;

(j) Pledged Deposit: procure that upon drawdown and at all times during the Security Period, the Borrowers shall maintain in interest bearing accounts with the Lender an amount of Dollars Seven hundred thousand ($700,000) ($350,000 per Vessel) (which for the purpose of this Agreement shall be called herein the ***"Pledged Deposit"***), which amount will remain pledged in favour of the Lender throughout the Security Period; provided however that in case of sale or refinancing of either Vessel the amount of the Pledged Deposit will be reduced to $350,000;

(k) Banking operations: ensure that all banking operations in connection with the Vessels are carried out through the Lending Office of the Lender;

(l) Subordination: ensure that all Financial Indebtedness of the Borrowers to their respective shareholders is fully subordinated to the rights of the Lender under the Finance Documents, all in a form acceptable to the Lender, and to subordinate to the rights of the Lender under the Finance Documents any Financial Indebtedness issued to it by its shareholders, all in a form acceptable to the Lender;

(m) Obligations under Finance Documents: duly and punctually perform each of the obligations expressed to be assumed by it under the Finance Documents;

(n) Payment on demand: pay to the Lender on demand any sum of money which is payable by the Borrowers to the Lender under this Agreement but in respect of which it is not specified in any other Clause when it is due and payable;

(o) Compliance with Laws and Regulations: comply, or procure compliance with all laws or regulations relating to it and/or its Vessel, its ownership, operation and management or to the business of such Borrower and cause this Agreement and the other Finance Documents to comply with and satisfy all the requirements and formalities established by the applicable laws to perfect this Agreement and the other Finance Documents as valid and enforceable Finance Documents;

(p) Maintenance of Security Interests:

(i) at its own cost, do all that it reasonably can to ensure that any Finance Document validly creates the obligations and the Security Interests which it purports to create; and

(ii) without limiting the generality of paragraph (p) above, at its own cost, promptly register, file, record or enrol any Finance Document with any court or authority in all Relevant Jurisdictions, pay any stamp, registration or similar tax in all Relevant Jurisdictions in respect of any Finance Document, give any notice or take any other step which may be or has become necessary or desirable for any Finance Document to be valid, enforceable or admissible in evidence or to ensure or protect the priority of any Security Interest which it creates;

(q) Registered Office: maintain its registered office at the address referred to in the Recitals; and will not establish, or do anything as a result of which it would be deemed to have, a place of business in the United Kingdom or the United States of America;

(r) Compliance with Covenants: duly and punctually perform all obligations under this Agreement and the other Finance Documents; and

(s) No US Tax Obligor: procure that, unless otherwise agreed by the Lender, no Security Party shall become a US Tax Obligor.

8.2 Negative undertakings

Each of the Borrowers, jointly and severally with the other Borrower, undertakes with the Lender that, from the date of this Agreement and until the full and complete payment and discharge of the Outstanding Indebtedness, without the prior written consent of the Lender, it will:

(a) Negative pledge:

(i) not permit any Security Interest (other than a Permitted Security Interest) to subsist, arise or be created or extended over all or any part of its present or future undertakings, assets, rights or revenues to secure or prefer any present or future Financial Indebtedness or other liability or obligation of the Borrowers (or any of them) or any other person other than in the normal course of its business of owning, financing and operating vessels and owning or acquiring ship-owning companies; and

(ii) not cease to hold the legal title to, and own the entire beneficial interest in its Vessel, its Insurances and Earnings, free from all Security Interests and other interests and rights of every kind, except for those created by the Finance Documents and the effect of the assignments contained in the relevant General Assignment and any other Finance Documents;

(b) No further Financial Indebtedness: not incur any further Financial Indebtedness nor authorise or accept any capital commitments (other than that normally associated with the day to day operations and trading of the Borrowers and any Financial Indebtedness that is subordinated (in writing with the Lender's prior written consent, at its discretion, and pursuant to a subordination agreement acceptable to the Lender) to all Financial Indebtedness incurred under the Finance Documents) nor enter into any agreement for payment on deferred terms or hire agreement;

(c) No merger: not merge or consolidate with any other person;

(d) No disposals:

(i) not sell, transfer, abandon, lend, lease or otherwise dispose of or cease to exercise direct control over any part (being either alone or when aggregated with all other disposals falling to be taken into account pursuant to this Clause 8.2(d) material in the opinion of the Lender in relation to the undertakings, assets, rights and revenues of the Borrowers) of its present or future undertaking, assets, rights or revenues (otherwise than by transfers, sales or disposals for full consideration in the ordinary course of operations and trading) whether by one or a series of transactions related or not; and

(ii) not transfer, lease or otherwise dispose of any debt payable to it or any other right (present, future or contingent right) to receive a payment, including any right to damages or compensation;

(e) No acquisitions: not acquire any further assets other than its Vessel and rights arising under contracts entered into by or on behalf of that Borrower other than in the ordinary course of its business of owning, operating and chartering its Vessel;

(f) No other business: not undertake any type of business other than its current business of owning, financing and operating vessels and owning or acquiring ship-owning companies;

(g) No investments: not make any investments in any person, asset, firm, corporation, joint venture or other entity;

(h) No other obligations: not incur any liability or obligations except liabilities and obligations arising under the Finance Documents or contracts entered into in the ordinary course of its business of owning, operating, maintaining, repairing and chartering its Vessel (and for the purposes of this Clause 8.2(h) fees to be paid pursuant to the Management Agreement in respect of its Vessel shall be considered as permitted obligations under the Finance Documents);

(i) No borrowing: not incur any Borrowed Money except for Borrowed Money pursuant to the Finance Documents;

(j) No repayment of borrowings: not repay the principal of, or pay interest on or any other sum in connection with, any of its Borrowed Money except for Borrowed Money pursuant to the Finance Documents;

(k) No Payments: unless otherwise provided in this Agreement and the other Finance Documents (and then only to the extent expressly permitted by the same) not pay out any funds (whether out of the Earnings or out of moneys collected under the relevant General Assignment and/or the other Finance Documents or not) to any person except in connection with the administration of such Borrower and the operation and/or maintenance and/or repair and/or trading of its Vessel;

(l) No guarantees: not issue any guarantees or indemnities or otherwise become directly or contingently liable for the obligations of any person, firm, or corporation except pursuant to the Finance Documents and except for, in the case of such Borrowers, guarantees or indemnities from time to time required in the ordinary course of its business or by any protection and indemnity or war risks association with which its Vessel is entered, guarantees required to procure the release of its Vessel from any arrest, detention, attachment or levy or guarantees or undertakings required for the salvage of its Vessel;

(m) No loans: not make any loans or advances to, or any investments in any person, firm, corporation, joint venture or other entity including (without limitation) any loan or advance or grant any credit (save for normal trade credit in the ordinary course of business) to any officer, director, stockholder or employee or any other company managed by the Approved Head Manager or the Approved Commercial Manager directly or through the Approved Head Manager or the Approved Commercial Manager of the Vessels or agree to do so, provided, always, that any loans of its shareholders to either Borrower shall be fully subordinated to that Borrower's obligations under this Agreement and the other Finance Documents;

(n) No securities: not permit any Financial Indebtedness of the Borrowers (or any of them) to any person (other than the Lender) to be guaranteed by any person (save, in the case of either Borrower, for guarantees or indemnities from time to time required in the ordinary course of business or by any protection and indemnity or war risks association with which its Vessel is entered, guarantees required to procure the release of its Vessel from any arrest, detention, attachment or levy or guarantees or undertakings required for the salvage of its Vessel);

(o) No dividends or distribution: not declare or pay any dividends or other distribution under any name or description upon any of the issued shares or otherwise dispose of any of its present or future assets, undertakings, rights or revenues (which are all assigned to the Lender) to any of the shareholders of either Borrower without the prior written consent of the Lender, provided that, subject to (i) no Event of Default having occurred and being continuing and (ii) no Event of Default resulting from the payment of such dividends or the making of any other form of distribution, a Borrower shall be entitled to declare or make payments of any dividends without the prior written approval of the Lender;

(p) No Subsidiaries: not form or acquire any Subsidiaries;

(q) No change of business structure: not change the nature, organisation and conduct of its business or carry on any business other than the business carried on at the date of this Agreement;

(r) No change of legal structure: (such consent not be unreasonably withheld) ensure that none of the documents defining the constitution of such Borrower shall be materially (in the Lender's opinion) altered in any manner whatsoever;

(s) No Security Interest on assets: other than Permitted Security Interests, not allow any part of its undertaking, property, assets or rights, whether present or future, to be mortgaged, charged, pledged, used as a lien or otherwise encumbered without the prior written consent of the Lender;

(t) No change of control: ensure that no change shall be made directly or indirectly in the ownership, beneficial ownership, control or management of any of the Borrowers and the Corporate Guarantor or any share therein, or any of the Vessels, as a result of which the ultimate legal and beneficial ownership of the Beneficial Shareholder(s) disclosed to the Lender at the negotiation of this Agreement and confirmed in writing on or before the date hereof is materially changed, but so far as the Corporate Guarantor is concerned the result of such change is that the control in the Corporate Guarantor ceases to remain in the Beneficial Shareholder(s) disclosed to the Lender before signing of this Agreement , provided, however, that such '***control'*** (as defined in Clause 1.4 (*Construction of certain terms*) of the Loan Agreement) of each of the Borrowers and Guarantor will remain with such Beneficial Shareholder(s) throughout the remainder of the Security Period; and

(u) No Master Agreement Derivatives: not enter into any transaction in a derivative of any description whatsoever.

8.3 Undertakings concerning the Vessels

Each of the Borrowers, jointly and severally with the other Borrower, undertakes with the Lender that, from the date of this Agreement and until the full and complete payment and discharge of the Outstanding Indebtedness, it will:

(a) Conveyance on default: where a Vessel is (or is to be) sold in exercise of any power conferred on the Lender, execute, forthwith upon request by the Lender, such form of conveyance of that Vessel as the Lender may require;

(b) Mortgage: execute, and procure the registration of the relevant Mortgage over each Vessel under the laws and flag of the Flag State immediately upon the drawdown of the Loan on the Drawdown Date;

(c) Chartering: not let or agree its Vessel to be let:

(i) on demise charter for any period; or

(ii) without the prior written consent of the Lender (such consent not to be unreasonably withheld) by any Assignable Charterparty; or

(iii) on terms whereby more than two (2) months' hire (or the equivalent) is payable in advance; or

(iv) otherwise than on bona fide arm's length terms at the time when its Vessel is fixed; or

(v) under any pooling or sharing agreement in respect thereof on terms whereby any and all the Earnings of either Vessel are pooled or shared with any other person;

(d) Laid-up: not de-activate or lay up its Vessel;

(e) No amendment to Assignable Charterparty: not waive or fail to enforce, any Assignable Charterparty to which it is a party or any of its provisions, and will promptly notify the Lender of any material amendment or supplement to any Assignable Charterparty;

(f) Approved Manager: not without the prior written consent of the Lender (such consent not to be unreasonably withheld) agree or appoint a manager of either Vessel other than the Approved Managers;

(g) Ownership/Management/Control: ensure that each Vessel will be registered on the Drawdown Date in the ownership of the Owner thereof under the laws of the Flag State and thereafter ensure that each Vessel will maintain her registration, ownership, management, control and beneficial ownership;

(h) Class: ensure that each Vessel will remain in class free of overdue recommendations or average damage affecting class or permitted by the Classification Society and provide the Lender on demand with copies of all class and trading certificates of each Vessel;

(i) Insurances: ensure that all Insurances (as defined in the relevant Mortgage/General Assignment) of each Vessel is maintained and comply with all insurance requirements specified in this Agreement and in the relevant Mortgage and in case of failure to maintain either Vessel so insured, authorise the Lender (and such authorisation is hereby expressly given to the Lender) to have the right but not the obligation to effect such Insurances on behalf of the Owner (and in case that either Vessel remains in port for an extended period) to effect port risks insurances at the cost of the Borrowers which, if paid by the Lender, shall be Expenses; the Lender shall be entitled to obtain once per year at Borrowers' expense an opinion from insurance consultants (appointed by the Lender at the Borrowers' expense) as to the adequacy of the insurances effected or to be effected in respect of each Vessel, Provided that (i) if an Event of Default has occurred and is continuing or (ii) if there has been any change in the insurance placement within such year or (iii) if there has been a Material Adverse Change of the financial condition of any of the insurers of any of the Vessels at the Lender's sole opinion, the Lender shall be entitled to obtain at Borrowers' expense such opinion from such insurance consultants at any time it deems necessary;

(j) Transfer/Security Interests: not without the prior written consent of the Lender agrees either Vessel or any share therein to be sold or otherwise disposed of or create or agree to create or permit to subsist any Security Interest over the Vessels (or either of them) (or any share or interest therein) other than Permitted Security Interests;

(k) Not imperil Flag, Ownership, Insurances: ensure that each Vessel is maintained and trades in conformity with the laws of the Flag State, of its owning company or of the nationality of the officers, the requirements of the Insurances and nothing is done or permitted to be done which could endanger the flag of such Vessel or its unencumbered (other than Security Interests in favour of the Lender and Security Interests permitted by this Agreement) ownership or its Insurances;

(l) Mortgage Covenants: ensure that each Owner always comply with all the covenants provided for in the Mortgage registered over its Vessel;

(m) No assignment of Earnings: ensure that neither of the Owners will assign or agree to assign otherwise than to the Lender the Earnings or any part thereof;

(n) No sharing of Earnings: ensure that neither of the Owners:

(i) will enter into any agreement or arrangement for the sharing of any Earnings; and/or

(ii) will enter into any agreement or arrangement for the postponement of any date on which any Earnings are due or the reduction of the amount of any Earnings or otherwise for the release or adverse alteration of any right of such Owner to any Earnings; and/or

(iii) will enter into any agreement or arrangement for the release of, or adverse alteration to, any guarantee or Security Interest relating to any Earnings.

(o) Assignable Charterparty: ensure and procure that in the event of its Vessel being employed under an Assignable Charterparty:

(i) execute and deliver to the Lender within fifteen (15) days of signing thereof a specific assignment of all its rights, title and interest in and to such charter and any charter guarantee in the form of a Charterparty Assignment and a notice of such assignment addressed to the relevant charterer;

(ii) ensure (on a best effort basis) that the relevant charterer and any charter guarantor agree to acknowledge to the Lender the specific assignment of such charter and charter guarantee by executing an acknowledgement substantially in the form included in the relevant Charterparty Assignment;

(iii) in the case where such charter is a demise charter, the relevant charterer to undertake to the Lender (1) to comply with all of that Borrower's undertakings with regard to the employment, insurances, operation, repairs and maintenance of its Vessel contained in this Agreement, the relevant Mortgage and the relevant General Assignment and (2) to provide *(inter alia)* an assignment of its interest in the insurances of its Vessel in the form of a tripartite agreement in form and substance acceptable to the Lender, to be made between the Lender, that Borrower and such charterer;

(p) No freight derivatives: not enter into or agree to enter into any freight derivatives or any other instruments which have the effect of hedging forward exposures to freight derivatives without the Lender's consent;

(q) Vessels' inspection: permit the Lender (i) by surveyors or other persons appointed by it on its behalf to board its Vessel (and, subject to no Event of Default having occurred and being continuing, no more than once a year (but in any event without interfering with the ordinary trading of its Vessel) for the purpose of inspecting her condition or for the purpose of satisfying itself with regard to proposed or executed repairs and to afford all proper facilities for such inspections and (ii) at any time by financial or insurance advisors or other persons appointed by the Lender to review the operating and insurance records of its Vessel and the Owner thereof and the costs (as supported by vouchers) of any and all such valuations shall be borne by the Borrowers;

(r) Trading: use its Vessel only for civil merchant trading;

(s) Compliance with ISM Code: procure that each Approved Manager and any Operator will:

(i) comply with and ensure that the Vessels and any Operator by no later than the Drawdown Date complies with the requirements of the ISM Code, including (but not limited to) the maintenance and renewal of valid certificates pursuant thereto throughout the Security Period;

(ii) immediately inform the Lender if there is any threatened or actual withdrawal of either Owner, any Approved Manager's or an Operator's DOC or the SMC in respect of either Vessel; and

(iii) promptly inform the Lender upon the issue to the relevant Owner, any Approved Manager or any Operator of a DOC and to a Vessel of an SMC or the receipt by either Owner, any Approved Manager or any Operator of notification that its application for the same has been realised;

(t) Compliance with ISPS Code: procure that the Approved Managers or any Operator will:

(i) maintain at all times a valid and current ISSC in respect of the relevant Vessel;

(ii) immediately notify the Lender in writing of any actual or threatened withdrawal, suspension, cancellation or modification of the ISSC in respect of the relevant Vessel; and

(iii) procure that the relevant Vessel will comply at all times with the ISPS Code;

(u) Maintenance of legal and beneficial interest in the Vessels: hold the legal title to, and own the entire beneficial interest in its Vessel, its Insurances and Earnings, free from all Security Interests and other interests and rights of every kind, except for those created by the Finance Documents and the effect of assignments contained in the Finance Documents;

(v) Compliance with Environmental Laws: comply with, and procure that all Environmental Affiliates of any Relevant Party comply with, all Environmental Laws including without limitation, requirements relating to manning and establishment of financial responsibility and to obtain and comply with, and procure that all Environmental Affiliates such Relevant Party obtain and comply with, all Environmental Approvals and to notify the Lender forthwith:

(i) of any Environmental Claim made against any of the Vessels (or any of them), any Relevant Ship and/or their respective Owners; and

(ii) upon becoming aware of any incident which may give rise to an Environmental Claim and to keep the Lender advised in writing of the relevant Owner's response to such Environmental Claim on such regular basis and in such detail as the Lender shall require.

(w) War Risk Insurance cover: in the event of hostilities in any part of the world (whether war is declared or not), it will not cause or permit its Vessel to enter or trade to any zone which is declared a war zone by any government or by its Vessel's war risks insurers unless the prior written consent of the Lender has been given and the relevant Owner has (at its expense) effected any special, additional or modified insurance cover which the Lender may approve or require.

8.4 Validity of Securities - Earnings - Taxes etc.

Each of the Borrowers, jointly and severally with the other Borrower, undertakes with the Lender that, from the date of this Agreement and until the full and complete payment and discharge of the Outstanding Indebtedness, it will:

(a) Validity: ensure and procure that all governmental or other consents required by law and/or any other steps required for the validity, enforceability and legality of this Agreement and the other Finance Documents are maintained in full force and effect and/or appropriately taken;

(b) Earnings: ensure and procure that, unless and until directed by the Lender otherwise (i) all the Earnings of its Vessel shall be paid to its Operating Account and (ii) the persons from whom the Earnings are from time to time due are irrevocably instructed to pay them to the said Operating Account or to such account in the name of such Borrower as shall be from time to time determined by the Lender in accordance with the provisions hereof and of the relevant Security Documents;

(c) Taxes: pay all Taxes, assessments and other governmental charges imposed on the Borrowers (or any of them) when the same fall due, except to the extent that the same are being contested in good faith by appropriate proceedings and adequate reserves have been set aside for their payment if such proceedings fail;

(d) Additional Documents: from time to time and within fifteen (15) days after the request of the Lender, execute and deliver to the Lender or procure the execution and delivery to the Lender of all such documents as shall be deemed desirable at the reasonable discretion of the Lender for giving full effect to this Agreement, and for perfecting, protecting the value of or enforcing any rights or securities granted to the Lender under any one or more of this Agreement, the other Finance Documents and any other documents executed pursuant hereto or thereto and in case that any conditions precedent (with the Lender's consent) have not been fulfilled prior to the Drawdown Date, such conditions shall be complied with within fifteen (15) Banking Days after the Lender's written request (unless the Lender agrees otherwise in writing) and failure to comply with this covenant shall be an Event of Default.

8.5 Secured Value to Security Requirement ratio - Valuation of the Vessels

(a) Security shortfall - Additional Security: If at any time during the Security Period, the Security Value shall be less than the Security Requirement, the Lender may give notice to the Borrowers requiring that such deficiency be remedied and then the Borrowers shall (unless the sole cause of such deficiency is the Total Loss of the relevant Vessel and the Owner thereof in full compliance with its obligations in relation to such Total Loss) either:

(i) prepay (in accordance with Clause 4.2 *(Voluntary prepayment)* (but without regard to the requirement for ten (10) days' notice) within a period of thirty (30) days of the date of receipt by the Borrowers of the Lender's said notice such sum in Dollars as will result in the Security Requirement after such prepayment (taking into account any other repayment of the Loan made between the date of the notice and the date of such prepayment) being at least equal to the Security Value; or

(ii) within thirty (30) days of the date of receipt by the Borrowers of the Lender's said notice constitute to the satisfaction of the Lender such further security for the Loan as shall be acceptable to the Lender having a value for security purposes (as determined by the Lender in its absolute discretion) at the date upon which such further security shall be constituted which, when added to the Security Value, shall not be less than the Security Requirement as at such date. Such additional security shall be constituted by:

aa) additional pledged cash deposits in favor of the Lender in an amount equal to such shortfall with the Lender and in an account and manner to be determined by the Lender; and/or

bb) any other security acceptable to the Lender at its absolute discretion to be provided in a manner determined by the Lender.

The provisions of Clauses 4.3 *(Compulsory Prepayment in case of Total Loss or sale of a Vessel)* and 4.5 *(Amounts payable on prepayment)* shall apply to prepayments under Clause 8.5(a)(i).

(b) Valuation of Vessels: Each of the Vessels shall, for the purposes of this Clause 8.5, be valued in Dollars at least once a year and at any time that the Lender may reasonably require by one (1) Approved Shipbroker appointed by the Lender, (such valuation to be addressed to the Lender and made without, unless required by the Lender, physical inspection, and on the basis of a sale for prompt delivery for cash at arm's length on normal commercial terms as between a willing buyer and a willing seller, without taking into account the benefit of any Assignable Charterparty or other engagement concerning the relevant Vessel, as may be applicable. The Lender and the Borrowers agree to accept the valuation made by the Approved Shipbroker appointed as aforesaid as conclusive evidence of the Market Value of the relevant Vessel at the date of such valuation and that such valuation shall constitute the Market Value of the relevant Vessel for the purposes of this Clause 8.5.

The value of the relevant Vessel determined in accordance with the provisions of this Clause 8.5 shall be binding upon the Borrowers and the Lender until such time as any further such valuations shall be obtained.

(c) Information: The Borrowers undertake to the Lender to provide the Lender and any such Approved Shipbrokers such information concerning the relevant Vessel and its condition as such Approved Shipbrokers may reasonably require for the purpose of making any such valuation.

(d) Costs: All costs in connection with the Lender obtaining any valuation of each of the Vessels referred to in Clause 8.5(b) *(Valuation of Vessels)*, and any valuation of any additional security for the purposes of ascertaining the Security Value at any time or necessitated by the Borrowers electing to constitute additional security pursuant to Clause 8.5(a)(ii) and all legal and other expenses incurred by the Lender in connection with any matter arising out of this Clause 8.5 shall be borne by the Borrowers.

(e) Valuation of additional security: For the purpose of this Clause 8.5, the market value of any additional security provided or to be provided to the Lender shall be determined by the Lender in its absolute discretion without any necessity for the Lender assigning any reason thereto and if such security consists of a vessel shall be that shown by a valuation complying with the requirements of Clause 8.5(b) *(Valuation of Vessels)* (whereas the costs shall be borne by the Borrowers in accordance with Clause 8.5(d) *(Costs)*) or if the additional security is in the form of a cash deposit full credit shall be given for such cash deposit on a Dollar for Dollar basis.

(f) Documents and evidence: In connection with any additional security provided in accordance with this Clause 8.5, the Lender shall be entitled to receive such evidence and documents of the kind referred to in Clause 7.1 *(Conditions precedent to the execution of this Agreement)* as may in the Lender's opinion be appropriate and such favourable legal opinions as the Lender shall in its absolute discretion require.

8.6 Sanctions

(a) Without limiting Clause 8.7 *(Compliance with laws etc.)*, each of the Borrowers hereby undertakes with the Lender that, from the date of this Agreement and until the date that the Outstanding Indebtedness is paid in full, it shall ensure that none of the Vessels:

(i) will be used by or for the benefit of a Sanctions Restricted Person contrary to Sanctions; and/or

(ii) will be used in trading in any Sanctions Restricted Jurisdiction or in any manner contrary to Sanctions; and/or

(iii) will be traded in any manner which would trigger the operation of any sanctions limitation or exclusion clause (or similar) in the Insurances.

(b) Each Borrower shall:

(i) not directly or to its knowledge (after reasonable enquiry) indirectly use or permit to be used all or any part of the proceeds of the Loan, or lend, contribute or otherwise make available such proceeds directly or to its knowledge (after reasonable enquiry) indirectly, to any person or entity (i) to finance or facilitate any activity or transaction of or with any Sanctions Restricted Person contrary to Sanctions or in any Sanctions Restricted Jurisdiction, or (ii) in any other manner that would result in a violation of any Sanctions by any Party;

(ii) shall not fund all or part of any payment under the Loan out of proceeds derived directly or to its knowledge (after reasonable enquiry) indirectly from any activity or transaction with a Sanctions Restricted Person contrary to Sanctions or in a Sanctions Restricted Jurisdiction or which would otherwise cause any party to be in breach of any Sanctions; and

(iii) procure that no proceeds to its knowledge (after reasonable enquiry) from activities or business with a Sanctions Restricted Person contrary to Sanctions or in a Sanctions Restricted Jurisdiction are credited to any of the Accounts.

8.7 Compliance with laws etc.

Each of the Borrowers shall:

(a) comply, or procure compliance with all laws or regulations by the relevant Security Party:

(i) relating to its respective business generally; and

(ii) relating to its Vessel, its ownership, employment, operation, management and registration including, but not limited to, the ISM Code, the ISPS Code, all Environmental Laws and the laws of the Flag State; and

(iii) all Sanctions;

(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 its Vessel 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 and all Environmental Laws which has or is likely to have a Material Adverse Effect on any of the Security Parties.

8.8 Covenants for the Securities Parties

Each of the Borrowers, jointly and severally with the other Borrower, undertakes with the Lender that, from the date of this Agreement and until the full and complete payment and discharge of the Outstanding Indebtedness, it will ensure and procure that all other Security Parties and each of them duly and punctually comply, with the covenants in Clauses 8.1 *(General)*, 8.3 *(Undertakings concerning the Vessels)*, 8.4 *(Validity of Securities - Earnings - Taxes etc.)*, 8.5 *(Secured Value to Security Requirement ratio - Valuation of the Vessels)*, 8.6 *(Sanctions)* and 8.7 *(Compliance with laws etc.)* which are applicable to them mutatis mutandis.

8.9 Know your customer and money laundering compliance

Each of the Borrowers, jointly and severally with the other Borrower, undertakes with the Lender that, from the date of this Agreement and until the full and complete payment and discharge of the Outstanding Indebtedness, it will provide the Lender, or procure the provision of, such documentation and other evidence as the Lender shall from time to time require, based on applicable law and regulations from time to time and the Lender's own internal guidelines from time to time to identify the each of the Borrowers and the other Security Parties, including the disclosure in writing of the ultimate legal and beneficial owner or owners of such entities, and any other persons involved or affected by the transaction(s) contemplated by this Agreement in order for the Lender to carry out and be satisfied it has complied with all necessary *"know your customer"* or other similar checks under all applicable laws and regulations pursuant to the transactions contemplated in the Finance Documents.

9. EVENTS OF DEFAULT

9.1 Events

There shall be an Event of Default if:

(a) Non-payment: any Security Party fails to pay any sum payable by it under any of the Finance Documents at the time, in the currency and in the manner stipulated in the Finance Documents (and so that, for this purpose, sums payable on demand shall be treated as having been paid at the stipulated time if paid within five (5) Banking Days of demand and other sums due shall be treated as having been paid at the stipulated time if paid within two (2) Banking Days of its falling due); or

(b) Breach of Insurance and certain other obligations: any of the Borrowers fails to obtain and/or maintain the Insurances (as defined in, and in accordance with the requirements of, the Finance Documents) or if any insurer in respect of such Insurances cancels the Insurances or disclaims liability by reason, in either case, of mis-statement in any proposal for the Insurances or for any other failure or default on the part of the Borrowers or any other person or the Borrowers commit any breach of or omit to observe any of the obligations or undertakings expressed to be assumed by them under Clause 8 *(Covenants)*; or

(c) Breach of other obligations: any Security Party commits any breach of or omits to observe any of its obligations or undertakings expressed to be assumed by it under any of the Finance Documents (other than those referred to in Clauses 9.1(a) *(Non-payment)* and 9.1(b) *(Breach of Insurance and certain other obligations)* above) and, in respect of any such breach or omission which in the opinion of the Lender is capable of remedy, such action as the Lender may require shall not have been taken within fifteen (15) days of the Lender notifying in writing the relevant Security Party of such default and of such required action; or

(d) Misrepresentation: any representation or warranty made or deemed to be made or repeated by or in respect of any Security Party in or pursuant to any of the Finance Documents or in any notice, certificate or statement referred to in or delivered under any of the Finance Documents is or proves to have been incorrect or misleading in any material respect; or

(e) Cross-default: any Financial Indebtedness (other than under the Finance Documents) of any of the Borrowers and the Corporate Guarantor (in each case related to an amount exceeding the amount of Five hundred thousand Dollars ($500,000) is not paid when due (unless contested in good faith) or any Financial Indebtedness (other than under the Finance Documents) of any of the Borrowers and the Corporate Guarantor becomes (whether by declaration or automatically in accordance with the relevant agreement or instrument constituting the same) due and payable prior to the date when it would otherwise have become due (unless as a result of the exercise by that Borrower or the Corporate Guarantor of a voluntary right of prepayment), or the Lender becomes entitled to declare any such Financial Indebtedness due and payable or any facility or commitment available to any of the Borrowers and the Corporate Guarantor relating to such Financial Indebtedness is withdrawn, suspended or cancelled by reason of any default (however described) of the person concerned, unless the relevant Security Party shall have satisfied the Lender that such withdrawal, suspension or cancellation will not affect or prejudice in any way the relevant Security Party's ability to pay its debts as they fall due, or any guarantee given by any of the Borrowers and the Corporate Guarantor in respect of such Financial Indebtedness is not honoured when due and called upon; or

(f) Legal process: any judgment or order made or commenced in good faith by a person against any of the Borrowers and the Corporate Guarantor is not stayed or complied with within thirty (30) days or a good faith creditor attaches or takes possession of, or a distress, execution, sequestration or other *bonafide* process is levied or enforced upon or sued out against, any of the undertakings, assets, rights or revenues of any of the Borrowers and the Corporate Guarantor and is not discharged, or bail is lodged in respect thereof, within thirty (30) days within ; or

(g) Insolvency: any Security Party becomes insolvent or stops or suspends making payments (whether of principal or interest) with respect to all or any class of its debts or announces an intention to do so; or

(h) Reduction or loss of capital: a meeting is convened by any of the Borrowers and the Corporate Guarantor for the purpose of passing any resolution to purchase, reduce or redeem any of its share capital; or

(i) Winding up: any petition is presented or other step is taken for the purpose of winding up any Security Party or an order is made or resolution passed for the winding up of any Security Party or a notice is issued convening a meeting for the purpose of passing any such resolution; or

(j) Administration: any *bonafide* petition is presented or other step is taken for the purpose of the appointment of an administrator of any Security Party or the Lender believes that any such petition or other step is imminent or an administration order is made in relation to any Security Party; or

(k) Appointment of receivers and managers: any administrative or other receiver is appointed of any Security Party or any part of its assets and/or undertaking or any other steps are taken to enforce any Security Interest over all or any part of the assets of any such Security Party; or

(l) Compositions: any steps are taken, or negotiations commenced, by any Security Party or by any of its creditors with a view to the general readjustment or rescheduling of all or part of its indebtedness or to proposing any kind of composition, compromise or arrangement involving such company and any of its creditors provided, however, that if the Borrowers are able to provide such evidence as is satisfactory in all respects to the Lender that such rescheduling will not relate to any payment default or anticipated default the same shall not constitute an Event of Default; or

(m) Analogous proceedings: there occurs, in relation to any Security Party, in any country or territory in which any of them carries on business or to the jurisdiction of whose courts any part of their assets is subject, any event which, in the opinion of the Lender, appears in that country or territory to correspond with, or have an effect equivalent or similar to, any of those mentioned in Clauses 9.1(f) *(Legal process)* to (l) *(Compositions)* (inclusive) or any Security Party otherwise becomes subject, in any such country or territory, to the operation of any law relating to insolvency, bankruptcy or liquidation; or

(n) Cessation of business: any Security Party suspends or ceases or threatens to suspend or cease to carry on its business; or

(o) Seizure: all or a material part of the undertaking, assets, rights or revenues of, or shares or other ownership interests in, any Security Party are seized, nationalised, expropriated or compulsorily acquired by or under the authority of any government; and the respective Security Party fails to procure for its release within a period of thirty (30) days; or

(p) Consents: any consent, authorisation, licence or approval of, or registration with or declaration to, governmental or public bodies or authorities or courts required by any Security Party to authorise or otherwise in connection with, the execution, delivery, validity, enforceability or admissibility in evidence of this Agreement and/or any of the other Security Documents or the performance by the Security Parties of their respective obligations under this Agreement and/or any of the other Finance Documents is modified in a manner unacceptable to the Mortgagee or is not granted or is revoked or terminated or expires and is not renewed or otherwise ceases to be in full force and effect; or

(q) Invalidity: any of the Finance Documents shall at any time and for any reason become invalid or unenforceable or otherwise cease to remain in full force and effect, or if the validity or enforceability of any of the Finance Documents shall at any time and for any reason be contested by any Security Party which is a party thereto, or if any such Security Party shall deny that it has any, or any further, liability thereunder; or

(r) Unlawfulness: it becomes impossible or unlawful at any time for any Security Party, to fulfil any of the covenants and obligations expressed to be assumed by it in any of the Finance Documents or for the Lender to exercise the rights or any of them vested in it under any of the Finance Documents or otherwise; or

(s) Repudiation: any Security Party repudiates any of the Finance Documents or does or causes or permits to be done any act or thing evidencing an intention to repudiate any of the Finance Documents; or

(t) Security Interests enforceable: any Security Interest (other than Permitted Security Interest) in respect of any of the property (or part thereof) which is the subject of any of the Finance Documents becomes enforceable; or

(u) Arrest: any of the Vessels is arrested, confiscated, seized, taken in execution, impounded, forfeited, detained in exercise or purported exercise of any possessory lien or other claim or otherwise taken from the possession of its Owner and such Owner shall fail to procure the release of such Vessel within a period of thirty (30) days thereafter; or

(v) Registration: the registration of any of the Vessels under the laws and flag of the relevant Flag State is cancelled or terminated without the prior written consent of the Lender; if the Vessel is only provisionally registered on the Drawdown Date and is not permanently registered under the laws and flag of the Flag State at least fifteen (15) days prior to the deadline for completing such permanent registration; or

(w) Unrest: the Flag State of a Vessel becomes involved in hostilities or civil war or there is a seizure of power in such Flag State by unconstitutional means if, in any such case, (a) such event could in the opinion of the Lender reasonably be expected to have a Material Adverse Effect on the security constituted by any of the Finance Documents and (b) the relevant Owner has failed within thirty (30) days from receiving notice from the Lender to this effect (which notice shall have been sent following consultation with the Borrowers) to (i) delete the relevant Vessel from its Flag State and (ii) re-register the relevant Vessel under another Flag State approved by the Lender in its sole discretion through a relevant Registry, in each case, at the Borrowers' cost and expense; or

(x) Environment: any Relevant Party and/or any of their respective Environmental Affiliates fails to comply with any Environmental Law or any Environmental Approval or any of the Vessels or any Relevant Ship is involved in any incident which gives rise or which may give rise to any Environmental Claim, if in any such case, such noncompliance or incident or the consequences thereof could (in the reasonable opinion of the Lender) be expected to have a material adverse change as described hereinbelow under paragraph (u); or

(y) P&I: any Security Party or any other person fails or omits to comply with any requirements of the protection and indemnity association or other insurer with which any of the Vessels is entered for insurance or insured against protection and indemnity risks (including oil pollution risks) to the effect that any cover in relation to such Vessel (including without limitation, liability for Environmental Claims arising in jurisdictions where such Vessel operates or trades) is or may be liable to cancellation, qualification or exclusion at any time; or

(z) Beneficial Ownership: there has been a change of control directly or indirectly in the Borrowers (or either of them) or any share therein or of either Vessel or of the Corporate Guarantor as a result of which any of the Borrowers and the Corporate Guarantor ceases to remain in the control of the Beneficial Shareholders disclosed to the Lender prior to the date of this Agreement or either Vessel ceases to remain 100% owned by the Owner thereof; or

(aa) Change of Management: either Vessel ceases to be managed by any Approved Manager (for any reason other than the reason of a Total Loss or sale of such Vessel) without the approval of the Lender and the Owner thereof fails to appoint another Approved Manager prior to the termination of the mandate with the previous Approved Manager; or

(bb) Deviation of Earnings: any Earnings of any of the Vessels are not paid to the relevant Operating Account for any reason whatsoever (other than with the Lender's prior written consent); or

(cc) ISM Code and ISPS Code: (without prejudice to the generality of Clause 9.1(c) *(Breach of other obligations)*) for any reason whatsoever the provisions of Clause 8.3(t) *(Compliance with ISM Code)* and Clause 8.3(u) *(Compliance with ISPS Code)* are not complied with and the relevant Vessel ceases to comply with the ISM Code or, as the case may be, the ISPS Code; or

(dd) Operating Account: any moneys are withdrawn from the Operating Accounts (or any of them) other than in accordance with Clauses 8.4(b) *(Earnings)* and 13 *(Operating Accounts)*; or

(ee) Material events: any other event or events (whether related or not) occurs or circumstance arises which constitutes a Material Adverse Change, from the position applicable as at the date of this Agreement, in the business, affairs or condition (financial or otherwise) of any Security Party) (including any such material adverse change resulting from an Environmental Incident) the effect of which is likely, in the opinion of the Lender, to impair, delay or prevent the due fulfilment by any Security Party of any of its respective obligations or undertakings contained in this Loan Agreement or any of the other Finance Documents and/or materially and adversely to affect the security created by any of the Finance Documents; or

(ff) Finance Documents: any other event of default (as howsoever described or defined therein) occurs under the Finance Documents (or any of them).

9.2 Consequences of Default – Acceleration

The Lender may without prejudice to any other rights of the Lender (which will continue to be in force concurrently with the following), at any time after the happening of an Event of Default:

(a) by notice to the Borrowers declare that the obligation of the Lender to make the Commitment (or any part thereof) available shall be terminated, whereupon the Commitment shall be reduced to zero forthwith; and/or

(b) by notice to the Borrowers declare that the Loan and all interest accrued and all other sums payable under the Finance Documents have become due and payable, whereupon the same shall, immediately or in accordance with the terms of such notice, become due and payable without any further diligence, presentment, demand of payment, protest or notice or any other procedure from the Lender which are expressly waived by the Borrowers; and/or

(c) put into force and exercise all or any of the rights, powers and remedies possessed by the Lender under this Agreement and/or under any other Finance Document and/or as mortgagee of each of the Vessels, mortgagee, chargee or assignee or as the beneficiary of any other property right or any other security (as the case may be) of the assets charged or assigned to it under the Finance Documents or otherwise (whether at law, by virtue of any of the Finance Documents or otherwise);

9.3 Multiple notices; action without notice

The Lender may serve notices under sub-Clauses (a) and (b) of Clause 9.2 *(Consequences of Default – Acceleration)* simultaneously or on different dates and it may take any action referred to in that Clause if no such notice is served or simultaneously with or at any time after service of both or either of such notices, it being understood and agreed that the non-service of a notice in respect of an Event of Default hereunder, or under any of the Finance Documents (whether known to the Lender or not), shall not be construed to mean that the Event of Default shall cease to exist and bring about its lawful consequences.

9.4 Demand basis

If, pursuant to Clause 9.2(b), the Lender declares the Loan to be due and payable on demand, the Lender may by written notice to the Borrowers (a) call for repayment of the Loan on such date as may be specified whereupon the Loan shall become due and payable on the date so specified together with all interest accrued and all other sums payable under this Agreement or (b) withdraw such declaration with effect from the date specified in such notice.

9.5 Proof of Default

It is agreed that (i) the non-payment of any sum of money in time will be proved conclusively by mere passage of time and (ii) the occurrence of this (non-payment) shall be proved conclusively by a mere written statement of the Lender (save for manifest error and in absence of willful misconduct).

9.6 Exclusion of Lender's liability

Neither the Lender nor any receiver or manager appointed by the Lender, shall have any liability to the Borrowers or a Security Party:

(a) for any loss caused by an exercise of rights under, or enforcement of an Security Interest created by, a Finance Document or by any failure or delay to exercise such a right or to enforce such an Security Interest; or

(b) as mortgagee in possession or otherwise, for any income or principal amount which might have been produced by or realised from any asset comprised in such an Security Interest or for any reduction (however caused) in the value of such an asset,

except that this does not exempt the Lender or a receiver or manager from liability for losses shown to have been caused by the wilful misconduct of the Lender's own officers and employees or (as the case may be) such receiver's or manager's own partners or employees.

10. INDEMNITIES - EXPENSES – FEES

10.1 Miscellaneous indemnities

The Borrowers shall on demand (and it is hereby expressly undertaken by the Borrowers to) indemnify the Lender, without prejudice to any of the other rights of the Lender under any of the Finance Documents, against any loss (including loss of the applicable Margin and any Break Costs) or expense which the Lender shall certify as sustained or incurred as a consequence of:

(a) any default in payment by any of the Security Parties of any sum under any of the Finance Documents when due;

(b) the occurrence of any Event of Default which is continuing;

(c) any prepayment of the Loan or part thereof being made under Clauses 4.2 *(Voluntary Prepayment)* and 4.3 *(Compulsory Prepayment in case of Total Loss or sale of a Vessel)*, 8.5(a) *(Security shortfall-Additional Security)*, Clause 12.1 *(Unlawfulness)* or Clause 12.4 *(Option to prepay)* or any other repayment of the Loan or part thereof being made otherwise than on an Interest Payment Date relating to the part of the Loan prepaid or repaid; or

(d) the Commitment not being advanced for any reason (excluding any default by the Lender and any reason specified in Clauses 3.6 *(Market disruption – Non Availability)*, 4.3(a) *(Total Loss of a Mortgaged Vessel)* or 12.1 *(Unlawfulness)* after the Drawdown Notice has been given, including, in any such case, but not limited to, any loss or expense sustained or incurred in maintaining or funding the Loan or any part thereof or in liquidating or re-employing deposits from third parties acquired to effect or maintain the Loan or any part thereof.

(e) The Borrowers shall fully indemnify the Lender on its demand, without prejudice to any of its other rights under any of the Finance Documents, in respect of all claims, liabilities, losses or other Expenses which may be made or brought against or sustained or incurred by the Lender, in any country, as a result of or in connection with:

(i) any action taken, or omitted or neglected to be taken, under or in connection with any Finance Document by the Lender or by any receiver appointed under a Finance Document;

(ii) investigating any event which the Lender reasonably believes constitutes an Event of Default; or

(iii) acting or relying on any notice, request or instruction which the Lender reasonably believes to be genuine, correct and appropriately authorised,

other than claims, liabilities, losses or other Expenses, which are shown to have been directly and mainly caused by the willful misconduct of the officers or employees of the Lender.

Without prejudice to its generality, this Clause 10.1 covers any claims, expenses, liabilities and losses which arise, or are asserted, under or in connection with any law relating to safety at sea, the ISM Code, the ISPS Code, any Environmental Law and any Sanctions.

10.2 Expenses

The Borrowers shall (and it is hereby expressly undertaken by the Borrowers to) pay to the Lender on demand:

(a) Initial and Amendment expenses: all expenses (including reasonable legal, printing and out-of-pocket expenses) reasonably incurred by the Lender in connection with the negotiation, preparation and execution of this Agreement and the other Finance Documents and of any amendment or extension of or the granting of any waiver or consent under this Agreement and/or any of the Finance Documents and/or in connection with any proposal by the Borrowers to constitute additional security pursuant to Clause 8.5(a) *(Security shortfall - Additional Security)*, whether any such security shall in fact be constituted or not;

(b) Enforcement expenses: all expenses (including reasonable legal and out-of-pocket expenses) incurred by the Lender in contemplation of, or otherwise in connection with, the enforcement of, or preservation of any rights under, this Agreement and/or any of the other Finance Documents, or otherwise in respect of the moneys owing under this Agreement and/or any of the other Finance Documents or the contemplation or preparation of the above, whether they have been effected or not;

(c) Legal costs: the legal costs of the Lender's appointed lawyers, in respect of the preparation of this Agreement and the other Finance Documents as well as the legal costs of the foreign lawyers (if these are available) in respect of the registration of the Finance Documents or any search or opinion given to the Lender in respect of the Security Parties or the Vessels or the Finance Documents. The said legal costs shall be due and payable on the Drawdown Date; and

(d) Other expenses: any and all other Expenses.

10.3 Value Added Tax

All fees and expenses payable pursuant to this Clause 10 shall be paid together with value added tax or any similar tax (if any) properly chargeable thereon. Any value added tax chargeable in respect of any services supplied by the Lender under this Agreement shall, on delivery of the value added tax invoice, be paid in addition to any sum agreed to be paid hereunder.

10.4 Stamp duty etc.

The Borrowers shall pay any and all stamp, registration and similar taxes or charges (including those payable by the Lender) imposed by governmental authorities in relation to this Agreement and any of the other Finance Documents, and shall indemnify the Lender against any and all liabilities with respect to, or resulting from delay or omission on the part of the Borrowers to pay such stamp taxes or charges.

10.5 Environmental Indemnity

The Borrowers shall indemnify the Lender on demand and hold the Lender harmless from and against all costs, expenses, payments, charges, losses, demands, liabilities, actions, proceedings (whether civil or criminal) penalties, fines, damages, judgements, orders, sanctions or other outgoings of whatever nature which may be suffered, incurred or paid by, or made or asserted against the Lender at any time, whether before or after the repayment in full of principal and interest under this Agreement, relating to, or arising directly or indirectly in any manner or for any cause or reason out of an Environmental Claim made or asserted against the Lender if such Environmental Claim would not have been, or been capable of being, made or asserted against the Lender if it had not entered into any of the Finance Documents and/or exercised any of its rights, powers and discretions thereby conferred and/or performed any of its obligations thereunder and/or been involved in any of the transactions contemplated by the Finance Documents.

10.6 Currency Indemnity

If any sum due from the Borrowers under any of the Finance Documents or any order or judgement given or made in relation hereto has to be converted from the currency (the *"**first currency**"*) in which the same is payable under the relevant Finance Document or under such order or judgement into another currency (the *"**second currency**"*) for the purpose of (i) making or filing a claim or proof against the Borrowers or any other Security Party, as the case may be or (ii) obtaining an order or judgement in any court or other tribunal or (iii) enforcing any order or judgement given or made in relation to any of the Finance Documents, the Borrowers shall (and it is hereby expressly undertaken by the Borrowers to) indemnify and hold harmless the Lender from and against any loss suffered as a result of any difference between (a) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (b) the rate or rates of exchange at which the Lender may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgement, claim or proof. The term *"**rate of exchange**"* includes any premium and costs of exchange payable in connection with the purchase of the first currency with the second currency.

10.7 Central Bank or European Central Bank reserve requirements indemnity

The Borrowers shall on demand promptly indemnify the Lender against any cost incurred or loss suffered by the Lender as a result of its complying with the minimum reserve requirements of the European Central Bank and/or with respect to maintaining required reserves with the relevant national Central Bank to the extent that such compliance relates to the Commitment or deposits obtained by it to fund the whole or part of the Loan and to the extent such cost or loss is not recoverable by such Lender under Clause 12.2 *(Increased cost)*.

10.8 Maintenance of the Indemnities

The indemnities contained in this Clause 10 shall apply irrespective of any indulgence granted to the Borrowers or any other party from time to time and shall continue to be in full force and effect notwithstanding any payment in favour of the Lender and any sum due from the Borrowers under this Clause 10 will be due as a separate debt and shall not be affected by judgement being obtained for any other sums due under any one or more of this Agreement, the other Finance Documents and any other documents executed pursuant hereto or thereto.

10.9 MII and MAPI costs

The Borrowers shall reimburse the Lender on demand for any and all costs incurred by the Lender (as conclusively certified by the Lender) in effecting and keeping effected (a) a Mortgagee's Interest Insurance (herein ***"MII"***) and (b) if requested by the Lender, a Mortgagee's Interest Additional Perils (Pollution) insurance policy (herein *"MAPI"*), each of which the Lender may at any time effect for an amount equal to **120**% of the Loan and on such terms and with such insurers as shall from time to time be determined by the Lender, provided, however, that the Lender shall in its absolute discretion appoint and instruct in respect of any such MII and MAPI policy the insurance brokers in respect of such Insurance and provided, further, that in the event that the Lender effects any such Insurance on the basis of any mortgagee's open cover, the Borrowers shall pay on demand to the Lender its proportion of premium due in respect of the Vessel(s) for which such insurance cover has been effected by the Lender, and any certificate of the Lender in respect of any such premium due by the Borrowers shall (save for manifest error) be conclusive and binding upon the Borrowers.

10.10 Communications Indemnity

It is hereby agreed in connection with communications that:

(a) Express authority is hereby given by the Borrowers to the Lender to accept all tested or untested communications given by facsimile, or electronic mail or otherwise, regarding any or all of the notices, requests, instructions or other communications under this Agreement, subject to any restrictions imposed by the Lender relating to such communications including, without limitation (if so required by the Lender), the obligation to confirm such communications by letter.

(b) The Borrowers shall recognise any and all of the said notices, requests, instructions or other communications as legal, valid and binding, when these notices, requests, instructions or communications come from the fax number or electronic address mentioned in Clause 17.1 *(Notices)* or any other fax or electronic address usually used by it or its managing company and are duly signed or in case of emails are duly sent by the person appearing to be sending such notice, request, instruction or other communication.

(c) The Borrowers hereby assume full responsibility for the execution of the said notices, requests, instructions or communications and promise and recognise that the Lender shall not be held responsible for any loss, liability or expense that may result from such notices, requests, instructions or other communications. It is hereby undertaken by the Borrowers to indemnify in full the Lender from and against all actions, proceedings, damages, costs, claims, demands, expenses and any and all direct and/or indirect losses which the Lender may suffer, incur or sustain by reason of the Lender following such notices, requests, instructions or communications.

(d) With regard to notices, requests, instructions or communications issued by electronic and/or mechanical processes (e.g. by facsimile or electronic mail), the risk of equipment malfunction, including, without limitation, paper shortage, transmission errors, omissions and distortions is assumed fully and accepted by the Borrowers, save in case of Lender's gross misconduct.

(e) The risks of misunderstandings and errors resulting from notices, requests, instructions or communications being given as mentioned above, are for the Borrowers and the Lender will be indemnified in full pursuant to this Clause save in case of Lender's gross misconduct.

(f) The Lender shall have the right to ask the Borrowers to furnish any information the Lender may require to establish the authority of any person purporting to act on behalf of the Borrowers for these notices, requests, instructions or communications but it is expressly agreed that there is no obligation for the Lender to do so. The Lender shall be fully protected in, and the Lender shall incur no liability to the Borrowers for acting upon the said notices, requests, instructions or communications which were believed by the Lender in good faith to have been given by the Borrowers or by any of its authorised representative(s).

(g) It is undertaken by the Borrowers to use its best endeavours to safeguard the function and the security of the electronic and mechanical appliance(s) such as fax(es) etc., as well as the code word list, if any, and to take adequate precautions to protect such code word list from loss and to prevent its terms becoming known to any persons not directly concerned with its use. The Borrowers shall hold the Lender harmless and indemnified from all claims, losses, damages and expenses which the Lender may incur by reason of the failure of the Borrowers to comply with the obligations under this Clause 10.10.

10.11 Electronic communication

Any communication from the Lender made by electronic means will be sent unsecured and without electronic signature, however, the Borrowers may request the Lender at any time in writing to change the method of electronic communication from unsecured to secured electronic mail communication.

(a) The Borrowers hereby acknowledge and accept the risks associated with the use of unsecured electronic mail communication including, without limitation, risk of delay, loss of data, confidentiality breach, forgery, falsification and malicious software. The Lender shall not be liable in any way for any loss or damage or any other disadvantage suffered by the Borrowers resulting from such unsecured electronic mail communication.

(b) If the Borrowers (or any of them) or any other Security Party wish to cease all electronic communication, they shall give written notice to the Lender accordingly after receipt of which notice the Parties shall cease all electronic communication.

(c) For as long as electronic communication is an accepted form of communication, the Parties shall:

(i) notify each other in writing of their electronic mail address and/or any other information required to enable the sending and receipt of information by that means; and

(ii) notify each other of any change to their respective addresses or any other such information supplied to them; and

in case electronic communication is sent to recipients with the domain <*@pavimarship.com*>, the parties shall without undue delay inform each other if there are changes to the said domain or if electronic communication shall thereafter be sent to individual e-mail addresses.

10.12 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.

10.13 FATCA status

(a) Subject to Clause 10.13(c) below, each party shall, within ten Banking Days of a reasonable request by another party:

(i) confirm to that other party whether it is:

(aa) a FATCA Exempt Party; or

(bb) not a FATCA Exempt Party; and

(ii) supply to that other party such forms, documentation and other information relating to its status under FATCA (including its applicable passthru percentage or other information required under the Treasury Regulations or other official guidance including intergovernmental agreements) as that other party reasonably requests for the purposes of that other party's compliance with FATCA.

(b) If a party confirms to another party pursuant to Clause 10.13(a)(i) above that it is a FATCA Exempt Party and it subsequently becomes aware that it is not, or has ceased to be a FATCA Exempt Party, that party shall notify that other party reasonably promptly.

(c) Clause 10.13(a)(i) above shall not oblige the Lenders or the Lender to do anything which would or might in its reasonable opinion constitute a breach of:

(i) any law or regulation;

(ii) any policy of the relevant Lender;

(iii) any fiduciary duty; or

(iv) any duty of confidentiality.

(d) If a party fails to confirm its status or to supply forms, documentation or other information requested in accordance with Clause10.13(a) above (including, for the avoidance of doubt, where Clause 10.13(c) above applies), then:

(i) if that party failed to confirm whether it is (and/or remains) a FATCA Exempt Party then such party shall be treated for the purposes of the Finance Documents as if it is not a FATCA Exempt Party; and

(ii) if that party failed to confirm its applicable passthru percentage then such party shall be treated for the purposes of the Finance Documents (and payments made thereunder) as if its applicable passthru percentage is 100%,

until (in each case) such time as the party in question provides the requested confirmation, forms, documentation or other information.

10.14 Arrangement fee

(a) Arrangement fee: The Borrowers shall pay to the Lender an arrangement fee in an amount equal to one per cent (1.00%) of the amount of the Loan as at the Drawdown Date payable on the date hereof.

(b) Non-refundable: The Arrangement Fee shall be payable by the Borrowers to the Lender irrespective of utilisation/cancellation in part or in whole of the Commitment and shall be non-refundable.

11. SECURITY, APPLICATION, SET-OFF

11.1 Securities

As security for the due and punctual repayment of the Loan and payment of interest thereon as provided in this Agreement and of all other Outstanding Indebtedness, the Borrowers shall ensure and procure that the Security Documents are duly executed and, where required, registered in favour of the Lender in form and substance satisfactory to the Lender at the time specified herein or otherwise as required by the Lender and ensure that such security consists, on the Drawdown Date in respect of the Loan, of the Security Documents.

11.2 Maintenance of Securities

It is hereby undertaken by the Borrowers that the Finance Documents shall both at the date of execution and delivery thereof and so long as any moneys are owing and/or due under this Agreement and/or under the other Finance Documents be valid and binding obligations of the respective Security Parties thereto and rights of the Lender enforceable in accordance with their respective terms and that they will, at the expense of the Borrowers, execute, sign, perfect and do any and every such further assurance, document, act, omission or thing as in the opinion of the Lender may be necessary or desirable for perfecting the security contemplated or constituted by the Finance Documents.

11.3 Application of receipts

(a) Order of application: Except as any Finance Document may otherwise provide, any sums which are received or recovered by the Lender under or pursuant to or by virtue of any of the Finance Documents and expressed to be applicable in accordance with this Clause 11.3 shall be applied by the Lender in the following manner:

(i) FIRST: in or towards satisfaction of any amounts then due and payable under the Finance Documents in the following order and proportions:

aa) Firstly, in or towards satisfaction of all amounts then due and payable to the Lender under the Finance Documents other than those amounts referred to at paragraphs b) and c) below (including, but without limitation, all amounts payable by the Borrower under Clauses 11 *(Indemnities- Expenses-Fees),* 5.1 *(Payments – No set-off or counterclaims)* or 5.3 *(Gross Up*) of this Agreement or by the Borrower or any Security Party under any corresponding or similar provision in any other Finance Document);

a) Secondly, in or towards payment of any default interest then due and payable to the Lender;

bb) Thirdly, in or towards payment of any arrears of interest (other than default interest) due and payable in respect of the Loan or any part thereof payable to the Lender under the Finance Documents;

cc) Fourthly, in or towards satisfaction of the Loan then due and payable;

(ii) SECOND: in retention of an amount equal to any amount not then due and payable under any Finance Document but which the Lender, by notice to the Borrower and the Security Parties, states in its opinion will either or may become due and payable in the future and, upon those amounts becoming due and payable, in or towards satisfaction of them in accordance with the provisions of Clause 11.3(a); and

(iii) THIRD: the surplus (if any), after the full and complete payment of the Outstanding Indebtedness, shall be paid to the Borrower or to any other person appearing to be entitled to it.

(b) Notice of variation of order of application: The Lender may, by notice to the Borrower and the Security Parties, provide, at its sole discretion, for a different order of application from that set out in Clause 11.3(a) *(Order of application)* either as regards a specified sum or sums or as regards sums in a specified category or categories, without affecting the obligations of the Borrower to the Lender.

(c) Effect of variation notice: The Lender may give notices under Clause 11.3(b) *(Notice of variation of order of application)* from time to time; and such a notice may be stated to apply not only to sums which may be received or recovered in the future, but also to any sum which has been received or recovered on or after the third Banking Day before the date on which the notice is served.

(d) Insufficient balance: For the avoidance of doubt, in the event that such balance is insufficient to pay in full the whole of the Outstanding Indebtedness, the Lender shall be entitled to collect the shortfall from the Borrower or any other person liable therefor.

(e) Appropriation rights overridden: This Clause 11.3 and any notice which the Lender gives under Clause 11.3(b) *(Notice of variation of order of application)* shall override any right of appropriation possessed, and any appropriation made, by the Borrower or any other Security Party.

11.4 Set off

(a) Application of credit balances: Express authority is hereby given by each Borrower to the Lender without prejudice to any of the rights of the Lender at law, contractually or otherwise, at any time after an Event of Default has occurred and is continuing, and without prior notice to the Borrowers:

(i) to apply any credit balance standing upon any account of each Borrower with any branch of the Lender (including, without limitation, the Operating Account and in whatever currency in or towards satisfaction of any sum due to the Lender from the Borrowers under this Agreement, the General Assignments and/or any of the other Finance Documents;

(ii) in the name of each of the Borrowers and/or the Lender to do all such acts and execute all such documents as may be necessary or expedient to effect such application; and

(iii) to combine and/or consolidate all or any accounts in the name of each Borrower with the Lender; and

for that purpose:

aa) to break, or alter the maturity of, all or any part of a deposit of the Borrowers (or either of them);

bb) to convert or translate all or any part of a deposit or other credit balance into Dollars; and

cc) to enter into any other transaction or make any entry with regard to the credit balance which the Lender considers appropriate.

(b) Existing rights unaffected: The Lender shall not be obliged to exercise any right given by this Clause; and those rights shall be without prejudice and in addition to any right of set-off, combination of accounts, charge, lien or other right or remedy to which the Lender is entitled (whether under the general law or any document). For all or any of the above purposes authority is hereby given to the Lender to purchase with the moneys standing to the credit of any such account or accounts such other currencies as may be necessary to effect such application. The Lender shall notify the Borrowers forthwith upon the exercise of any right of set-off giving full details in relation thereto.

12. UNLAWFULNESS, INCREASED COST, BAIL-IN

12.1 Unlawfulness

If any change in, or introduction of, any law, regulation or regulatory requirement or any request of any central bank, monetary, regulatory or other authority or any order of any court renders it unlawful or contrary to any such regulation, requirement, request or order for the Lender to advance the Commitment or the relevant part thereof (as the case may be) or to maintain or fund the Loan, notice shall be given promptly by the Lender to the Borrowers whereupon the Commitment shall be reduced to zero and the Borrowers shall be obliged to prepay the Loan either (i) forthwith or (ii) on a future specified date not being earlier than the latest date permitted by the relevant law or regulation, together with accrued interest thereon to the date of prepayment and all other sums payable by the Borrowers under this Agreement.

12.2 Increased Cost

If the result of any change in, or in the interpretation, implementation or application of, or the introduction of, any law or any regulation (whether or not having the force of law, but, if not having the force of law, with which the Lender or, as the case may be, its holding company habitually complies), including (without limitation) those relating to Taxation, capital adequacy, liquidity, reserve assets, cash ratio deposits and special deposits or other banking or monetary controls or requirements which affect the manner in which the Lender allocates capital resources to its obligations hereunder (including, without limitation, those resulting from the implementation or application of or compliance with the Basel II Accord or the Basel III Accord or any Basel II Regulation or the Basel III Accord or any Basel III Regulation or any subsequent accord, approach or regulation thereto) (collectively, ***"Capital Adequacy Law"***) or compliance by the Lender with any such Capital Adequacy Law or , is to:

(a) increase the cost to, or impose an additional cost on, the Lender or its holding company in making or keeping the Commitment available or maintaining or funding all or part of the Loan; and/or

(b) subject the Lender to Taxes or change the basis of Taxation of the Lender with respect to any payment under any of the Finance Documents (other than Taxes or Taxation on the overall net income, profits or gains of the Lender imposed in the jurisdiction in which its principal or lending office under this Agreement is located); and/or

(c) reduce the amount payable or the effective return to the Lender under any of the Finance Documents; and/or

(d) reduce the Lender's or its holding company rate of return on its overall capital by reason of a change in the manner in which it is required to allocate capital resources to the Lender's obligations under any of the Finance Document; and/or

(e) require the Lender or its holding company to make a payment or forgo a return on or calculated by references to any amount received or receivable by it under any of the Finance Documents is required; and/or

(f) require the Lender or its holding company to incur or sustain a loss (including a loss of future potential profits) by reason of being obliged to deduct all or part of the Commitment or the Loan from its capital for regulatory purposes,

then and in each case (subject to Clause 12.5 *(Exception)*):

(a) the Lender shall notify the Borrowers in writing of such event promptly upon its becoming aware of the same; and

(b) the Borrowers shall on demand pay to the Lender the amount which the Lender specifies (in a certificate and supporting documents setting forth and evidencing the basis of the computation of such amount but not including any matters which the Lender or its holding company regards as confidential) is required to compensate the Lender and/or (as the case may be) its holding company for such liability to Taxes, cost, reduction, payment, foregone return or loss whatsoever.

For the purposes of this Clause 12 *"**holding company**"* means the company or entity (if any) within the consolidated supervision of which the Lender is included.

12.3 Mitigation

If circumstances arise which would result in a notification under Clause 12.1 *(Unlawfulness)* or Clause 12.2 *(Increased Cost)*, then, without in any way limiting the rights of the Lender under this Clause, the Lender shall use reasonable endeavours to transfer all the Lender's obligations, liabilities and rights under this agreement and the Finance Documents to another office or financial institution not affected by the circumstances, but the Lender shall not be under any obligation to take any such action if, in its opinion, to do so would or might: (a) have an adverse effect on its business, operations or financial condition; or (b) involve it in any activity which is unlawful or prohibited or any activity that is contrary to, or inconsistent with, any regulation; or involve it in any expense (unless indemnified to its satisfaction) or tax disadvantage.

12.4 Claim for increased cost

The Lender will promptly notify the Borrowers of any intention to claim indemnification pursuant to Clause 12.2 *(Increased Cost)* and such notification will be a conclusive and full evidence binding on the Borrowers as to the amount of any increased cost or reduction and the method of calculating the same and the Borrowers shall be allowed to rebut such evidence by any means of evidence save for witness. A claim under Clause 12.2 *(Increased Cost)* may be made at any time and must be discharged by the Borrowers within seven (7) days of demand. It shall not be a defence to a claim by the Lender under this Clause 12.3 that any increased cost or reduction could have been avoided by the Lender. Any amount due from the Borrowers under Clause 12.2 *(Increased Cost)* shall be due as a separate debt and shall not be affected by judgement being obtained for any other sums due under or in respect of this Agreement.

12.5 Option to prepay

If any additional amounts are required to be paid by the Borrowers to the Lender by virtue of Clause 12.2 *(Increased Cost)*, the Borrowers shall be entitled, on giving the Lender not less than fourteen (14) days prior notice in writing, to prepay (without premium or penalty) the Loan and accrued interest thereon, together with all other Outstanding Indebtedness, on the next Repayment Date. Any such notice, once given, shall be irrevocable.

12.6 Exception

Nothing in Clause 12.2 *(Increased Cost)* shall entitle the Lender to receive any amount in respect of compensation for any such liability to Taxes, increased or additional cost, reduction, payment, foregone return or loss to the extent that the same is subject of an additional payment under Clause 5.3 *(Gross Up)*.

12.7 Contractual recognition of bail-in

Notwithstanding any other term of any Finance Document or any other agreement, arrangement or understanding between the Parties, each Party acknowledges and accepts that any liability of any Party to any other Party under or in connection with the Finance Documents may be subject to Bail-In Action by the relevant Resolution Authority and acknowledges and accepts to be bound by the effect of:

(a) any Bail-In Action in relation to any such liability, including (without limitation):

(i) a reduction, in full or in part, in the principal amount, or outstanding amount due (including any accrued but unpaid interest) in respect of any such liability;

(ii) a conversion of all, or part of, any such liability into shares or other instruments of ownership that may be issued to, or conferred on, it; and

(iii) a cancellation of any such liability; and

(b) a variation of any term of any Finance Document to the extent necessary to give effect to any Bail-In Action in relation to any such liability.

13. OPERATING ACCOUNTS

13.1 General

Each of the Borrowers undertakes with the Lender that it will:

(a) on or before the Drawdown Date open its Operating Account; and

(b) procure that all moneys payable to such Borrower in respect of the Earnings of its Vessel shall, unless and until the Lender directs to the contrary pursuant to the relevant General Assignment, be paid to its Operating Account, free from Security Interests and rights of set off other than those created by or under the Finance Documents and, shall be held there on trust for the Lender and shall be applied as provided in Clause 13.2 *(Application of Earnings)*.

13.2 Application of Earnings

(a) Subject to the terms and conditions of the Accounts Pledge Agreement no monies shall be withdrawn from the Operating Accounts save as hereinafter provided. Subject to no Event of Default having occurred and being continuing, all monies paid to the Operating Accounts (whether being Earnings or not) after discharging the costs (if any) incurred by the Lender, in collecting such monies, shall be applied by the Lender as follows:

(i) First: in payment of any arrears of interest and principal of the Loan due and payable and any and all other sums whatsoever which from time to time become due and payable to the Lender hereunder (such sums to be paid in such order as the Lender may in its sole discretion elect);

provided, however, that the Lender shall be entitled to withdraw the required amounts from the Operating Accounts or any time deposit substitute account under the same or different designation by breaking such time deposit in order to effect payment of any amount due under "First" above;

(ii) Second: in payment of the Operating Expenses; and

(iii) Third: any credit balance shall be, subject to the provisions of this Agreement (including dividends restriction) and the Accounts Pledge Agreement, available to the Borrowers to be used (unless the Lender otherwise direct at its discretion) for any purpose not inconsistent with the Borrowers' other obligations under this Agreement;

13.3 Interest

Any amounts for the time being standing to the credit of the Operating Account shall bear interest at the rate from time to time offered by the Lender to its customers for Dollar deposits of similar amounts and for periods similar to those for which such amounts are likely to remain standing to the credit of the Operating Account. Such interest shall, provided that (a) the foregoing provisions of this Clause 13 shall have been complied with and (b) no Event of Default (or event which, with the giving of notice and/or lapse of time or other applicable condition, might constitute an Event of Default) shall have occurred and is continuing, be released to the Borrowers.

13.4 Drawings from Operating Accounts

Save as provided in Clause 13.2 *(Application of Earnings)*, none of the Borrowers shall be entitled to draw from its Operating Account if an Event of Default has occurred and is continuing.

13.5 Authorisation

For the avoidance of doubt, the Lender shall be entitled (but not obliged) at any time, and to this respect the Lender is hereby authorised by each of the Borrowers from time to time to debit the Operating Accounts, without notice to the Borrowers, in order to discharge any amount due and payable to the Lender under the terms of this Agreement and the Security Documents or otherwise howsoever in connection with the Loan, including, without limitation, any payment of which the Lender has become entitled to demand under Clause 9.2 *(Consequences of Default – Acceleration)*.

13.6 Obligations unaffected

Nothing herein contained shall be deemed to affect:

(a) the liability and absolute obligation of the Borrowers to pay interest on and to repay the Loan as provided in Clauses 3 *(Interest)* and 4 *(Repayment-Prepayment)* nor shall they constitute or be construed as constituting a manner of postponement thereof; or

(b) any other liability or obligation of the Borrowers or any other Security Party under any Finance Document.

13.7 Relocation of Operating Accounts

Each of the Borrowers, at its own costs and expenses, undertakes with the Lender to comply with or cause to be complied with any written requirement of the Lender from time to time as to the location or re-location of its Operating Account and will from time to time enter into such documentation as the Lender may require in order to create or maintain a security interest in such Operating Account.

13.8 Application on Event of Default

Upon the occurrence of an Event of Default or at any time thereafter (whether or not notice of default has been given to the Borrowers) when an Event of Default continues the Lender shall be entitled to set off and apply all sums standing to the credit of the Operating Accounts (or any of them) and accrued interest (if any) without notice to the Borrowers in the manner specified in Clause 11.3 *(Application of funds)* (and express and irrevocable authority is hereby given by each of the Borrowers to the Lender so to set off by debiting the Operating Accounts accordingly by the same.

13.9 No Security Interests

The Borrowers hereby jointly and severally covenant with the Lender that the Operating Accounts and any moneys therein shall not be charged, assigned, transferred or pledged nor shall there be granted by the Borrowers or suffered to arise any third party rights over or against the whole or any part of the Operating Accounts (or any of them) other than in favour of the Lender as promised herein and in the General Assignments.

13.10 Operation of Operating Accounts

Each Operating Account shall be operated by the relevant Borrower to the degree permitted by this Agreement and the relevant General Assignment in accordance with the Lender's usual terms and conditions (full knowledge of which the Borrowers hereby acknowledges) and subject to the Lender's usual charges levied on such accounts and/or transactions conducted on such accounts (as from time to time notified by the Lender to the Borrowers).

13.11 Release

Upon payment in full of all principal, interest and all other amounts due to the Lender under the terms of this Agreement and the other Finance Documents, any balance then standing to the credit of any of the Operating Accounts shall be released and paid to the relevant Borrower or to whomsoever else may be entitled to receive such balance.

14. ASSIGNMENT, TRANSFER, PARTICIPATION, LENDING OFFICE

14.1 Binding Effect

This Agreement shall be binding upon and inure to the benefit of the Lender and the Borrowers and their respective successors and assigns.

14.2 No Assignment by the Borrowers and other Security Parties

Neither the Borrowers nor any other Security Parties may assign or transfer any of its rights and/or obligations under this Agreement or any of the other Finance Documents or any documents executed pursuant to this Agreement and/or the other Finance Documents.

14.3 Assignment by the Lender

The Lender may at any time without the consent of, or consultation with, the Borrowers and the other Security Parties after giving a 10 days prior written notice to the Borrowers and the Corporate Guarantor , cause all or any part of its rights, benefits and/or obligations under this Agreement and the other Finance Documents to be assigned or transferred to (i) another branch, any Subsidiary or Affiliate of, or company controlled by, the Lender, (ii) a member of the European Central Bank System, a credit institution, a financial services institution, a financial institution, an insurance company, a social security fund, a pension fund, an investment company/trust or a special purpose company established for the purposes of securitization, (iii) a capital investment company, hedge fund, financial intermediary or special purpose vehicle associated to any of them or (iii) a trust corporation, fund or other person which regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities or other financial assets of which are managed or serviced by the Lender (in each case an *"**Assignee**"* or a *"**Transferee**"*), provided that the Assignee or Transferee, shall deliver to the Lender such undertaking as the Lender may approve, whereby it becomes bound by the terms of this Agreement and agrees to perform all or, as the case may be, part of the Lender's obligations under this Agreement and provided further that the liabilities of the Borrowers under this Agreement and any other Finance Document shall not be increased as a result of any such assignment or transfer and that in the event that the Borrowers' liabilities (actual or contingent) are increased, the Borrowers shall not be liable for any such excess.

14.4 Participation

The Lender may at any time without the consent of, or consultation with, or notice to the Borrowers sub-participate all or any part of its rights, benefits and/or obligations under this Agreement and the other Finance Documents without the consent of, or consultation with or notice to the Borrowers and the other Security Parties, provided that the liabilities of the Borrowers under this Agreement and any other Finance Document shall not be increased as a result of any such sub-participation and that in the event that the Borrowers' liabilities (actual or contingent) are increased, the Borrowers shall not be liable for any such excess.

14.5 Cost

Any cost of such assignment or transfer or granting sub-participation shall be for the account of the Lender and/or the Assignee, Transferee or sub-participant unless any such assignment, transfer or sub-participation is undertaken at the request of the Borrowers, in which case any cost arising therefrom shall be for the account of the Borrowers.

14.6 Documenting assignments and transfers

If the Lender assigns, transfers or in any other manner grants participation in respect of all or any part of its rights or benefits or transfers all or any of its obligations as provided in this Clause 14.6 the Borrowers undertake, immediately on being requested to do so by the Lender, to enter at the expense of the Lender into and procure that each Security Party enters into such documents as may be necessary or desirable to transfer to the Assignee, Transferee or participant all or the relevant part of the interest of the Lender in the Finance Documents and all relevant references in this Agreement to the Lender shall thereafter be construed as a reference to the Lender and/or assignee, transferee or participant of the Lender to the extent of their respective interests and, in the case of a transfer of all or part of the obligations of the Lender, the Borrowers shall thereafter look only to the Assignee, Transferee or participant in respect of that proportion of the obligations of the Lender under this Agreement assumed by such assignee, transferee or participant. Subject to the provisions of Clause 14.3 *(Assignment by the Lender)*, each of the Borrowers hereby expressly consents to any subsequent transfer of the rights and obligations of the Lender and undertakes that it shall join in and execute such supplemental or substitute agreements as may be necessary to enable the Lender to assign and/or transfer and/or grant participation in respect of its rights and obligations to another branch or to one or more banks or financial institutions in a syndicate or otherwise. The cost of any such assignment shall be borne by the Lender and/or the relevant Assignee or Transferee.

14.7 Disclosure of information

The Lender may disclose to a prospective assignee, substitute or transferee or to any other person who may propose entering into contractual relations with the Lender in relation to this Agreement such information about the Borrowers as the Lender shall consider appropriate if the Lender first procures that the relevant prospective assignee, substitute or transferee or other person (such person together with any prospective assignee, substitute or transferee being hereinafter described as the *"**Prospective Assignee**"*) shall undertake to the Lender to keep secret and confidential and shall not, without the consent of the Borrowers, disclose to any third party any of the information, reports or documents supplied by the Lender provided, however, that the Prospective Assignee shall be entitled to disclose such information, reports or documents in the following situations:

(a) in relation to any proceedings arising out of this Agreement or the other Finance Documents to the extent considered necessary by the Prospective Assignee to protect its interest; or

(b) pursuant to a court order relating to discovery or otherwise; or

(c) pursuant to any law or regulation or to any fiscal, monetary, tax, governmental or other competent authority; or

(d) to its auditors, legal or other professional advisers.

In addition the Prospective Assignee shall be entitled to disclose or use any such information, reports or documents if the information contained therein shall have emanated in conditions free from confidentiality, bona fide from some person other than the Lender or the Borrowers.

14.8 Changes in constitution or reorganisation of the Lender

For the avoidance of doubt and without prejudice to the provisions of Clause 14.1 *(Binding Effect)*, this Agreement shall remain binding on the Borrowers and the other Security Parties notwithstanding any change in the constitution of the Lender or its absorption in, or amalgamation with, or the acquisition of all or part of its undertaking or assets by, any other person, or any reconstruction or reorganisation of any kind, to the intent that this Agreement shall remain valid and effective in all respects in favour of any Assignee, Transferee or other successor in title of the Lender in the same manner as if such Assignee, Transferee or other successor in title had been named in this Agreement as a party instead of, or in addition to, the Lender.

14.9 Securitisation

The Lender may include all or any part of the Loan in a securitisation (or similar transaction) pursuant to Law 3156/2003, or any other relevant legislation introduced or enacted after the date of this Agreement, without the consent of, or consultation with, but after giving 15-days notice to the Borrowers. The Borrowers will assist the Lender as necessary to achieve a successful securitisation (or similar transaction) provided that the Borrowers shall not be required to bear any third party costs related to any such securitisation (or similar transaction) and that such securitisation (or similar transaction) shall not result in an increase of the Borrowers' obligations under this Agreement and the other Security Documents and need only provide any such information which any third parties may reasonably require.

14.10 Lending Office

The Lender shall lend through its office at the address specified in the preamble of this Agreement or through any other office of the Lender selected from time to time by it through which the Lender wishes to lend for the purposes of this Agreement. If the office through which the Lender is lending is changed pursuant to this Clause 14.10, the Lender shall notify the Borrowers promptly of such change and upon notification of any such transfer, the word *"Lender"* in this Agreement and in the other Finance Documents shall mean the Lender, acting through such branch or branches and the terms and provisions of this Agreement and of the other Finance Documents shall be construed accordingly.

15. MISCELLANEOUS

15.1 Time of essence

Time is of the essence as regards every obligation of the Borrowers under this Agreement.

15.2 Cumulative Remedies

The rights and remedies of the Lender contained in this Agreement and the other Finance Documents are cumulative and neither exclusive of each other nor of any other rights or remedies conferred by law.

15.3 No implied waivers

No failure, delay or omission by the Lender to exercise any right, remedy or power vested in the Lender under this Agreement and/or the other Finance Documents or by law shall impair such right or power, or be construed as a waiver of, or as an acquiescence in any default by the Borrowers, nor shall any single or partial exercise by the Lender of any power, right or remedy preclude any other or further exercise thereof or the exercise of any other power, right or remedy. In the event of the Lender on any occasion agreeing to waive any such right, remedy or power, or consenting to any departure from the strict application of the provisions of this Agreement or of any other Finance Document, such waiver shall not in any way prejudice or affect the powers conferred upon the Lender under this Agreement and the other Finance Documents or the right of the Lender thereafter to act strictly in accordance with the terms of this Agreement and the other Finance Documents. No modification or waiver by the Lender of any provision of this Agreement or of any of the other Finance Documents nor any consent by the Lender to any departure therefrom by any Security Party shall be effective unless the same shall be in writing and then shall only be effective in the specific case and for the specific purpose for which given. No notice to or demand on any such party in any such case shall entitle such party to any other or further notice or demand in similar or other circumstances.

15.4 Recourse to other security

The Lender shall not be obliged to make any claim or demand or to resort to any Finance Document or other means of payment now or hereafter held by or available to it for enforcing this Agreement or any of the other Finance Documents against the Security Parties (or any of them) or any other person liable and no action taken or omitted by the Lender in connection with any such Finance Document or other means of payment will discharge, reduce, prejudice or affect the liability of any Security Party under this Agreement and the other Finance Documents to which it is, or is to be, a party.

15.5 Integration of Terms

This Agreement contains the entire agreement of the parties and its provisions supersede the provisions of the Commitment Letter (save for the provisions thereof which relate to fees) and any and all other prior correspondence and oral negotiation by the parties in respect of the matters regulated by this Agreement.

15.6 Amendments

This Agreement and any other Finance Documents shall not be amended or varied in their respective terms by any oral agreement or representation or in any other manner other than by an instrument in writing of even date herewith or subsequent hereto executed by or on behalf of the parties hereto or thereto.

15.7 Invalidity of Terms

In the event of any provision contained in one or more of this Agreement, the other Finance Documents and any other documents executed pursuant hereto or thereto being invalid, illegal or unenforceable in any respect under any applicable law in any jurisdiction whatsoever, such provision shall be ineffective as to that jurisdiction only without affecting the remaining provisions hereof or thereof. If, however, this event becomes known to the Lender prior to the drawdown of the Commitment or of any part thereof the Lender shall be entitled to refuse drawdown until this discrepancy is remedied. In case that the invalidity of a part results in the invalidity of the whole Agreement, it is hereby agreed that there will exist a separate obligation of the Borrowers for the prompt payment to the Lender of all the Outstanding Indebtedness. Where, however, the provisions of any such applicable law may be waived, they are hereby waived by the parties hereto to the full extent permitted by the law to the intent that this Agreement, the other Finance Documents and any other documents executed pursuant hereto or thereto shall be deemed to be valid binding and enforceable in accordance with their respective terms.

15.8 Language and genuineness of documents

(a) Language: All certificates, instruments and other documents to be delivered under or supplied in connection with this Agreement or any of the other Finance Documents shall be in the Greek or the English language (or such other language as the Lender shall agree) or shall be accompanied by a certified Greek translation upon which the Lender shall be entitled to rely.

(b) Certification of documents: Any copies of documents delivered to the Lender shall be duly certified as true, complete and accurate copies by appropriate authorities or legal counsel practicing in Greece or otherwise as will be acceptable to the Lender at the sole discretion of the Lender.

(c) Certification of signature: Signatures on Board or shareholder resolutions, Secretary's certificates and any other documents are, at the discretion of the Lender, to be verified for their genuineness by appropriate Consul or other competent authority.

15.9 Further assurances

Each of the Borrowers undertakes that the Finance Documents shall both at the date of execution and delivery thereof and so long as any moneys are owing under any of the Finance Documents be valid and binding obligations of the respective parties thereto and enforceable in accordance with their respective terms and that it will, at its expense, execute, sign, perfect and do, and will procure the execution, signing, perfecting and doing by each of the other Security Parties of, any and every such further assurance, document, act or thing as in the reasonable opinion of the Lender may be necessary or desirable for perfecting the security contemplated or constituted by the Finance Documents.

15.10 Inconsistency of Terms

In the event of any inconsistency or conflict between the provisions of this Agreement and the provisions of any other Finance Document the provisions of this Agreement shall prevail.

15.11 Counterparts

This Agreement may be executed in any number of counterparts and all such counterparts taken together shall be deemed to constitute but one and the same instrument.

15.12 Confidentiality

(a) Each of the parties hereto agree and undertake to keep confidential any documentation and any confidential information concerning the business, affairs, directors or employees of the other which comes into its possession in connection with this Agreement and not to use any such documentation, information for any purpose other than for which it was provided.

(b) The parties acknowledge and accept that they may be required by law or that it may be appropriate for them to disclose information and deliver documentation relating to the transactions and matters in relation to this Agreement and/or the other Finance Documents to governmental or regulatory agencies and authorities.

(c) The Borrowers acknowledge and accept that in case of occurrence of any of the Events of Default the Lender may disclose information and deliver documentation relating to the Borrowers and the transactions and matters in relation to this Agreement and/or the other Finance Documents to third parties to the extent that this is necessary for the enforcement or the contemplation of enforcement of the Lender's rights or for any other purpose for which in the opinion of the Lender, such disclosure would be useful or appropriate for the interests of the Lender or otherwise and the Borrowers expressly authorise any such disclosure and delivery.

(d) The Borrowers acknowledge and accept that the Lender may be prohibited or it may be inappropriate for the Lender to disclose information to the Borrowers by reason of law or duties of confidentiality owed or to be owed to other persons.

(e) This Clause 15.12 shall be: (i) in addition to all other duties of confidentiality imposed on the Lender and its professional advisers under applicable law; and (ii) subject to any other applicable provisions contained in this Agreement and the other Finance Documents.

15.13 Process of personal data

(a) Process of personal data: The Borrower hereby confirms that it has been informed that its personal data and/or the personal data of its director(s), officer(s) and legal representative(s) (together the *"personal data*") contained in this Agreement (and any supplemental or amendatory agreement thereof) and the other Finance Documents or the personal data that have been or will be lawfully received or obtained by the Lender in relation to this Agreement and the other Finance Documents or the enforcement of all of the rights, powers and remedies possessed by the Lender under this Agreement (and any supplemental or amendatory agreement thereof) and/or under any other Finance Document will be included at the personal data database maintained by the Lender as processing agent *(Υπεύθυνη Επεξεργασίας)* and will be processed by the Lender or by third parties for the purpose of maintaining the security created by this Agreement (and any supplemental or amendatory agreement thereof) and the other Finance Documents and preserving of all of the rights, powers and remedies possessed by the Lender thereunder and properly serving, supporting and monitoring their current business relationship as provided in the information brochure *"Information for the Processing of Personal Data" (Ενημέρωση για την επεξεργασία δεδομένων προσωπικού χαρακτήρα)* which forms an integral part of this Agreement and the Borrower hereby confirms that a copy of such information brochure has been received by the Borrower, its director(s), officer(s) and legal representative(s) and has been perused, duly understood and fully agreed by each of them.

(b) Duration of the process: The personal data process shall survive the termination of this Agreement for such period as it is required by the applicable law.

16. JOINT AND SEVERAL LIABILITY OF THE BORROWERS

16.1 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.

16.2 No impairment of Borrowers' obligations

The liabilities and obligations of a Borrower shall not be impaired by:

(a) this Agreement being or later becoming void, unenforceable or illegal as regards the other Borrower;

(b) the Lender entering into any rescheduling, refinancing or other arrangement of any kind with the other Borrower;

(c) the Lender releasing the other Borrower or any Security Interest created by a Finance Document; or

(d) any time, waiver or consent granted to, or composition with the other Borrower or other person;

(e) the release of the other Borrower or any other person under the terms of any composition or arrangement with any creditor thereof;

(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, the 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 the 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;

(j) any insolvency or similar proceedings; or

(k) any combination of the foregoing.

16.3 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 none of the Borrowers shall in any circumstances be construed to be a surety for the obligations of the other Borrower under this Agreement.

16.4 Subordination

Subject to Clause 16.5 *(Borrowers' required action)*, during the Security Period, none of the Borrowers shall:

(a) claim any amount which may be due to it from the other Borrower whether in respect of a payment made, or matter arising out of, this Agreement or any Finance Document, or any matter unconnected with this Agreement or any Finance Document; or

(b) take or enforce any form of security from the other Borrower for such an amount, or in any other way seek to have recourse in respect of such an amount against any asset of the other Borrower; or

(c) set off such an amount against any sum due from it to the other Borrower; or

(d) prove or claim for such an amount in any liquidation, administration, arrangement or similar procedure involving the other Borrower or other Security Party; or

(e) exercise or assert any combination of the foregoing.

16.5 Borrowers' required action

If during the Security Period, the Lender, by notice to the Borrowers, requires it to take any action referred to in paragraphs (a) to (d) of Clause 16.4 *(Subordination)*, in relation to the other Borrower, that Borrower shall take that action as soon as practicable after receiving the Lender's notice.

16.6 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 Lender 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 the other Borrower; or

(b) to claim any contribution from the other Borrower in relation to any payment made by it under the Finance Documents.

17. NOTICES AND COMMUNICATIONS

17.1 Notices

Every notice, request, demand or other communication under the Agreement or, unless otherwise provided therein, any of the other Finance Documents shall:

(a) be in writing delivered personally or by first-class prepaid letter (airmail if available), or shall be served through a process server or subject to Clause 10.10 *(Communications Indemnity)* and Clause 10.11 *(Electronic Communication)* by fax or electronic mail;

(b) be deemed to have been received, subject as otherwise provided in this Agreement or the relevant Finance Document, in the case of fax or electronic mail, at the time of dispatch as per transmission report (provided, in either case, that if the date of despatch is not a business day in the country of the addressee it shall be deemed to have been received at the opening of business on the next such business day), and in the case of a letter when delivered or served personally or five (5) days after it has been put into the post; and

(c) be sent:

(i) if to be sent to any Security Party, to:

c/o PAVIMAR S.A..
17 km National Road Athens-Lamia & 25 Foinikos Street,
Nea Kifissia 145 64, Greece
Facsimile No: +30 211 888 0299
Attention: Mrs. Viktoria Poziopoulou
E-mail: v.poziopoulou@pavimarship.com

and

(ii) if to be sent to the Lender, to

ALPHA BANK S.A.
93 Akti Miaouli
185 38 Piraeus, Greece
Fax No.: +30210 42 90 268
Attention: The Manager
E-mail: shipdivision@alpha.gr

or to such other person, address fax number or electronic address as is notified by the relevant Security Party or the Lender (as the case may be) to the other parties to this Agreement and, in the case of any such change of address, or fax number or electronic address notified to the Lender, the same shall not become effective until notice of such change is actually received by the Lender and a copy of the notice of such change is signed by the Lender.

17.2 Effective date of notices

Subject to Clauses 17.3 *(Service outside business hours)* and 17.4 *(Illegible notices)*:

(a) a notice which is delivered personally or posted shall be deemed to be served, and shall take effect, at the time when it is delivered; and

(b) a notice which is sent by fax or electronic mail shall be deemed to be served, and shall take effect, two hours after its transmission is completed.

17.3 Service outside business hours

However, if under Clause 17.2 *(Effective date of notices)* a notice would be deemed to be served:

(a) on a day which is not a Banking Day in the place of receipt; or

(b) on such a Banking Day, but after 5 p.m. local time,

the notice shall (subject to Clause 17.4 *(Illegible notices)*) be deemed to be served, and shall take effect, at 9 a.m. on the next day which is such a Banking Day.

17.4 Illegible notices

Clauses 17.2 *(Effective date of notices)* and 17.3 *(Service outside business hours)* do not apply if the recipient of a notice notifies the sender within one hour after the time at which the notice would otherwise be deemed to be served that the notice has been received in a form which is illegible in a material respect.

17.5 Valid notices

A notice under or in connection with a Finance Document shall not be invalid by reason that its contents or the manner of serving it do not comply with the requirements of this Agreement or, where appropriate, any other Finance Document under which it is served if:

(a) the failure to serve it in accordance with the requirements of this Agreement or other Finance Document, as the case may be, has not caused any party to suffer any significant loss or prejudice; or

(b) in the case of incorrect and/or incomplete contents, it should have been reasonably clear to the party on which the notice was served what the correct or missing particulars should have been.

17.6 Effect of electronic communication

(a) Any communication to be made between any two Parties under or in connection with the Finance Documents may be made by electronic mail or other electronic means (including, without limitation, by way of posting to a secure website) if those two Parties:

(i) notify each other in writing of their electronic mail address and/or any other information required to enable the transmission of information by that means; and

(ii) notify each other of any change to their address or any other such information supplied by them by not less than five Banking Days' notice.

(b) Any such electronic communication as specified in paragraph (a) above to be made between a Security Party and the Lender may only be made in that way to the extent that those two Parties agree that, unless and until notified to the contrary, this is to be an accepted form of communication.

(c) Any such electronic communication as specified in paragraph (a) above made between any two Parties will be effective only when actually received (or made available) in readable form and in the case of any electronic communication made by a Party to the Lender only if it is addressed in such a manner as the Lender shall specify for this purpose.

(d) Any electronic communication which becomes effective, in accordance with paragraph (c) above, after 5.00 p.m. in the place in which the Party to whom the relevant communication is sent or made available has its address for the purpose of this Agreement shall be deemed only to become effective on the following Banking Day.

(e) Any reference in a Finance Document to a communication being sent or received shall be construed to include that communication being made available in accordance with this Clause 17.6.

18. LAW AND JURISDICTION

18.1 Governing Law

(a) This Agreement and any non-contractual obligations connected with it shall be governed by and construed in accordance with English Law.

(b) For the purposes of enforcement in Greece, it is hereby expressly agreed that English law as the governing law of this Agreement will be proved by an affidavit of a solicitor from an English law firm to be appointed by the Lender and the said affidavit shall constitute full and conclusive evidence binding on the Borrowers but the Borrowers shall be allowed to rebut such evidence save for witness.

18.2 Jurisdiction

(a) The courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with this Agreement or any non-contractual obligations connected with it (including a dispute regarding the existence, validity or termination of this Agreement and including claims arising out of tort or delict) (a *"**Dispute**"*). Each of the Borrowers irrevocably and unconditionally submits to the jurisdiction of such courts.

(b) The Parties agree that the courts of England are the most appropriate and convenient courts to settle Disputes and accordingly no Party will argue to the contrary and waives any objections to the inconvenience of England as a forum.

(c) This Clause 18.2 is for the benefit of the Lender only. As a result, the Lender shall not be prevented from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law, the Lender may take concurrent proceedings in any number of jurisdictions.

18.3 Process Agent for English Proceedings

Without prejudice to any other mode of service allowed under any relevant law each of the Borrowers irrevocably designates, appoints and empowers Messrs. HILL DICKINSON SERVICES (LONDON) LIMITED, at present of The Broadgate Tower, 20 Primrose Street, London EC2A 2EW, England (Mr. Anthony Paizes, Email: Anthony.Paizes@hilldickinson.com), (hereinafter called the ***"Process Agent for English Proceedings"***), to receive for it and on its behalf, service of process issued out of the English courts in relation to any proceedings before the English courts in connection with any Finance Document, provided, however, that:

(a) each of the Borrowers hereby agrees and undertakes to maintain a Process Agent for English Proceedings throughout the Security Period and hereby agrees that in the event that if any Process Agent for English Proceedings is unable for any reason to act as agent for service of process, such Borrower must immediately (and in any event within ten (10) days of such event taking place) appoint another agent on terms acceptable to the Lender. Failing this, the Lender may appoint for this purpose a substitute Process Agent for English Proceedings and the Lender is hereby irrevocably authorised to effect such appointment on Borrowers' behalf. The appointment of such Process Agent for English Proceedings shall be valid and binding from the date notice of such appointment is given by the Lender to the Borrowers in accordance with Clause 17.1 *(Notices)*; and

(b) each of the Borrowers hereby agrees that failure by a Process Agent for English Proceedings to notify the Borrowers of the process will not invalidate the proceedings concerned.

18.4 Proceedings in any other country

If it is decided by the Lender that any such proceedings should be commenced in any other country, then any objections as to the jurisdiction or any claim as to the inconvenience of the forum is hereby waived by each of the Borrowers and it is agreed and undertaken by each of the Borrowers to instruct lawyers in that country to accept service of legal process and not to contest the validity of such proceedings as far as the jurisdiction of the court or courts involved is concerned and each of the Borrowers agrees that any judgment or order obtained in an English court shall be conclusive and binding on the Borrowers and shall be enforceable without review in the courts of any other jurisdiction.

18.5 Process Agent (*antiklitos*) in Greece

Mrs. Viktoria Poziopoulou, an Attorney-at-Law, presently of Pavimar S.A., currently of 17th km National Road Athens-Lamia & F0inikos Street, Nea Kifissia 145 64, Greece (hereinafter called the ***"Process Agent for Greek Proceedings"***) is hereby appointed by each of the Borrowers as agent to accept service, upon whom any judicial process in respect of proceedings in Greece may be served and any process notice, judicial or extra-judicial request, demand for payment, payment order, foreclosure proceedings, notarial announcement of claim, notice, request, demand or other communication under this Agreement or any of the Finance Documents. In the event that the Process Agent for Greek Proceedings (or any substitute process agent notified to the Lender in accordance with the foregoing) cannot be found at the address specified above (or, as the case may be, notified to the Lender), which will be conclusively proved by a deed of a process server to the effect that the Process Agent for Greek Proceedings was not found at such address, any process notice, judicial or extra-judicial request, demand for payment, payment order, foreclosure proceedings, notarial announcement of claim or other communication to be sent to any Security Party may be validly served/notified in accordance with the relevant provisions of the Hellenic Code on Civil Procedure.

18.6 Third Party Rights

A person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce or to enjoy the benefit of any term of this Agreement.

18.7 Meaning of "proceedings"

In this Clause 18 "***proceedings***" means proceedings of any kind, including an application for a provisional or protective measure.

*[*REMAINDER OF PAGE INTENTIONALLY LEFT BLANK*]*

SCHEDULE 1

Form of Drawdown Notice
(referred to in Clause 2.2)

To: **ALPHA BANK S.A.**
93 Akti Miaouli
185 38 Piraeus, Greece

[●] April, 2021

Re: US$18,000,000 Loan Agreement (the ***"Loan Agreement"***) dated [●] April, 2021 made between (1) the Lender, as lender and (2) (a) **G**AMORA **S**HIPPING **C**O**.** of the Marshall Islands and **R**OCKET **S**HIPPING **C**O**.**, of the Marshall Islands (the ***"Borrowers"***), as joint and several borrowers.

1. We refer to the Loan Agreement (terms defined in the Loan Agreement have their defined meanings when used in this Drawdown Notice) and hereby give you notice that we wish to draw the Commitment as follows:

(i) Loan: the full amount of the Commitment in the amount of US$18,000,000 (Dollars Eighteen million);

(ii) Drawdown Date: [●] April, 2021;

(iii) duration of first Interest Period: duration of the first Interest Period in respect of the Loan shall be [●] months; and

(iv) Payment instructions: [*in payment to the Operating Accounts as per our instructions under separate cover for the purposes set out in Clause 1.1 (Amount and purpose) of the Loan Agreement*].

2. We confirm, represent and warrant that:

(i) no event or circumstance has occurred and is continuing which constitutes a Default or will result from the borrowing of the Loan;

(ii) the representations and warranties contained in Clause 6 *(Representations and warranties)* of the Loan Agreement and the representations and warranties contained in each of the other Finance Documents are true and correct at the date hereof as if made with respect to the facts and circumstances existing at such date;

(iii) the borrowing to be effected by the drawing of the Loan will be within our corporate powers, has been validly authorised by appropriate corporate action and will not cause any limit on our borrowings (whether imposed by statute, regulation, agreement or otherwise) to be exceeded;

(iv) we will not use the Loan proceeds or any part thereof for the purpose of acquiring shares in the share capital of the Lender or other banks and/or financial institutions or acquiring hybrid capital debentures *(τίτλους υβριδικών κεφαλαίων)* of the Lender or other banks and/or financial institutions; and

(v) there has been no change in the ownership, management, operations and no Material Adverse Change in our financial position or in the consolidated financial position of ourselves and the other Security Parties from that described by us to the Lender in the negotiation of the Loan Agreement.

3. This Drawdown Notice cannot be revoked without the prior consent of the Lender.

SIGNED by)
Mr.)
for and on behalf of)
GAMORA SHIPPING CO.)
of the Marshall Islands,)
in the presence of:)

Attorney-in-fact

Witness:
Name: *[●]*
Title: *Attorney-at-Law*
Address: *[●],*
Piraeus, Greece

SIGNED by)
Mr.)
for and on behalf of)
ROCKET SHIPPING CO.,)
of the Marshall Islands,)
in the presence of:)

Attorney-in-fact

Witness:
Name: *[●]*
Title: *Attorney-at-Law*
Address: *[●],*
Piraeus, Greece

Schedule 2

Form of Insurance Letter

To: ***[P&I Club]***
[●]
[●]

From: [●]
[●],
[●]

[●] 20[●]

Dear Sirs

m.v. "[●]" (the ***"Vessel"***)

We are obtaining loan finance from **ALPHA BANK S.A.** (the *"**Lender**"*) secured (*inter alia*) by a first ship mortgage over the Vessel. The Vessel's insurances will also be assigned to the Lender.

You are hereby authorised to send a copy of the Certificate of Entry for the Vessel to the Lender, c/o their lawyers, namely, THEO V. SIOUFAS & CO. LAW OFFICES, of 13 Defteras Merarchias Street, 185 35 Piraeus, Greece. Further, you are also irrevocably authorised to provide the Lender from time to time with any other information whatsoever which they may require relating to the entry of the Vessel in the association.

This letter is governed by, and shall be construed in accordance with, English law.

For and on behalf of
[●]

EXECUTION PAGE

IN WITNESS whereof the parties hereto have caused this Agreement to be duly executed on the date first above written.

SIGNED by)
Mrs. Viktoria Poziopoulou)
for and on behalf of)
GAMORA SHIPPING CO.,)
of the Marshall Islands, in the presence of:) _____
Attorney-in-fact

Witness: _____
Name: Charalampos V. Sioufas
Address: 13 Defteras Merarchias
Piraeus, Greece
Occupation: Attorney-at-Law

SIGNED by)
Mrs. Viktoria Poziopoulou)
for and on behalf of)
ROCKET SHIPPING CO.,)
of the Marshall Islands, in the presence of:) _____
Attorney-in-fact

Witness: _____
Name: Charalampos V. Sioufas
Address: 13 Defteras Merarchias
Piraeus, Greece
Occupation: Attorney-at-Law

SIGNED by)
Mr. Konstantinos Sotiriou and)
Mrs. Chrysanthi Papathanasopoulou) _____
Attorney-in-fact
for and on behalf of)
ALPHA BANK S.A.,)
of Greece,)
in the presence of:)
_____
Attorney-in-fact

Witness: _____
Name: Charalampos V. Sioufas
Address: 13 Defteras Merarchias
Piraeus, Greece
Occupation: Attorney-at-Law

Exhibit 4.18

Dated _____ July 2021

LIONO SHIPPING CO.
SNOOPY SHIPPING CO.
CINDERELLA SHIPPING CO.
LUFFY SHIPPING CO.
as joint and several Borrowers

THE BANKS AND FINANCIAL INSTITUTIONS
listed in Schedule 1
as Lenders

and

HAMBURG COMMERCIAL BANK AG
as Agent, Mandated Lead Arranger
and Security Trustee

LOAN AGREEMENT

relating to
a senior secured term loan facility of up to US$40,750,000
to provide finance secured on
four bulk carrier vessels named “MAGIC THUNDER”, “MAGIC NEBULA”,
“MAGIC ECLIPSE” and “MAGIC TWILIGHT”

WATSON FARLEY
&
WILLIAMS

Index

THIS AGREEMENT is made on _____ July 2021

BETWEEN

(1) **LIONO SHIPPING CO., SNOOPY SHIPPING CO., CINDERELLA SHIPPING CO.** and **LUFFY SHIPPING CO.**, each a corporation incorporated in the Republic of the Marshall Islands whose registered address is at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960, as joint and several **Borrowers**;

(2) **THE BANKS AND FINANCIAL INSTITUTIONS** listed in Schedule 1 (*Lenders and Commitments*), as **Lenders**;

(3) **HAMBURG COMMERCIAL BANK AG** acting through its office at Gerhart-Hauptmann-Platz 50, 20095 Hamburg, Germany, as **Agent**;

(4) **HAMBURG COMMERCIAL BANK AG** acting through its office at Gerhart-Hauptmann-Platz 50, 20095 Hamburg, Germany, as **Mandated Lead Arranger**;

(5) **HAMBURG COMMERCIAL BANK AG** acting through its office at Gerhart-Hauptmann-Platz 50, 20095 Hamburg, Germany, as **Security Trustee**.

BACKGROUND

(A) The Lenders have agreed to make available to the Borrowers a secured term loan facility of up to US$40,750,000 in four advances as follows:

(i) an advance in an amount of up to the lesser of (AA) US$10,750,000 and (BB) 50 per cent. of the Initial Market Value of Ship A;

(ii) an advance in an amount of up to the lesser of (AA) US$10,000,000 and (BB) 50 per cent. of the Initial Market Value of Ship B;

(iii) an advance in an amount of up to the lesser of (AA) US$10,000,000 and (BB) 50 per cent. of the Initial Market Value of Ship C; and

(iv) an advance in an amount of up to the lesser of (AA) US$10,000,000 and (BB) 50 per cent. of the Initial Market Value of Ship D,

for the purpose of partly financing the Ships' Initial Market Value (as defined below).

IT IS AGREED as follows:

1 INTERPRETATION

1.1 Definitions

Subject to Clause 1.5 (*General Interpretation*), in this Agreement:

"**Account**" means each of the Earnings Accounts, the Liquidity Account, the Dry Dock Reserve Account and the Retention Account and, in the plural, means all of them.

"**Account Bank**" means Hamburg Commercial Bank AG, acting in such capacity through its office at Gerhart-Hauptmann-Platz 50, 20095 Hamburg, Germany, or any successor.

"**Account Pledge**" means, in relation to each Account, a pledge agreement creating security in respect of that Account in the Agreed Form and, in the plural, means all of them.

"Additional Minimum Liquidity" has the meaning given in Clause 11.19 (*Consents*).

"Advance" means each of Advance A, Advance B, Advance C and Advance D and, in the plural, means all of them.

"Advance A" means the principal amount of the borrowing by the Borrowers under this Agreement in respect of Ship A or, as the context may require, the principal amount outstanding of such Advance in respect of that Ship under this Agreement.

"Advance B" means the principal amount of the borrowing by the Borrowers under this Agreement in respect of Ship B or, as the context may require, the principal amount outstanding of such Advance in respect of that Ship under this Agreement.

"Advance C" means the principal amount of the borrowing by the Borrowers under this Agreement in respect of Ship C or, as the context may require, the principal amount outstanding of such Advance in respect of that Ship under this Agreement.

"Advance D" means the principal amount of the borrowing by the Borrowers under this Agreement in respect of Ship D or, as the context may require, the principal amount outstanding of such Advance in respect of that Ship under this Agreement.

"**Affected Lender**" has the meaning given in Clause 5.7 (*Market disruption*).

"**Agency and Trust Agreement**" means the agency and trust agreement executed or to be executed between the Borrowers and the Creditor Parties in the Agreed Form.

"**Agent**" means Hamburg Commercial Bank AG, acting in such capacity through its office at Gerhart-Hauptmann-Platz 50, D-20095 Hamburg, Germany, or any successor of it appointed under clause 5 of the Agency and Trust Agreement.

"**Aggregate Insurable Amount**" has the meaning given to it in Clause 13.16 (*Mortgagee's interest and additional perils insurances*).

"**Agreed Form**" means in relation to any document, that document in the form approved in writing by the Agent (acting on the instructions of the Majority Lenders) or as otherwise approved in accordance with any other approval procedure specified in any relevant provisions of any Finance Document.

"**Applicable Lender**" has the meaning given in Clause 5.2 (*Normal rate of* interest).

"**Approved Broker**" means each of Arrow, Clarksons, Maersk Brokers and Howe Robinson (or any affiliate of such person through which valuations are commonly issued) and, in the plural, means all of them.

"Approved Flag" means, in relation to a Ship, the Republic of the Marshall Islands flag or such other flag as the Agent may approve (in its sole and absolute discretion) as the flag on which that Ship is or, as the case may be, shall be registered.

"Approved Flag State" means, in relation to a Ship, the Republic of the Marshall Islands or any other country in which the Agent may approve that that Ship is or, as the case may be, shall be registered.

"Approved Manager" means, in respect of a Ship:

(a) Pavimar S.A. a corporation incorporated and existing in the Republic of the Marshall Islands whose registered address is at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960;

(b) Castor Ships;

(c) or any other company which the Agent (acting on the instructions of the Majority Lenders) may approve from time to time as the commercial and/or technical manager of that Ship.

"**Approved Manager's Undertaking**" means, in relation to each Ship, a letter of undertaking including, *inter alia*, an assignment of each Approved Manager's rights, title and interest in the Insurances of that Ship executed or to be executed by that Approved Manager in favour of the Security Trustee in the Agreed Form agreeing certain matters in relation to that Approved Manager serving as manager of that Ship and subordinating its rights against that Ship and the Borrower which is the owner thereof to the rights of the Creditor Parties under the Finance Documents and, in the plural, means all of them.

"**Article 55 BRRD**" means Article 55 of Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms.

"**Assignable Charter**" means, in relation to a Ship, any time charterparty, consecutive voyage charter or contract of affreightment in respect of such Ship having a duration (or capable of exceeding a duration) of 12 months or more and any guarantee of the obligations of the charterer under such charter or any bareboat charter in respect of that Ship and any guarantee of the obligations of the charterer under such bareboat charter, entered or to be entered into by the Borrower which is the owner thereof and a charterer or, as the context may require, bareboat charterer and, in the plural, means all of them.

"Availability Period" means, in relation to each Advance, the period commencing on the date of this Agreement and ending on:

(a) 30 August 2021 (or such later date as the Agent may, with the authorisation of the Lenders, agree with the Borrowers); or

(b) if earlier, the date on which the Total Commitments are fully borrowed, cancelled or terminated.

"**Bail-In Action**" means the exercise of any Write-down and Conversion Powers.

"**Bail-In Legislation**" means:

(a) in relation to an EEA Member Country which has implemented, or which at any time implements, Article 55 BRRD, the relevant implementing law or regulation as described in the EU Bail-In Legislation Schedule from time to time;

(b) in relation to any state other than such an EEA Member Country and the United Kingdom, any analogous law or regulation from time to time which requires contractual recognition of any Write-down and Conversion Powers contained in that law or regulation; and

(c) in relation to the United Kingdom, the UK Bail-In Legislation.

"**Balloon Instalment**" has the meaning given in Clause 8.1. (*Amount of Instalments*).

"**Basel III**" means, together:

(a) the agreements on capital requirements, a leverage ratio and liquidity standards contained in "Basel III: A global regulatory framework for more resilient banks and banking systems", "Basel III: International framework for liquidity risk measurement, standards and monitoring" and "Guidance for national authorities operating the countercyclical capital buffer" published by the Basel Committee on Banking Supervision in December 2010, each as amended, supplemented or restated;

(b) the rules for global systemically important banks contained in "Global systemically important banks: assessment methodology and the additional loss absorbency requirement - Rules text" published by the Basel Committee on Banking Supervision in November 2011, as amended, supplemented or restated; and

(c) any further guidance or standards published by the Basel Committee on Banking Supervision relating to "Basel III".

"**Borrower**" means each of Borrower A, Borrower B, Borrower C and Borrower D, and, in the plural, means all of them.

"**Borrower A**" means Liono Shipping Co., a corporation incorporated and existing in the Republic of the Marshall Islands whose registered address is at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960.

"**Borrower B**" means Snoopy Shipping Co., a corporation incorporated and existing in the Republic of the Marshall Islands whose registered address is at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960.

"**Borrower C**" means Cinderella Shipping Co., a corporation incorporated and existing in the Republic of the Marshall Islands whose registered address is at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960.

"**Borrower D**" means Luffy Shipping Co., a corporation incorporated and existing in the Republic of the Marshall Islands whose registered address is at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960.

"**Break Costs**" has the meaning given in Clause 21.2 (*Break Costs*).

"**Business Day**" means a day (other than a Saturday or Sunday) on which banks are open for general business:

(a) in Hamburg and London regarding the fixing of any interest rate which is required to be determined under this Agreement or any Finance Document;

(b) in Hamburg, Athens and New York in respect of any payment which is required to be made under a Finance Document; and

(c) in Hamburg, Athens and Limassol regarding any other action to be taken under this Agreement or any other Finance Document.

"**Cancellation Notice**" has the meaning given in Clause 8.6 (*Optional facility cancellation*).

"**Cash Shortfall**" has the meaning given to it in Clause 11.19 (*Minimum Liquidity and Additional Minimum Liquidity*).

"**Castor Ships**" means Castor Ships S.A., a corporation incorporated and existing in the Republic of the Marshall Islands whose registered address is at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960;

"**Change of Control**" means:

(a) in relation to a Security Party (other than the Corporate Guarantor and Castor Ships) or a Borrower, a change in:

(i) the ultimate beneficial ownership of any of the shares in that Security Party; or

(ii) the ultimate control of the voting rights attaching to any of those shares; or

(iii) the legal ownership of any of those shares; and

(b) in relation to the Corporate Guarantor, a change which results in any person or group of persons acting in concert gaining directly or indirectly control of the Corporate Guarantor other than the Permitted Holder;

(c) For the purpose of sub-paragraphs (b) 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 Corporate Guarantor; or

(ii) appoint or remove all, or the majority, of the directors or other equivalent officers of the Corporate Guarantor; or

(iii) give directions with respect to the operating and financial policies of the Corporate Guarantor with which the directors or other equivalent officers of the Corporate Guarantor are obliged to comply; and/or

For the purpose of paragraph (b) 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 Corporate Guarantor by any of them, either directly or indirectly, to obtain or consolidate control of the Corporate Guarantor.

"**Charterparty Assignment**" means, in relation to a Ship, an assignment of the rights of the Borrower who is the owner of that Ship under any Assignable Charter relative thereto and any guarantee of such Assignable Charter executed or to be executed by that Borrower in favour of the Security Trustee in the Agreed Form and, in the plural, means all of them.

"**Code**" means the US Internal Revenue Code of 1986.

"**Commitment**" means, in relation to a Lender, the amount set opposite its name in Schedule 1 (*Lenders and Commitments*), or, as the case may require, the amount specified in the relevant Transfer Certificate, as that amount may be reduced, cancelled or terminated in accordance with this Agreement (and "**Total Commitments**" means the aggregate of the Commitments of all the Lenders).

"**Compliance Certificate**" means a certificate in the form set out in Schedule 7 (*Form of Compliance Certificate*) (or in any other form which the Agent approves or requires) to be provided at the times and in the manner set out in Clause 11.21 (*Compliance Certificate*).

"**Contractual Currency**" has the meaning given in Clause 21.6 (*Currency indemnity*).

"**Contribution**" means, in relation to a Lender, the part of the Loan which is owing to that Lender.

"**Corporate Guarantee**" means a guarantee of the obligations of the Borrowers under this Agreement and the other Finance Documents to which each Borrower is a party, in the Agreed Form.

"**Corporate Guarantor**" means Castor Maritime Inc., a corporation incorporated in the Republic of the Marshall Islands whose registered address is at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960.

"**Correction Rate**" means, at any relevant time in relation to an Applicable Lender, the amount (expressed as a rate per annum) by which that Lender's Cost of Funding exceeds LIBOR.

"**Cost of Funding**" means, in relation to a Lender, the rate per annum determined by that Lender to be the rate at which deposits in Dollars are offered to that Lender by leading banks in the Relevant Interbank Market at that Lender's request at or about the Specified Time on the Quotation Date for an Interest Period and for a period equal to that Interest Period and for delivery on the first Business Day of it, or, if that Lender uses other ways to fund deposits in Dollars, such rate as determined by that Lender to be the Lender's cost of funding deposits in Dollars for that Interest Period, such determination being conclusive and binding in the absence of manifest error.

"**Creditor Party**" means the Agent, the Security Trustee, the Mandated Lead Arranger, any Lender, whether as at the date of this Agreement or at any later time and, in the plural, means all of them.

"**Debt Service**" means, in relation to a Ship, any sums to be incurred by the Borrower owning that Ship in respect of the payment of principal of, and any interest to be accrued on, the Advance to which that Ship relates and any accrued costs and expenses attributable to that Advance pursuant to this Agreement.

"**Disruption Event**" means either or both of:

(a) a material disruption to those payment or communications systems or to those financial markets which are, in each case, required to operate in order for payments to be made in connection with the Loan (or otherwise in order for the transactions contemplated by the Finance Documents to be carried out) which disruption is not caused by, and is beyond the control of, any of the Parties or, if applicable, any Security Party; or

(b) the occurrence of any other event which results in a disruption (of a technical or systems-related nature) to the treasury or payments operations of a Party or, if applicable, any Security Party preventing that, or any other, Party or, if applicable, any Security Party:

(i) from performing its payment obligations under the Finance Documents; or

(ii) from communicating with other Parties or, if applicable, any Security Party in accordance with the terms of the Finance Documents,

and which (in either such case) is not caused by, and is beyond the control of, the Party or, if applicable, any Security Party whose operations are disrupted.

"**Dollars**" and "**$**" means the lawful currency for the time being of the United States of America.

"**Drawdown Date**" means, in respect of each Advance, the date requested by the Borrowers for that Advance to be borrowed, or (as the context requires) the date on which that Advance is actually borrowed.

"**Drawdown Notice**" means a notice in the form set out in Schedule 2 (*Drawdown Notice)* (or in any other form which the Agent approves or reasonably requires).

"**Dry Dock Reserve Account**" means an account in the joint names of the Borrowers with the Account Bank designated "Cinderella Shipping Co. et al – Dry Dock Account", or any other account (with that or another office of the Account Bank) which replaces this account and is designated by the Agent as the Dry Dock Reserve Account for the purposes of this Agreement.

"**Dry Docking Reserve Amount**" has the meaning given to it in Clause 11.20 (*Dry Docking Reserve Amount*).

"**Earnings**" means, in relation to a Ship, all moneys whatsoever which are now, or later become, payable (actually or contingently) to the Borrower owning that Ship or the Security Trustee and which arise out of the use or operation of that Ship, including (but not limited to):

(a) except to the extent that they fall within paragraph (b);

(i) all freight, hire and passage moneys;

(ii) compensation payable to that Borrower or the Security Trustee in the event of requisition of a Ship for hire;

(iii) remuneration for salvage and towage services;

(iv) demurrage and detention moneys;

(v) damages for breach (or payments for variation or termination) of any charterparty or other contract for the employment of that Ship; and

(vi) all moneys which are at any time payable under any Insurances in respect of loss of hire; and

(b) if and whenever that Ship is employed on terms whereby any moneys falling within paragraphs (a)(i) to (vi) are pooled or shared with any other person, that proportion of the net receipts of the relevant pooling or sharing arrangement which is attributable to the Ship.

"**Earnings Account**" means, in relation to a Ship, an account in the name of the Borrower owning that Ship with the Account Bank designated "*name of relevant Borrower* - Earnings Account", or any other account (with that or another office of the Account Bank) which replaces such account and is designated by the Agent as that Earnings Account for the purposes of this Agreement.

"**EEA Member Country**" means any member state of the European Union, Iceland, Liechtenstein and Norway.

"**Environmental Claim**" means:

(a) any claim by any governmental, judicial or regulatory authority which arises out of an Environmental Incident or an alleged Environmental Incident or which relates to any Environmental Law; or

(b) any claim by any other person which relates to an Environmental Incident or to an alleged Environmental Incident,

and "**claim**" means a claim for damages, compensation, fines, penalties or any other payment of any kind whether or not similar to the foregoing; an order or direction to take, or not to take, certain action or to desist from or suspend certain action; and any form of enforcement or regulatory action, including the arrest or attachment of any asset.

"**Environmental Incident**" means, in relation to each Ship:

(a) any release of Environmentally Sensitive Material from that Ship; or

(b) any incident in which Environmentally Sensitive Material is released from a vessel other than that Ship and which involves a collision between that Ship and such other vessel or some other incident of navigation or operation, in either case, in connection with which that Ship is actually or potentially liable to be arrested, attached, detained or injuncted and/or that Ship and/or the Borrower which is the owner thereof and/or any operator or manager of that Ship is at fault or allegedly at fault or otherwise liable to any legal or administrative action; or

(c) any other incident in which Environmentally Sensitive Material is released otherwise than from that Ship and in connection with which that Ship is actually or potentially liable to be arrested and/or where the Borrower which is the owner thereof and/or any operator or manager of that Ship is at fault or allegedly at fault or otherwise liable to any legal or administrative action.

"**Environmental Law**" means any law, regulation, convention and agreement relating to pollution or protection of the environment, to the carriage of Environmentally Sensitive Material or to actual or threatened releases of Environmentally Sensitive Material.

"**Environmentally Sensitive Material**" means oil, oil products and any other substance (including any chemical, gas or other hazardous or noxious substance) which is (or is capable of being or becoming) polluting, toxic or hazardous.

"**EU Bail-In Legislation Schedule**" means the document described as such and published by the LMA from time to time.

"**Event of Default**" means any of the events or circumstances described in Clause 19.1 (*Events of Default*).

"**FATCA**" means:

(a) sections 1471 to 1474 of the Code or any associated regulations;

(b) any treaty, law or regulation of any other jurisdiction, or relating to an intergovernmental agreement between the US and any other jurisdiction, which (in either case) facilitates the implementation of any law or regulation referred to in paragraph (a) above; or

(c) any agreement pursuant to the implementation of any treaty, law or regulation referred to in paragraphs (a) or (b) above with the US Internal Revenue Service, the US government or any governmental or taxation authority in any other jurisdiction.

"**FATCA Deduction**" means a deduction or withholding from a payment under a Finance Document required by FATCA.

"**FATCA Exempt Party**" means a Party that is entitled to receive payments free from any FATCA Deduction.

"**Final Repayment Date**" means, in relation to an Advance, the date falling on the earlier of (i) the date falling on the fifth anniversary of the Drawdown Date in respect of that Advance and (ii) 30 August 2026.

"**Finance Documents**" means together:

(a) this Agreement;

(b) the Agency and Trust Agreement;

(c) the Account Pledges;

(d) the Corporate Guarantee;

(e) any Subordination Agreement;

(f) any Subordinated Debt Security;

(g) the Mortgages;

(h) the General Assignments;

(i) any Charterparty Assignments;

(j) the Approved Manager's Undertakings;

(k) the Side Letter; and

(l) any other document (whether creating a Security Interest or not) which is executed at any time by a Borrower, the Corporate Guarantor, any Approved Manager or any other person as security for, or to establish any form of subordination or priorities arrangement in relation to, any amount payable to the Lenders under this Agreement or any of the other documents referred to in this definition and, in the singular, means any of them.

"**Financial Indebtedness**" means, in relation to a person (the "**debtor**"), any actual or contingent liability of the debtor:

(a) for principal, interest or any other sum payable in respect of any moneys borrowed or raised by the debtor;

(b) under any loan stock, bond, note or other security issued by the debtor;

(c) under any acceptance credit, guarantee or letter of credit facility made available to the debtor;

(d) under a financial lease, a deferred purchase consideration arrangement (in each case, other than in respect of assets or services obtained on normal commercial terms in the ordinary course of business) or any other agreement having the commercial effect of a borrowing or raising of money by the debtor;

(e) under any foreign exchange transaction, any interest or currency swap, exchange or any other kind of derivative transaction entered into by the debtor or, if the agreement under which any such transaction is entered into requires netting of mutual liabilities, the liability of the debtor for the net amount; or

(f) under receivables sold or discounted (other than any receivables to the extent that they are sold on a non-recourse basis); or

(g) under a guarantee, indemnity or similar obligation entered into by the debtor in respect of a liability of another person which would fall within (a) to (f) if the references to the debtor referred to the other person.

"**Financial Year**" means, in relation to each of the Borrowers and the Corporate Guarantor, each period of one year commencing on 1 January in respect of which its individual or, as the case may be, consolidated accounts are or ought to be prepared.

"**General Assignment**" means, in relation to a Ship, a general assignment of (*inter alia*) the Earnings, the Insurances and any Requisition Compensation relative to that Ship in the Agreed Form and, in the plural, means all of them.

"**Group**" means the Corporate Guarantor and its direct and indirect subsidiaries from time to time, including, without limitation, the Borrowers and "**member of the Group**" shall be construed accordingly.

"**IACS**" means the International Association of Classification Societies.

"**Initial Market Value**" means, in relation to each Ship, the Market Value thereof calculated in accordance with the valuation relative thereto referred to in paragraph 4 of Schedule 3 (*Condition Precedent Documents*), Part B.

"**Instalment**" has the meaning given in Clause 8.1 (*Amount of Instalments*).

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

(a) all policies and contracts of insurance and reinsurance, policies or contracts, including entries of that Ship in any protection and indemnity or war risks association, effected in respect of that Ship, its Earnings or otherwise in relation to it whether before, on or after the date of this Agreement; and

(b) all rights (including, without limitation, any and all rights or claims which the Borrower owning that Ship may have under or in connection with any cut-through clause relative to any reinsurance contract relating to the aforesaid policies or contracts of insurance) and other assets relating to, or derived from, any of the foregoing, including any rights to a return of a premium and any rights in respect of any claim whether or not the relevant policy, contract of insurance or entry has expired on or before the date of this Agreement.

"**Interest Period**" means each period determined in accordance with Clause 6 (*Interest Periods)* or selected in accordance with Clause 7 (*Default Interest*).

"**Interpolated Screen Rate**" means, in relation to an Interest Period, the rate which results from interpolating on a linear basis between:

(a) the applicable Screen Rate for the longest period (for which that Screen Rate is available) which is less than that Interest Period; and

(b) the applicable Screen Rate for the shortest period (for which that Screen Rate is available) which exceeds that Interest Period,

each as of the Specified Time on the Quotation Date for that Interest Period.

"**ISM Code**" means the International Safety Management Code (including the guidelines on its implementation), adopted by the International Maritime Organisation as the same may be amended or supplemented from time to time (and the terms "**safety management system**", "**Safety Management Certificate**" and "**Document of Compliance**" have the same meanings as are given to them in the ISM Code).

"**ISPS Code**" means the International Ship and Port Facility Security Code as adopted by the International Maritime Organisation, as the same may be amended or supplemented from time to time.

"**ISSC**" means a valid and current International Ship Security Certificate issued under the ISPS Code.

"**Lender**" means, subject to Clause 26.6 (*Lender re-organisation*), a bank or financial institution listed in Schedule 1 (*Lenders and Commitments)* and acting through its branch indicated in Schedule 1 (*Lenders and Commitments*) (or through another branch notified to the Agent under Clause 26.15 (*Change of lending office*)) or its transferee, successor or assign.

"**LIBOR**" means, for an Interest Period:

(a) the rate per annum equal to the offered quotation for deposits in Dollars for a period equal to, or as near as possible equal to, the relevant Interest Period which appears on the Screen Rate; or;

(b) (if no Screen Rate is available for that Interest Period), the applicable Interpolated Screen Rate for that Interest Period; or

(c) if no Screen Rate is available and it is not possible to calculate an Interpolated Screen Rate for that Interest Period, the rate per annum determined by the Agent to be the arithmetic mean (rounded upwards, if necessary, to the nearest fifth decimal point) of the rate(s) per annum notified to the Agent by each, or if there is only one Reference Bank, that Reference Bank as the rate at which deposits in Dollars are offered to that Reference Bank by leading banks in the Relevant Interbank Market at that Reference Bank's request,

at or about the Specified Time on the Quotation Date for that Interest Period for a period equal to that Interest Period and for delivery on the first Business Day of it and, if any such rate is below zero, LIBOR will be deemed to be zero.

"Liquidity Account" means, an account in the joint name of the Borrowers with the Account Bank designated *"Cinderella Shipping Co. et al* – Liquidity Account", or any other account (with that or another office of the Account Bank) which replaces such account and is designated by the Agent as that Liquidity Account for the purposes of this Agreement.

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

"Loan" means the principal amount for the time being outstanding under this Agreement.

"LSW 1189" means the London Standard Wording for marine insurances which incorporates the German Direct Mortgage Clause.

"Major Casualty" means, in relation to a Ship, any casualty to that Ship in respect of which the claim or the aggregate of the claims against all insurers, before adjustment for any relevant franchise or deductible, exceeds $500,000 or the equivalent in any other currency;

"Majority Lenders" means:

(a) before an Advance is made, Lenders whose Commitments total 66 $^{2/3}$ per cent. of the Total Commitments; and

(b) after an Advance is made, Lenders whose Contributions total 66 $^{2/3}$ per cent. of the Loan.

"Mandated Lead Arranger" means Hamburg Commercial Bank AG, acting in such capacity through its office at Gerhart-Hauptmann-Platz 50, D-20095 Hamburg, Germany, or any successor.

"Mandatory Cost" means the percentage rate per annum calculated by the Agent in accordance with Schedule 4 (*Mandatory Cost Formula*).

"Margin" means 3.10 per cent. per annum.

"Market Value" means, in relation to each Ship, the market value thereof determined in accordance with Clause 15.3 (*Valuation of Ships*).

"**Material Adverse Change**" means any event or series of events which, in the opinion of the Majority Lenders, is likely to have a Material Adverse Effect.

"Material Adverse Effect" means a material adverse effect on:

(a) the business, property, assets, liabilities, operations or condition (financial or otherwise) of a Borrower and/or any Security Party taken as a whole;

(b) the ability of a Borrower and/or any Security Party to (i) comply with or perform any of its obligations or (ii) discharge any of its liabilities, under any Finance Document as they fall due; or

(c) the validity, legality or enforceability of any Finance Document.

"**Maximum Advance Amount**" means:

(a) in respect of Advance A, an amount up to the lesser of (i) $10,750,000 and (ii) 50 per cent. of the Initial Market Value of the Ship A; and

(b) in respect of each of Advance B, Advance C and Advance D, an amount up to the lesser of (i) $10,000,000 and (ii) 50 per cent. of the Initial Market Value of the Ship to which that Advance relates.

"Minimum Liquidity" has the meaning given in Clause 11.19 (*Minimum Liquidity and Additional Minimum Liquidity*).

"**Mortgage**" means, in relation to each Ship, the first preferred or, as the case may be, priority ship mortgage on that Ship in the Agreed Form and, in the plural, means all of them.

"**Mortgaged Ship**" means a Ship which is subject to a Mortgage at the relevant time and, in the plural, means all of them.

"**Negotiation Period**" has the meaning given in Clause 5.10 (*Negotiation of alternative rate of interest*).

"**Notifying Lender**" has the meaning given in Clause 21.2 (*Break Costs*), Clause 23.1 (*Illegality*) or Clause 24.1 (*Increased costs*) as the context requires.

"**Participating Member State**" means any member state of the European Union that has the Euro as its lawful currency in accordance with legislation of the European Union relating to Economic and Monetary Union.

"**Party**" means a party to this Agreement.

"**Payment Currency**" has the meaning given in Clause 21.6 (*Currency indemnity*).

"**Permitted Holder**" the person disclosed in the Side Letter as being the person having control (as such term is defined in paragraph (c) of the definition of "Change of Control") of the Corporate Guarantor as at the date of this Agreement;

"**Permitted Security Interests**" means:

(a) Security Interests created by the Finance Documents;

(b) liens for unpaid master's and crew's wages in accordance with usual maritime practice;

(c) liens for salvage;

(d) liens arising by operation of law for not more than one month's prepaid hire under any charter in relation to a Ship not prohibited by this Agreement;

(e) liens for master's disbursements incurred in the ordinary course of trading and any other lien arising by operation of law or otherwise in the ordinary course of the operation, repair or maintenance of a Ship, provided such liens do not secure amounts more than 30 days overdue (unless the overdue amount is being contested by the relevant Borrower in good faith by appropriate steps) and subject, in the case of liens for repair or maintenance, to Clause 14.13(d) (*Restrictions on chartering, appointment of managers etc*);

(f) any Security Interest created in favour of a plaintiff or defendant in any proceedings or arbitration as security for costs and expenses while a Borrower is actively prosecuting or defending such proceedings or arbitration in good faith; and

(g) Security Interests arising by operation of law in respect of taxes which are not overdue for payment or in respect of taxes being contested in good faith by appropriate steps and in respect of which appropriate reserves have been made.

"**Pertinent Document**" means:

(a) any Finance Document;

(b) any policy or contract of insurance contemplated by or referred to in Clause 13 (*Insurance*) or any other provision of this Agreement or another Finance Document;

(c) any other document contemplated by or referred to in any Finance Document; and

(d) any document which has been or is at any time sent by or to a Servicing Bank in contemplation of or in connection with any Finance Document or any policy, contract or document falling within paragraphs (a) or (c).

"**Pertinent Jurisdiction**" in relation to a company, means:

(a) England and Wales;

(b) the country under the laws of which the company is incorporated or formed;

(c) a country in which the company has the centre of its main interests or which the company's central management and control is or has recently been exercised;

(d) a country in which the overall net income of the company is subject to corporation tax, income tax or any similar tax;

(e) a country in which assets of the company (other than securities issued by, or loans to, related companies) having a substantial value are situated, in which the company maintains a branch or permanent place of business, or in which a Security Interest created by the company must or should be registered in order to ensure its validity or priority; and

(f) a country the courts of which have jurisdiction to make a winding up, administration or similar order in relation to the company, whether as a main or territorial or ancillary proceedings, or which would have such jurisdiction if their assistance were requested by the courts of a country referred to in paragraphs (b) or (c).

"**Pertinent Matter**" means:

(a) any transaction or matter contemplated by, arising out of, or in connection with a Pertinent Document; or

(b) any statement relating to a Pertinent Document or to a transaction or matter falling within paragraph (a),

and covers any such transaction, matter or statement, whether entered into, arising or made at any time before the signing of this Agreement or on or at any time after that signing.

"**Potential Event of Default**" means an event or circumstance which, with the giving of any notice, the lapse of time, a determination of the Majority Lenders and/or the satisfaction of any other condition, would constitute an Event of Default.

"Prepayment Date" has the meaning given in Clause 15.2 (*Prepayment; provision of additional security*).

"**Prepayment Notice**" has the meaning given in Clause 8.5(b) (*Conditions for voluntary prepayment*).

"**Quotation Date**" means, in relation to any Interest Period (or any other period for which an interest rate is to be determined under any provision of a Finance Document), the day on which quotations would ordinarily be given by leading banks in the Relevant Interbank Market for deposits in the currency in relation to which such rate is to be determined for delivery on the first day of that Interest Period or other period.

"Reference Banks" means, subject to Clause 26.18 (*Replacement of a Reference Bank*), together, the Hamburg branch of Hamburg Commercial Bank AG, the head office of any other bank which is a Lender at the relevant time (unless such Lender has advised the Agent in writing that it does not wish to be a Reference Bank) and any of their respective successors.

"Relevant Interbank Market" means the London interbank market.

"**Relevant Nominating Body"** means any applicable central bank, regulator or other supervisory authority or a group of them, or any working group or committee sponsored or chaired by, or constituted at the request of, any of them or the Financial Stability Board.

"**Relevant Person**" has the meaning given in Clause 19.9 (*Relevant Persons*).

"**Repayment Date**" means a date on which a repayment is required to be made under Clause 8 (*Repayment and Prepayment*).

"Replacement Benchmark" means a benchmark rate which is:

(a) formally designated, nominated or recommended as the replacement for a Screen Rate by:

(i) the administrator of that Screen Rate (provided that the market or economic reality that such benchmark rate measures is the same as that measured by that Screen Rate); or

(ii) any Relevant Nominating Body,

and if replacements have, at the relevant time, been formally designated, nominated or recommended under both paragraphs, the "Replacement Benchmark" will be the replacement under paragraph (ii) above;

(b) in the opinion of the Lenders, generally accepted in the international or any relevant domestic syndicated loan markets as the appropriate successor to a Screen Rate; or

(c) in the opinion of the Lenders, an appropriate successor to a Screen Rate.

"**Requisition Compensation**" includes all compensation or other moneys payable by reason of any act or event such as is referred to in paragraph (b) of the definition of "**Total Loss**".

"**Resolution Authority**" means any body which has authority to exercise any Write-down and Conversion Powers.

"**Retention Account**" means an account in the joint names of the Borrowers with the Account Bank designated" Liono Shipping Co., Snoopy Shipping Co., Cinderella Shipping Co. and Luffy Shipping Co. – Retention Account", or any other account (with that or another office of the Account Bank) which replaces this account and is designated by the Agent as the Retention Account for the purposes of this Agreement.

"**Screen Rate**" means the London interbank offered rate administered by the ICE Benchmark Administration Limited (or any other person which takes over the administration of that rate) for Dollars for the relevant period displayed on pages LIBOR01 or LIBOR02 of the Reuters screen (or any replacement Reuters page which displays that rate) or on the appropriate page of such other information service which publishes that rate from time to time in place of Reuters. If such page or service ceases to be available, the Agent may specify another page or service displaying the relevant rate after consultation with the Borrowers.

"**Screen Rate Replacement Event**" means, in relation to a Screen Rate:

(a) the methodology, formula or other means of determining that Screen Rate has, in the opinion of the Lenders, materially changed;

(b)

(i)

(A) the administrator of that Screen Rate or its supervisor publicly announces that such administrator is insolvent; or

(B) information is published in any order, decree, notice, petition or filing, however described, or filed with a court, tribunal, exchange, regulatory authority or similar administrative, regulatory or judicial body which reasonably confirms that the administrator of that Screen Rate is insolvent,

provided that, in each case, at that time, there is no successor administrator to continue to provide that Screen Rate;

(ii) the administrator of that Screen Rate publicly announces that it has ceased or will cease, to provide that Screen Rate permanently or indefinitely and, at that time, there is no successor administrator to continue to provide that Screen Rate;

(iii) the supervisor of the administrator of that Screen Rate publicly announces that such Screen Rate has been or will be permanently or indefinitely discontinued; or

(iv) the administrator of that Screen Rate or its supervisor announces that that Screen Rate may no longer be used; or

(c) the administrator of that Screen Rate determines that that Screen Rate should be calculated in accordance with its reduced submissions or other contingency or fallback policies or arrangements and either:

(i) the circumstance(s) or event(s) leading to such determination are not (in the opinion of the Lenders) temporary; or

(ii) that Screen Rate is calculated in accordance with any such policy or arrangement for a period no less than 15 Business Days; or

(d) in the opinion of the Lenders, that Screen Rate is otherwise no longer appropriate for the purposes of calculating interest under this Agreement.

"**Secured Liabilities**" means all liabilities which the Borrowers, the Security Parties or any of them have, at the date of this Agreement or at any later time or times, under or in connection with any Finance Document or any judgment relating to any Finance Document; and for this purpose, there shall be disregarded any total or partial discharge of these liabilities, or variation of their terms, which is effected by, or in connection with, any bankruptcy, liquidation, arrangement or other procedure under the insolvency laws of any country.

"Security Cover Ratio" means, at any relevant time, the aggregate of (i) the aggregate of the Market Value of the Mortgaged Ships, (ii) the Dry Docking Reserve Amount standing to the credit of the Dry Dock Reserve Account and (iii) the net realisable value of any additional security provided at that time under Clause 15 (*Security Cover*), at that time expressed as a percentage of the Loan.

"**Security Interest**" means:

(a) a mortgage, charge (whether fixed or floating) or pledge, any maritime or other lien or any other security interest of any kind;

(b) the rights of a plaintiff under an action *in rem*; and

(c) any arrangement entered into by a person (A) the effect of which is to place another person (B) in a position which is similar, in economic terms, to the position in which B would have been had he held a security interest over an asset of A; but paragraph (c) does not apply to a right of set off or combination of accounts conferred by the standard terms of business of a bank or financial institution.

"**Security Party**" means:

(a) the Corporate Guarantor;

(b) Castor Ships;

(c) Pavimar S.A.; and

(d) any other person (except a Creditor Party and any other manager which is not a member of the Group) who, as a surety or mortgagor, as a party to any subordination or priorities arrangement, or in any similar capacity, executes a document falling within the final paragraph of the definition of "**Finance Documents**".

"**Security Period**" means the period commencing on the date of this Agreement and ending on the date on which the Agent notifies the Borrowers, the Security Parties and the other Creditor Parties that:

(a) all amounts which have become due for payment by a Borrower or any Security Party under the Finance Documents have been paid;

(b) no amount is owing or has accrued (without yet having become due for payment) under any Finance Document;

(c) neither a Borrower nor any Security Party has any future or contingent liability under Clauses 20 (*Fees and Expenses*), 21 (*Indemnities*) or 22 (*No Set-Off or Tax Deduction*) or any other provision of this Agreement or another Finance Document; and

(d) the Agent, the Mandated Lead Arranger, the Security Trustee and the Majority Lenders do not consider that there is a significant risk that any payment or transaction under a Finance Document would be set aside, or would have to be reversed or adjusted, in any present or possible future bankruptcy of a Borrower or a Security Party or in any present or possible future proceeding relating to a Finance Document or any asset covered (or previously covered) by a Security Interest created by a Finance Document.

"**Security Trustee**" means Hamburg Commercial Bank AG, acting in such capacity through its office at Gerhart-Hauptmann-Platz 50, D-20095, Hamburg, Germany, or any successor of it appointed under clause 5 of the Agency and Trust Agreement.

"**Servicing Bank**" means the Agent or the Security Trustee.

"**Side Letter**" means a letter dated on or about the date of this Agreement specifying the person having control (as such term is defined in paragraph (c) of the definition of "Change of Control") of the Corporate Guarantor as at the date of this Agreement to be executed by the Agent, the Borrowers and the Corporate Guarantor in the Agreed Form;

"**Ship**" means each of Ship A, Ship B, Ship C and Ship D and, in the plural, means all of them.

"**Ship A**" means the Kamsarmax bulk carrier vessel of 83,375 dwt currently registered in the ownership of Borrower A with IMO number 9442407 under the Marshall Islands flag in accordance with the laws of the relevant Approved Flag State with the name "MAGIC THUNDER".

"**Ship B**" means the Kamsarmax bulk carrier vessel of 80,281 dwt currently registered in the ownership of Borrower B with IMO number 9471264 under the Marshall Islands flag in accordance with the laws of the relevant Approved Flag State with the name "MAGIC NEBULA".

"**Ship C**" means the Panamax bulk carrier vessel of 74,940 dwt currently registered in the ownership of Borrower C with IMO number 9597331 under the Marshall Islands flag in accordance with the laws of the relevant Approved Flag State with the name "MAGIC ECLIPSE".

"**Ship D**" means the Kamsarmax bulk carrier vessel of 80,283 dwt currently registered in the ownership of Borrower D with IMO number 9545285 under the Marshall Islands flag in accordance with the laws of the relevant Approved Flag State with the name "MAGIC TWILIGHT".

"**Specified Time**" means 11.00 a.m. London time.

"**Subordinated Creditor**" means a Borrower, a Security Party or any other person who becomes a Subordinated Creditor in accordance with this Agreement.

"**Subordinated Debt**" in relation to a Subordinated Creditor, has the meaning given to it in the Subordination Agreement entered into by that Subordinated Creditor.

"**Subordinated Debt Security**" means a document creating a Security Interest in relation to any Subordinated Debt in the Agreed Form.

"**Subordination Agreement**" means a subordination agreement entered into or to be entered into by a Subordinated Creditor, a Borrower, a Security Party and the Security Trustee in the Agreed Form.

"**Total Loss**" means, in relation to a Ship:

(a) actual, constructive, compromised, agreed or arranged total loss of that Ship;

(b) any expropriation, confiscation, requisition or acquisition of that Ship, whether for full or part consideration, a consideration less than its proper value, a nominal consideration or without any consideration, which is effected by any government or official authority or by any person or persons claiming to be or to represent a government or official authority unless it is within one month from the date of such occurrence redelivered to the full control of the Borrower owning that Ship;

(c) any condemnation of that Ship by any tribunal or by any person or person claiming to be a tribunal; and

(d) any arrest, capture, seizure, confiscation or detention of that Ship (including any hijacking or theft) unless it is within one month redelivered to the full control of the Borrower owning that Ship.

"**Total Loss Date**" means, in relation to a Ship:

(a) in the case of an actual loss of that Ship, the date on which it occurred or, if that is unknown, the date when that Ship was last heard of;

(b) in the case of a constructive, compromised, agreed or arranged total loss of that Ship, the earlier of:

(i) the date on which a notice of abandonment is given to the insurers; and

(ii) the date of any compromise, arrangement or agreement made by or on behalf of the Borrower owning that Ship with that Ship's insurers in which the insurers agree to treat the Ship as a total loss; and

(c) in the case of any other type of total loss, on the date (or the most likely date) on which it appears to the Agent that the event constituting the total loss occurred.

"**Transfer Certificate**" has the meaning given in Clause 26.2 (*Transfer by a Lender*).

"**Trust Property**" has the meaning given in clause 3.1 of the Agency and Trust Agreement.

"**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).

"**Underlying Document"** means any Assignable Charter.

"**US**" means the United States of America.

"**US GAAP**" means generally accepted accounting principles in the Unites States.

"**US Tax Obligor**" means:

(a) a Borrower which is resident for tax purposes in the US; or

(b) a Borrower or a Security Party some or all whose payments under the Finance Documents are from sources within the US for US federal income tax purposes.

"**Write-down and Conversion Powers**" means:

(a) in relation to any Bail-In Legislation described in the EU Bail-In Legislation Schedule from time to time, the powers described as such in relation to that Bail-In Legislation in the EU Bail-In Legislation Schedule;

(b) in relation to any other applicable Bail-In Legislation 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) 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 of certain terms

In this Agreement:

"**administration notice**" means a notice appointing an administrator, a notice of intended appointment and any other notice which is required by law (generally or in the case concerned) to be filed with the court or given to a person prior to, or in connection with, the appointment of an administrator;

"**approved**" means, for the purposes of Clause 13 (*Insurance*), approved in writing by the Agent at its discretion;

"**asset**" includes every kind of property, asset, interest or right, including any present, future or contingent right to any revenues or other payment;

"**company**" includes any partnership, joint venture and unincorporated association;

"**consent**" includes an authorisation, consent, approval, resolution, licence, exemption, filing, registration, notarisation and legalisation;

"**contingent liability**" means a liability which is not certain to arise and/or the amount of which remains unascertained;

"**document**" includes a deed; also a letter or fax;

"**excess risks**" means, in relation to a Ship, the proportion of claims for general average, salvage and salvage charges not recoverable under the hull and machinery policies in respect of the Ship in consequence of its insured value being less than the value at which the Ship is assessed for the purpose of such claims;

"**expense**" means any kind of cost, charge or expense (including all legal costs, charges and expenses) and any applicable value added or other tax;

"**gross negligence**" means a form of negligence which is distinct from ordinary negligence, in which the due diligence and care which are generally to be exercised have been disregarded to a particularly high degree, in which the plainest deliberations have not been made and that which should be most obvious to everybody has not been followed;

"**law**" includes any order or decree, any form of delegated legislation, any treaty or international convention and any regulation or resolution of the Council of the European Union, the European Commission, the United Nations or its Security Council;

"**legal or administrative action**" means any legal proceeding or arbitration and any administrative or regulatory action or investigation;

"**liability**" includes every kind of debt or liability (present or future, certain or contingent), whether incurred as principal or surety or otherwise;

"**months**" shall be construed in accordance with Clause 1.3 (*Meaning of "month"*);

"**obligatory insurances**" means, in relation to a Ship, all insurances effected, or which the Borrower owning that Ship is obliged to effect, under Clause 13 (*Insurance*) or any other provision of this Agreement or another Finance Document;

"**parent company**" has the meaning given in Clause 1.4 (*Meaning of "subsidiary"*);

"**person**" includes any individual, any partnership, any company; any state, political sub-division of a state and local or municipal authority; and any international organisation;

"**policy**" in relation to any insurance, includes a slip, cover note, certificate of entry or other document evidencing the contract of insurance or its terms;

"**protection and indemnity risks**" means the usual risks covered by a protection and indemnity association 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 1 of the Institute Time Clauses (Hulls) (1/10/82) or clause 8 of the Institute Time Clauses (Hulls) (1/11/1995) or the Institute Amended Running Down Clause (1/10/71) or any equivalent provision;

"regulation" includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency (monetary or otherwise), department, central bank, regulatory, self-regulatory or other authority or organisation;

"**subsidiary**" has the meaning given in Clause 1.4 (*Meaning of "subsidiary"*);

"**successor**" includes any person who is entitled (by assignment, novation, merger or otherwise) to any person's rights under this Agreement or any other Finance Document (or any interest in those rights) or who, as administrator, liquidator or otherwise, is entitled to exercise those rights; and in particular references to a successor include a person to whom those rights (or any interest in those rights) are transferred or pass as a result of a merger, division, reconstruction or other reorganisation of it or any other person;

"**tax**" includes any present or future tax, duty, impost, levy or charge of any kind which is imposed by any state, any political sub-division of a state or any local or municipal authority (including any such imposed in connection with exchange controls), and any connected penalty, interest or fine; and

"**war risks**" includes the risk of mines and all risks excluded by clause 29 of the International Hull Clauses (1/11/02 or 1/11/03), clause 24 of the Institute Time Clauses (Hulls) (1/11/95) or clause 23 of the Institute Time Clauses (Hulls) (1/10/83).

1.3 Meaning of "month"

A period of one or more "**months**" ends on the day in the relevant calendar month numerically corresponding to the day of the calendar month on which the period started ("**the numerically corresponding day**"), but:

(a) on the Business Day following the numerically corresponding day if the numerically corresponding day is not a Business Day or, if there is no later Business Day in the same calendar month, on the Business Day preceding the numerically corresponding day; or

(b) on the last Business Day in the relevant calendar month, if the period started on the last Business Day in a calendar month or if the last calendar month of the period has no numerically corresponding day,

and "**month**" and "**monthly**" shall be construed accordingly.

1.4 Meaning of "subsidiary"

A company (S) is a subsidiary of another company (P) if:

(a) a majority of the issued shares in S (or a majority of the issued shares in S which carry unlimited rights to capital and income distributions) are directly owned by P or are indirectly attributable to P; or

(b) P has direct or indirect control over a majority of the voting rights attaching to the issued shares of S; or

(c) P has the direct or indirect power to appoint or remove a majority of the directors of S; or

(d) P otherwise has the direct or indirect power to ensure that the affairs of S are conducted in accordance with the wishes of P,

and any company of which S is a subsidiary is a parent company of S.

1.5 General Interpretation

In this Agreement:

(a) references to, or to a provision of, a Finance Document or any other document are references to it as amended or supplemented, whether before the date of this Agreement or otherwise;

(b) references to, or to a provision of, any law include any amendment, extension, re-enactment or replacement, whether made before the date of this Agreement or otherwise;

(c) words denoting the singular number shall include the plural and vice versa; and

(d) Clauses 1.1 (Definitions) to 1.5 (*General Interpretation*) apply unless the contrary intention appears.

1.6 Headings

In interpreting a Finance Document or any provision of a Finance Document, all clause, sub-clause and other headings in that and any other Finance Document shall be entirely disregarded.

2 FACILITY

2.1 Amount of facility

Subject to the other provisions of this Agreement, the Lenders shall make available to the Borrowers a senior secured term loan facility of up to $40,750,000, in four Advances, Advance A, Advance B, Advance C and Advance D for the purpose stated in the preamble to this Agreement.

2.2 Lenders' participations in Advances

Subject to the other provisions of this Agreement, each Lender shall participate in each Advance in the proportion which, as at the relevant Drawdown Date, its Commitment bears to the Total Commitments.

2.3 Purpose of Advances

The Borrowers undertake with each Creditor Party to use each Advance only for the purpose stated in the preamble to this Agreement.

3 POSITION OF THE LENDERS

3.1 Interests several

The rights of the Lenders under this Agreement are several.

3.2 Individual right of action

Each Lender shall be entitled to sue for any amount which has become due and payable by the Borrowers to it under this Agreement without joining the Agent, the Security Trustee or any other Lender as additional parties in the proceedings.

3.3 Proceedings requiring Majority Lender consent

Except as provided in Clause 3.2 (*Individual right of action*), no Lender may commence proceedings against the Borrowers or any Security Party in connection with a Finance Document without the prior consent of the Majority Lenders.

3.4 Obligations several

The obligations of the Lenders under this Agreement are several; and a failure of a Lender to perform its obligations under this Agreement shall not result in:

(a) the obligations of the other Lenders being increased; nor

(b) a Borrower, any Security Party, any other Lender being discharged (in whole or in part) from its obligations under any Finance Document;

and in no circumstances shall a Lender have any responsibility for a failure of another Lender to perform its obligations under this Agreement.

4 DRAWDOWN

4.1 Request for an Advance

Subject to the following conditions, the Borrowers may request an Advance to be borrowed by ensuring that the Agent receives a completed Drawdown Notice not later than 11.00 a.m. (Hamburg time) three Business Days prior to the relevant Drawdown Date.

4.2 Availability

The conditions referred to in Clause 4.1 (*Request for an Advance*) are that:

(a) a Drawdown Date has to be a Business Day during the relevant Availability Period;

(b) each Advance shall not exceed the relevant Maximum Advance Amount;

(c) all Advances shall be drawn down on the same Drawdown Date;

(d) any undrawn portion of the Total Commitments in respect of an Advance to occur, upon the determination of the Initial Market Value of the Ship to which that Advance relates, shall be automatically cancelled as at the Drawdown Date of that Advance; and

(e) the aggregate amount of the Advances shall not exceed the Total Commitments.

4.3 Notification to Lenders of receipt of a Drawdown Notice

The Agent shall promptly notify the Lenders that it has received a Drawdown Notice and shall inform each Lender of:

(a) the amount of the Advance to which that Drawdown Notice relates and the relevant Drawdown Date;

(b) the amount of that Lender's participation in that Advance; and

(c) the duration of the first Interest Period in respect of that Advance.

4.4 Drawdown Notice irrevocable

A Drawdown Notice must be signed by a duly authorised signatory of the Borrowers; and once served, a Drawdown Notice cannot be revoked without the prior consent of the Agent, acting on the authority of the Lenders.

4.5 Lenders to make available Contributions

Subject to the provisions of this Agreement, each Lender shall, on and with value on each Drawdown Date, make available to the Agent for the account of the Borrowers the amount due from that Lender on that Drawdown Date under Clause 2.2 (*Lenders' participations in Advances*).

4.6 Disbursement of Advance

Subject to the provisions of this Agreement, the Agent shall on each Drawdown Date pay to the Borrowers the amounts which the Agent receives from the Lenders under Clause 4.5 (*Lenders to make available Contributions*) and that payment to the Borrowers shall be made:

(a) to the account which the Borrowers specify in the Drawdown Notice; and

(b) in like funds as the Agent received the payments from the Lenders.

The payment by the Agent under this Clause 4.6 (*Disbursement of Advance*) shall constitute the making of the Advance and the Borrowers shall at that time become indebted, as principal and direct obligors, to each Lender in an amount equal to that Lender's participation in the Advance.

5 INTEREST

5.1 Payment of normal interest

Subject to the provisions of this Agreement, interest on each Advance in respect of each Interest Period relative to that Advance shall be paid by the Borrowers on the last day of that Interest Period.

5.2 Normal rate of interest

Subject to the provisions of this Agreement, the rate of interest on each Advance in respect of an Interest Period relative to that Advance shall be the aggregate of (i) the Margin, (ii) the Mandatory Cost (if any), (iii) LIBOR for that Interest Period and (iv) if a Lender (the "**Applicable Lender**") notifies the Agent at least 5 Business Days before the start of that Interest Period that its Cost of Funding exceeds LIBOR (including the amount of such excess) on the Quotation Date for that Interest Period, additionally in respect of that Applicable Lender's Contribution in the relevant Advance, the Correction Rate applicable to the Applicable Lender for that Interest Period.

5.3 Payment of accrued interest

In the case of an Interest Period of longer than three months (subject to the prior agreement of the Agent in accordance with Clause 6.2(b)) (*Duration of normal Interest Periods*) accrued interest shall be paid every three months during that Interest Period and on the last day of that Interest Period.

5.4 Notification of Interest Periods and rates of normal interest

The Agent shall notify the Borrowers and each Lender of:

(a) each rate of interest; and

(b) the duration of each Interest Period,

as soon as reasonably practicable after each is determined.

5.5 Obligation of Reference Banks to quote

A Reference Bank which is a Lender shall use all reasonable efforts to supply the quotation required of it for the purposes of fixing a rate of interest under this Agreement unless that Reference Bank ceases to be a Lender pursuant to Clause 26.18 (*Replacement of a Reference Bank*).

5.6 Absence of quotations by Reference Banks

If any Reference Bank fails to supply a quotation, the Agent shall determine the relevant LIBOR on the basis of the quotations supplied by the other Reference Bank(s) but if two or more of the Reference Banks fail (or, if at any time there is only one Reference Bank, that Reference Bank fails) to provide a quotation, the relevant rate of interest shall be set in accordance with the following provisions of this Clause 5 (*Interest*).

5.7 Market disruption

The following provisions of this Clause 5 (*Interest*) apply if:

(a) no rate is quoted on the Screen Rate, it is not possible to calculate an Interpolated Screen Rate for that Interest Period and two or more of the Reference Banks do not (or, if at any time there is only one Reference Bank, that Reference Bank does not), before 1.00 p.m. (London time) on the Quotation Date for an Interest Period, provide a quotation to the Agent in order to fix LIBOR; or

(b) at least three Business Days before the start of an Interest Period, the Agent is notified by a Lender (the "**Affected Lender**") that for any reason it is unable to obtain Dollars in the Relevant Interbank Market in order to fund its Contribution (or any part of it) during the Interest Period.

5.8 Notification of market disruption

The Agent shall promptly notify the Borrowers and each of the Lenders stating the circumstances falling within Clause 5.7 (*Market disruption*) which have caused its notice to be given.

5.9 Suspension of drawdown

If the Agent's notice under Clause 5.8 (*Notification of market disruption*) is served before an Advance is made:

(a) in a case falling within Clause 5.7(a) (*Market disruption*), the Lenders' obligation to advance that Advance; and

(b) in a case falling within Clause 5.7(b) (*Market disruption*), the Affected Lender's obligation to participate in that Advance,

shall be suspended while the circumstances referred to in the Agent's notice continue.

5.10 Negotiation of alternative rate of interest

(a) If the Agent's notice under Clause 5.8 (*Notification of market disruption*) is served after an Advance is borrowed then, subject to Clause 27.4 (*Service outside business hours*), the Borrowers, the Agent, the Lenders or (as the case may be) the Affected Lender shall use reasonable endeavours to agree, within 30 days after the date on which the Agent serves its notice under Clause 5.8 (*Notification of market disruption*) (the "**Negotiation Period**"), an alternative interest rate or (as the case may be) an alternative basis for the Lenders or (as the case may be) the Affected Lender to fund or continue to fund their or its Contribution during the Interest Period concerned.

(b) During the Negotiation Period the Agent shall, with the agreement of each Lender or (as the case may be) the Affected Lender, set an interest period and interest rate representing the Cost of Funding of the Lenders or (as the case may be) the Affected Lender in Dollars, in each case as determined by the relevant Lender, or in any available currency of their or its Contribution plus the Margin and the Mandatory Cost (if any).

5.11 Application of agreed alternative rate of interest

Subject to Clause 27.4 (*Replacement of Screen Rate*), any alternative interest rate or an alternative basis which is agreed during the Negotiation Period shall take effect in accordance with the terms agreed.

5.12 Alternative rate of interest in absence of agreement

If an alternative interest rate or alternative basis is not agreed within the Negotiation Period, and the relevant circumstances are continuing at the end of the Negotiation Period, then the procedure provided for in Clause 5.10(b) (*Negotiation of alternative rate of interest*) shall be repeated at the end of the interest period set by the Agent pursuant to that Clause.

5.13 Notice of prepayment

If the Borrowers do not agree with an interest rate set by the Agent under Clause 5.12 (*Alternative rate of interest in absence of agreement*), the Borrowers may give the Agent not less than five Business Days' notice of their intention to prepay the Loan at the end of the interest period set by the Agent.

5.14 Prepayment; termination of Commitments

A notice under Clause 5.13 (*Notice of prepayment*) shall be irrevocable; the Agent shall promptly notify the Lenders of the Borrowers' notice of intended prepayment; and:

(a) on the date on which the Agent serves that notice, the Total Commitments shall be cancelled; and

(b) on the last Business Day of the interest period set by the Agent, the Borrowers shall prepay (without premium or penalty) the Loan, together with accrued interest thereon at the applicable rate plus the Margin and the Mandatory Cost (if any).

5.15 Application of prepayment

The provisions of Clause 8 (*Repayment and Prepayment*) shall apply in relation to the prepayment.

6 INTEREST PERIODS

6.1 Commencement of Interest Periods

The first Interest Period applicable to an Advance shall commence on the Drawdown Date in respect of that Advance and each subsequent Interest Period shall commence on the expiry of the preceding Interest Period.

6.2 Duration of normal Interest Periods

Subject to Clauses 6.3 (*Duration of Interest Periods for Instalments*) and 6.4 (*Non-availability of matching deposits for Interest Period selected*), each Interest Period in respect of each Advance shall be:

(a) 3 months; or

(b) such other period (as proposed by the Borrowers to the Agent not later than 11:00 a.m. (Hamburg time) 5 Business Days before the commencement of the Interest Period in respect of that Advance) as the Agent may, with the authorisation of the Majority Lenders, agree with the Borrowers (failing which the Interest Period shall be three months).

6.3 Duration of Interest Periods for Instalments

In respect of an amount due to be repaid under Clause 8 (*Repayment and Prepayment*) on a particular Repayment Date, an Interest Period in respect of the Advance to which that Repayment Date relates shall end on that Repayment Date.

6.4 Non-availability of matching deposits for Interest Period selected

If, after the Borrowers have proposed and the Lenders have agreed an Interest Period longer than three months, any Lender notifies the Agent by 11.00 a.m. (Hamburg time) on the third Business Day before the commencement of the Interest Period that it is not satisfied that deposits in Dollars for a period equal to the Interest Period will be available to it in the Relevant Interbank Market when the Interest Period commences, the Interest Period shall be of three months.

7 DEFAULT INTEREST

7.1 Payment of default interest on overdue amounts

The Borrowers shall pay interest in accordance with the following provisions of this Clause 7 (*Default Interest*) on any amount payable by the Borrowers under any Finance Document which the Agent, the Security Trustee or the other designated payee does not receive on or before the relevant date, that is:

(a) the date on which the Finance Documents provide that such amount is due for payment; or

(b) if a Finance Document provides that such amount is payable on demand, the date on which the demand is served; or

(c) if such amount has become immediately due and payable under Clause 19.4 (*Acceleration of Loan*), the date on which it became immediately due and payable.

7.2 Default rate of interest

Interest shall accrue on an overdue amount from (and including) the relevant date until the date of actual payment (as well after as before judgment) at the rate per annum determined by the Agent to be 2.50 per cent. above:

(a) in the case of an overdue amount of principal, the higher of the rates set out at Clauses 7.3(a) (*Calculation of default rate of interest*) and 7.3(b) (*Calculation of default rate of interest*); or

(b) in the case of any other overdue amount, the rate set out at Clause 7.3(b) (*Calculation of default rate of interest*).

7.3 Calculation of default rate of interest

The rates referred to in Clause 7.2 (*Default rate of interest*) are:

(a) the rate applicable to the overdue principal amount immediately prior to the relevant date (but only for any unexpired part of any then current Interest Period applicable to it);

(b) the aggregate of the Margin, any Correction Rate and the Mandatory Cost (if any) plus, in respect of successive Interest Periods of any duration (including at call) up to three months which the Agent may select from time to time:

(i) LIBOR; or

(ii) if the Agent (after consultation with the Reference Banks) determines that Dollar deposits for any such Interest Period are not being made available to any Reference Bank by leading banks in the Relevant Interbank Market in the ordinary course of business, a rate from time to time determined by the Agent by reference to the cost of funds to the Reference Banks from such other sources as the Agent (after consultation with the Reference Banks) may from time to time determine.

7.4 Notification of interest periods and default rates

The Agent shall promptly notify the Lenders and the Borrowers of each interest rate determined by the Agent under Clause 7.3 (*Calculation of default rate of* interest) and of each Interest Period selected by the Agent for the purposes of paragraph 7.3(b) (*Calculation of default rate of interest*) of that Clause; but this shall not be taken to imply that the Borrowers are liable to pay such interest only with effect from the date of the Agent's notification.

7.5 Payment of accrued default interest

Subject to the other provisions of this Agreement, any interest due under this Clause shall be paid on the last day of the Interest Period by reference to which it was determined; and the payment shall be made to the Agent for the account of the Creditor Party to which the overdue amount is due.

7.6 Compounding of default interest

Any such interest which is not paid at the end of the Interest Period by reference to which it was determined shall thereupon be compounded.

8 REPAYMENT AND PREPAYMENT

8.1 Amount of Instalments

The Borrowers shall repay:

(a) Advance A, by:

(i) 20 equal consecutive quarterly instalments, each in the amount of $283,000 (each an "**Instalment A**" and, together, the "**Instalments A**"); and

(ii) a balloon instalment in the amount of $5,090,000 (the "**Balloon Instalment A**"); and

(b) Advance B, by:

(i) 20 equal consecutive quarterly instalments (each an "**Instalment B**" and, together, the **"Instalments B"**), each in the amount of $299,000; and

(ii) a balloon instalment (the "**Balloon Instalment B**") in the amount of $4,020,000,

(c) Advance C, by:

(i) 20 equal consecutive quarterly instalments (each an "**Instalment C**" and, together, the **"Instalments C"**), each in the amount of $273,000; and

(ii) a balloon instalment (the "**Balloon Instalment C**") in the amount of $4,540,000,

(d) Advance D, by:

(i) 20 equal consecutive quarterly instalments (each an "**Instalment D**" and, together, the "**Instalments D**" and, together with the Instalments A, the Instalments B and the Instalments C, the "**Instalments**" and each an "**Instalment**"), each in the amount of $299,000; and

(ii) a balloon instalment (the "**Balloon Instalment D**" and, together with the Balloon Instalment A, the Balloon Instalment B and the Balloon Instalment C the "**Balloon Instalments**" and each a "**Balloon Instalment**") in the amount of $4,020,000,

Provided that, if the amount advanced in respect of an Advance is less than the Maximum Advance Amount relating to that Advance, the aggregate amount of the Instalments and the Balloon Instalment in respect of that Advance shall be reduced by an amount equal to the undrawn amount on a *pro rata* basis.

8.2 Repayment Dates

The first Instalment in respect of each Advance shall be repaid on the date falling three months after the Drawdown Date in respect of that Advance, each subsequent Instalment shall be repaid at three-monthly intervals thereafter and the last Instalment in respect of that Advance, shall be repaid together with the Balloon Instalment in respect of that Advance, latest on the relevant Final Repayment Date.

8.3 Final Repayment Date

On the Final Repayment Date, in respect of the last Advance to be drawn down pursuant to this Agreement, the Borrowers shall additionally pay to the Agent for the account of the Creditor Parties all other sums then accrued or owing under any Finance Document.

8.4 Voluntary prepayment

Subject to the following conditions, the Borrowers may prepay the whole or any part of the Loan on the last day of an Interest Period.

8.5 Conditions for voluntary prepayment

The conditions referred to in Clause 8.4 (*Voluntary prepayment*) are that:

(a) a partial prepayment shall be in an amount equal to an Instalment or a higher integral multiple thereof;

(b) the Agent has received from the Borrowers at least five Business Days' prior irrevocable written notice (each, a "**Prepayment Notice**") specifying the amount to be prepaid and the date on which the prepayment is to be made;

(c) the Borrowers have provided evidence satisfactory to the Agent that any consent required by any Borrower or any Security Party in connection with the prepayment has been obtained and remains in force, and that any regulation relevant to this Agreement which affects any Borrower or any Security Party has been complied with; and

(d) the Borrowers are in compliance with Clause 8.10 (*Amounts payable on prepayment*) on or prior to the date of prepayment.

8.6 Optional facility cancellation

The Borrowers shall be entitled, upon giving to the Agent not less than five Business Days' prior written notice, to cancel, in whole or in part (and, if in part, by an amount not less than a multiple integral amount of an Instalment (or such other amount acceptable to the Agent in its sole discretion)), the undrawn balance of the Total Commitments (the "**Cancellation Notice**") which notice shall be irrevocable and shall, at the option of the Borrowers, specify whether such cancellation will be applied against a specific Advance, in which case the Borrowers will specify the Advance against which that cancellation should be applied. A failure by the Borrowers to make such a designation, in circumstances where all Advances have been made, shall result in the cancellation being applied against all Advances proportionately. Upon such cancellation taking effect on expiry of a Cancellation Notice the several obligations of the Lenders to make their respective Commitments available in relation to the portion of the Total Commitments to which such Cancellation Notice relates shall terminate.

8.7 Cancellation Notice or Prepayment Notice

The Agent shall notify the Lenders promptly upon receiving a Cancellation Notice or Prepayment Notice, and shall provide, in the case of a Prepayment Notice, any Lender which so requests with a copy of any document delivered by the Borrowers under Clause 8.5(c) (*Conditions for voluntary prepayment*).

8.8 Mandatory prepayment

(a) The Borrowers shall be obliged to prepay the Relevant Amount if a Ship:

(i) is sold, on or before the date on which the sale is completed by delivery of that Ship to the buyer; or

(ii) becomes a Total Loss, on the earlier of the date falling 120 days after the Total Loss Date and the date of receipt by the Security Trustee of the proceeds of insurance relating to such Total Loss.

(b) Any surplus, after the prepayment of the Relevant Amount (plus any additional costs due pursuant to Clause 8.10 (*Amounts payable on prepayment*)), shall be for the account of the Borrowers **Provided that** no Event of Default has occurred and is continuing at the relevant time or will occur as a result of the release of such surplus to the Borrowers.

In this Clause 8.8 (*Mandatory prepayment*):

"**Relevant Amount**" means an amount equal to the greater of:

(i) the Advance to which the Ship being sold or which has become a Total Loss relates; and

(ii) an amount (if any) which after the application of the prepayment to be made pursuant to Clause 8.11(b) (*Application of partial prepayment or cancellation*) results in the Security Cover Ratio being the greater of (A) 130 per cent. and (B) the percentage which applied immediately prior to the applicable event described in paragraph (i) or (ii) of this Clause 8.8 (*Mandatory prepayment*).

8.9 Effect of Prepayment Notice and Cancellation Notice

Neither a Prepayment Notice nor a Cancellation Notice may be withdrawn or amended without the consent of the Agent, given with the authorisation of the Majority Lenders, and:

(a) in the case of a Prepayment Notice, the amount specified in that Prepayment Notice shall become due and payable by the Borrowers on the date for prepayment specified in that Prepayment Notice; and

(b) in the case of a Cancellation Notice, the amount cancelled shall be permanently cancelled and may not be borrowed.

8.10 Amounts payable on prepayment

A prepayment shall be made together with accrued interest (and any other amount payable under Clause 21 (*Indemnities*) or otherwise) in respect of the amount prepaid and, if the prepayment is not made on the last day of an Interest Period together with any sums payable under Clause 21.2 (*Break Costs*) but without premium or penalty.

8.11 Application of partial prepayment or cancellation

Each partial prepayment shall be applied:

(a) if made pursuant to Clauses 5.13 (, *Notice of prepayment*) 8.4 (*Voluntary prepayment*), 15.2 (*Prepayment; provision of additional security*), 19.2 (*Actions following an Event of Default*), 23.3 (*Prepayment; termination of Commitment*) or 24.6 (*Prepayment; termination of Commitment*) proportionately between each Advance and within each Advance pro rata against the Instalments and the Balloon Instalment of each Advance;

(b) if made pursuant to Clause 8.8 (*Mandatory prepayment*), first towards full repayment of the Advance related to the Ship being sold or which has become a Total Loss, thereafter towards pro-rata reduction of the remaining Advances and within such Advance, pro rata against the Instalments in respect of that Advance which are at the time being outstanding and the Balloon Instalment of such Advance.

8.12 No reborrowing

No amount prepaid or cancelled may be (re)borrowed.

9 CONDITIONS PRECEDENT

9.1 Documents, fees and no default

Each Lender's obligation to contribute to an Advance is subject to the following conditions precedent:

(a) that, on or before the service of the Drawdown Notice, the Agent receives the documents described in Part A of Schedule 3 in form and substance satisfactory to the Agent and its lawyers;

(b) that, on the Drawdown Date but prior to the making of the Advance, the Agent receives;

(i) the documents described in Part B of Schedule 3 (*Condition Precedent Documents*) in form and substance satisfactory to the Agent and its lawyers;

(ii) in the case of the first Drawdown Notice to be served under this Agreement, the structuring fee payable pursuant to Clause 20.1(a) (*Structuring and commitment fees*);

(iii) payment of any commitment fee payable pursuant to Clause 20.1(b) (*Structuring and commitment fees*); and

(iv) payment of any expenses payable pursuant to Clause 20.2 (*Costs of negotiation, preparation etc.*) which are due and payable on the Drawdown Date to which that Drawdown Notice relates;

(c) that both at the date of each Drawdown Notice and at the relevant Drawdown Date:

(i) no Event of Default or Potential Event of Default has occurred or would result from the borrowing of the relevant Advance;

(ii) the representations and warranties in Clause 10 (*General*) and those of either Borrower or any Security Party which are set out in the other Finance Documents would be true and not misleading if repeated on each of those dates with reference to the circumstances then existing;

(iii) none of the circumstances contemplated by Clause 5.7 (*Market disruption*) has occurred and is continuing; and

(iv) there has been no Material Adverse Change; and

(d) that, if the Security Cover Ratio were applied immediately following the making of an Advance, the Borrowers would not be obliged to provide additional security or prepay part of the Loan under that Clause; and

(e) that the Agent has received, and found to be acceptable to it, any further opinions, consents, agreements and documents in connection with the Finance Documents which the Agent may, with the authorisation of the Majority Lenders, request by notice to the Borrowers prior to the relevant Drawdown Date.

9.2 Waiver of conditions precedent

If the Majority Lenders, at their discretion, permit an Advance to be borrowed before certain of the conditions referred to in Clause 9.1 (*Documents, fees and no default*) are satisfied, the Borrowers shall ensure that those conditions are satisfied within five Business Days after the relevant Drawdown Date (or such longer period as the Agent may, with the authorisation of the Majority Lenders, specify).

10 REPRESENTATIONS AND WARRANTIES

10.1 General

Each Borrower represents and warrants to each Creditor Party as follows.

10.2 Status

Each Borrower is duly incorporated, validly existing and in good standing under the laws of the Republic of the Marshall Islands and no Borrower or Security Party is a US Tax Obligor.

10.3 Share capital and ownership

Each Borrower is authorised to issue 500 registered shares of no par value, all of which shares have been issued, and the legal title and beneficial ownership of all those shares is held, free of any Security Interest or other claim, by the Corporate Guarantor.

10.4 Corporate power

Each Borrower has the corporate capacity, and has taken all corporate action and obtained all consents necessary for it:

(a) to execute the Underlying Documents to which it is a party and to maintain its Ship in its ownership under the applicable Approved Flag;

(b) to execute the Finance Documents to which that Borrower is a party; and

(c) to borrow under this Agreement and to make all the payments contemplated by, and to comply with, those Finance Documents to which that Borrower is a party.

10.5 Consents in force

All the consents referred to in Clause 10.4 (*Corporate power*) remain in force and nothing has occurred which makes any of them liable to revocation.

10.6 Legal validity; effective Security Interests

The Finance Documents to which each Borrower is a party, do now or, as the case may be, will, upon execution and delivery (and, where applicable, registration as provided for in the Finance Documents):

(a) constitute that Borrower’s legal, valid and binding obligations enforceable against that Borrower in accordance with their respective terms; and

(b) create legal, valid and binding Security Interests (having the priority specified in the relevant Finance Document) enforceable in accordance with their respective terms over all the assets to which they, by their terms, relate,

subject to any relevant insolvency laws affecting creditors' rights generally.

10.7 No third party Security Interests

Without limiting the generality of Clause 10.6 (*Legal validity; effective Security Interests*), at the time of the execution and delivery of each Finance Document to which each Borrower is a party:

(a) that Borrower will have the right to create all the Security Interests which that Finance Document purports to create; and

(b) no third party will have any Security Interest (except for Permitted Security Interests) or any other interest, right or claim over, in or in relation to any asset to which any such Security Interest, by its terms, relates.

10.8 No conflicts

The execution by each Borrower and each other Security Party of each Finance Document and each Underlying Document to which it is a party, and the borrowing by that Borrower (together with the other Borrower) of the Loan (or any part thereof), and its compliance with each Finance Document and each Underlying Document to which it is a party:

(a) will not involve or lead to a contravention of:

(i) any law or regulation; or

(ii) the constitutional documents of that Borrower or other Security Party; or

(iii) any contractual or other obligation or restriction which is binding on that Borrower or other Security Party or any of its assets, and

(b) will not have a Material Adverse Effect; and

(c) is for the corporate benefit of that Borrower or each other Security Party.

10.9 No withholding taxes

All payments which each Borrower is liable to make under the Finance Documents to which it is a party may be made without deduction or withholding for or on account of any tax payable under any law of any Pertinent Jurisdiction.

10.10 No default

No Event of Default or Potential Event of Default has occurred.

10.11 Information

All information which has been provided in writing by or on behalf of the Borrowers or any Security Party to any Creditor Party in connection with any Finance Document satisfied the requirements of Clause 11.5 (*Information provided to be accurate*); all audited and unaudited accounts and financial statements which have been so provided satisfied the requirements of Clause 11.7 (*Form of financial statements*) and are true, correct and not misleading and present fairly and accurately the financial position of the Borrowers the Corporate Guarantor or the Group (as the case may be); and there has been no change in the financial position or state of affairs of either Borrower, the Corporate Guarantor or the Group (or any member thereof) from that disclosed in the latest of those accounts which is likely to have a Material Adverse Effect.

10.12 No litigation

No legal or administrative action involving either Borrower or any Security Party (including action relating to any alleged or actual breach of the ISM Code or the ISPS Code) has been commenced or taken or, to either Borrower's knowledge, is likely to be commenced or taken which would, in either case, be likely to have a Material Adverse Effect.

10.13 Validity and completeness of the Underlying Documents

Each of the Underlying Documents constitutes valid, binding and enforceable obligations of the parties thereto in accordance with its terms and:

(a) each of the copies of the Underlying Documents delivered to the Agent before the date of this Agreement is a true and complete copy; and

(b) no amendments or additions to an Underlying Document have been agreed nor has any party which is the party to an Underlying Document waived any of its respective rights thereunder.

10.14 Compliance with certain undertakings

At the date of this Agreement, the Borrowers are in compliance with Clauses 11.2 (*Title and negative pledge*), 11.4 (*No other liabilities or obligations to be incurred*), 11.9 (*Consents*), 11.13 (*Principal place of business*), 13 (*Insurance*), 14.3 (*Repair and classification*) and 14.10 (*Compliance with laws etc*).

10.15 No rebates etc.

There is no agreement or understanding to allow or pay any rebate, premium, commission, discount or other benefit or payment (howsoever described) to a Borrower or a third party in connection with the purchase by that Borrower of its Ship, other than as disclosed to the Agent in writing on or prior to the date of this Agreement.

10.16 Taxes paid

Each Borrower has paid all taxes applicable to, or imposed on or in relation to that Borrower, its business or the Ship owned by it.

10.17 ISM Code and ISPS Code compliance

All requirements of the ISM Code and the ISPS Code as they relate to the Borrowers, the Corporate Guarantor, the Approved Managers and the Ships have been complied with.

10.18 No Money laundering

(a) Neither Borrower and, to the extent applicable, no Security Party has, in connection with this Agreement or any of the other Finance Documents, contravened, or permitted any subsidiary to contravene, any law, official requirement or other regulatory measure or procedure implemented to combat "money laundering" (as defined in Article 1 of the Directive 2015/849/EC of the European Parliament and of the Council of the European Union of 20 May 2015) and any comparable US federal and state laws.

(b) Each Borrower confirms to the Agent that it is the beneficiary within the meaning of the German Anti Money Laundering Act (Gesetz über das Aufspüren von Gewinnen aus schweren Straftaten (Geldwäschegesetz)), acting for its own account and not for or on behalf of any other person for each part of the Loan made or to be made available to it under this Agreement (that is to say, it acts for its own account and not for or on behalf of anyone else).

10.19 No immunity

No Borrower nor any of its assets is entitled to immunity on grounds of sovereignty or otherwise from any legal action or proceeding (including, without limitation, suit, attachment prior to judgement, execution or other enforcement).

10.20 Choice of law

The choice of the laws of England to govern this Agreement and those other Finance Documents which are expressed to be governed by the laws of England, the laws of Germany to govern the Account Pledges and the laws of the applicable Approved Flag State to govern the Mortgages, constitutes a valid choice of law and the submission by the Borrowers or, as the case may be, the relevant Security Parties thereunder to the jurisdiction of the Courts of England and, in the case of each Account Pledge, Germany or, in the case of the Mortgages, the applicable Approved Flag State is a valid submission and does not contravene the laws of England or, in the case of each Account Pledge, Germany or, in the case of the Mortgages, the applicable Approved Flag State or the laws of any other Pertinent Jurisdiction, will be applied by the courts of any Pertinent Jurisdiction if this Agreement or those other Finance Documents or any claim thereunder comes under their jurisdiction upon proof of the relevant provisions of the laws of England or, in the case of each Account Pledge, Germany or, in the case of the Mortgages, the applicable Approved Flag State.

10.21 Pari passu ranking

The obligations of each Borrower and Security Party under the Finance Documents to which it is a party are direct, general and unconditional obligations and rank at least *pari passu* with the claims of all its other unsecured and unsubordinated creditors except for obligations mandatorily preferred by law applying to companies generally.

10.22 Repetition

The representations and warranties in this Clause 10 (*General*) shall be deemed to be repeated by the Borrowers:

(a) on the date of service of each Drawdown Notice;

(b) on each Drawdown Date; and

(c) with the exception of Clauses 10.9 (*No withholding taxes*) and 10.14, (*ompliance with certain undertakings*) on the first day of each Interest Period and on the date of any Compliance Certificate issued pursuant to Clause 11.21 (*Compliance Certificate*),

as if made with reference to the facts and circumstances existing on each such day.

11 GENERAL UNDERTAKINGS

11.1 General

Each Borrower undertakes with each Creditor Party to comply with the following provisions of this Clause 11 (*General Undertakings*) at all times during the Security Period except as the Agent, acting with the authorisation of the Majority Lenders, may otherwise permit in writing.

11.2 Title and negative pledge

Each Borrower will:

(a) hold the legal title to, and own the entire beneficial interest in its Ship, her Insurances and Earnings, free from all Security Interests and other interests and rights of every kind, except for those created by the Finance Documents and the effect of assignments contained in the Finance Documents and except for Permitted Security Interests; and

(b) not create or permit to arise any Security Interest (except for Permitted Security Interests) over any other asset, present or future.

11.3 No disposal of assets

Neither Borrower will transfer, lease or otherwise dispose of:

(a) all or a substantial part of its assets, whether by one transaction or a number of transactions, whether related or not; or

(b) any debt payable to it or any other right (present, future or contingent right) to receive a payment, including any right to damages or compensation,

but paragraph (a) does not apply to any charter of a Ship.

11.4 No other liabilities or obligations to be incurred

Neither Borrower will incur any liability or obligation (including, without limitation, any Financial Indebtedness or any obligations under a guarantee) except:

(a) liabilities and obligations under the Finance Documents and the Underlying Documents to which it is or, as the case may be, will be a party; and

(b) liabilities or obligations reasonably incurred in the normal course of its business of trading, operating and chartering, maintaining and repairing the Ship owned by it (including, without limitation, any Financial Indebtedness and other indebtedness owing to its shareholders subject to the relevant Borrower ensuring on or prior to the Drawdown Date, that the rights of each creditor thereunder are fully subordinated in writing pursuant to a Subordination Agreement).

11.5 Information provided to be accurate

All financial and other information, including but not limited to factual information, exhibits and reports, which is provided in writing by or on behalf of a Borrower under or in connection with any Finance Document will be true, correct and not misleading and will not omit any material fact or consideration.

11.6 Provision of financial statements

Each Borrower will send or procure that there are sent to the Agent:

(a) as soon as possible, but in no event later than 180 days after the end of each Financial Year of that Borrower and the Corporate Guarantor, the individual unaudited annual management accounts of that Borrower and the consolidated audited annual financial statements of the Corporate Guarantor (commencing with the financial statements for the Financial Year which ended on 31 December 2021); and

(b) as soon as possible, but in no event later than 90 days after the first 6-month period ending on 30 June in each Financial Year of that Borrower or, as the case may be, the Corporate Guarantor, the semi-annual individual unaudited management accounts in respect of that Borrower or, in the case of the Corporate Guarantor, the semi-annual consolidated unaudited management accounts of the Group, in each case, for that 6-month period (commencing with the financial statements for the 6-month period ending on 30 June 2021), duly certified as to their correctness by the chief financial officer of the Corporate Guarantor; and

(c) promptly after each request by the Agent, such further financial or other information in respect of that Borrower, each Ship and the Corporate Guarantor (including, without limitation, any information regarding any sale and purchase agreements, investment brochures, shipbuilding contracts, charter agreements and operational expenditures for the Ships) as may be requested by the Agent.

11.7 Form of financial statements

All accounts delivered under Clause 11.6 (*Provision of financial statements*) will:

(a) be prepared in accordance with all applicable laws and US GAAP and, in the case of any audited financial statements, be certified by an independent and reputable auditor selected and appointed by the relevant Borrower or the Corporate Guarantor;

(b) give a true and fair view of the state of affairs of each Borrower, the Corporate Guarantor and the Group at the date of those accounts and of its profit for the period to which those accounts relate; and

(c) fully disclose or provide for all significant liabilities of each Borrower, the Corporate Guarantor and the Group and each of its subsidiaries.

11.8 Shareholder and creditor notices

Each Borrower will send the Agent promptly upon its request copies of all communications which are despatched to that Borrower's shareholders or creditors or any class of them.

11.9 Consents

Each Borrower will maintain in force and promptly obtain or renew, and will promptly send certified copies to the Agent of, all consents required:

(a) for that Borrower to perform its obligations under any Finance Document or any Underlying Document to which it is a party;

(b) for the validity or enforceability of any Finance Document or any Underlying Document to which it is a party;

(c) for that Borrower to continue to own and operate the Ship owned by it,

and that Borrower will comply with the terms of all such consents.

11.10 Maintenance of Security Interests

Each Borrower will:

(a) at its own cost, do all that it reasonably can to ensure that any Finance Document validly creates the obligations and the Security Interests which it purports to create; and

(b) without limiting the generality of paragraph (a), at its own cost, promptly register, file, record or enrol any Finance Document with any court or authority in all Pertinent Jurisdictions, pay any stamp, registration or similar tax in all Pertinent Jurisdictions in respect of any Finance Document, give any notice or take any other step which, in the opinion of the Majority Lenders, is or has become necessary or desirable for any Finance Document to be valid, enforceable or admissible in evidence or to ensure or protect the priority of any Security Interest which it creates.

11.11 Notification of litigation

Each Borrower will provide the Agent with details of any legal or administrative action involving that Borrower, the Ship owned by it, the Earnings or the Insurances in respect of that Ship, any Security Party or the Approved Managers, as soon as such action is instituted or it becomes apparent to that Borrower that it is likely to be instituted, unless it is clear that the legal or administrative action cannot have a Material Adverse Effect, and each Borrower shall procure that all reasonable measures are taken to defend any such legal or administrative action.

11.12 No amendment to Underlying Documents

The Borrowers will not waive or fail to enforce, the Underlying Documents to which it is a party or any of its provisions and promptly notify the Agent of any amendment or supplement to any Underlying Document.

11.13 Principal place of business

Each Borrower will maintain its place of business, and keep its corporate documents and records, at the address of Castor Ships as indicated in Clause 28.2 (*Addresses for communications*); and no Borrower will establish, or do anything as a result of which it would be deemed to have, a place of business in any country other than Greece.

11.14 Confirmation of no default

Each Borrower will, within two Business Days after service by the Agent of a written request, serve on the Agent a notice which is signed by an officer of that Borrower and which:

(a) states that no Event of Default or Potential Event of Default has occurred; or

(b) states that no Event of Default or Potential Event of Default has occurred, except for a specified event or matter, of which all material details are given.

The Agent may serve requests under this Clause 11.14 (*Confirmation of no default*) from time to time but only if asked to do so by a Lender or Lenders having Contributions exceeding 10 per cent. of the Loan or (if no Advances have been made) Commitments exceeding 10 per cent. of the Total Commitments; and this Clause 11.14 (*Confirmation of no default*) does not affect the Borrowers' obligations under Clause 11.15 (*Notification of default*).

11.15 Notification of default

Each Borrower will notify the Agent as soon as that Borrower becomes aware of:

(a) the occurrence of an Event of Default or a Potential Event of Default; or

(b) any matter which indicates that an Event of Default or a Potential Event of Default may have occurred,

and will keep the Agent fully up-to-date with all developments.

11.16 Provision of further information

Each Borrower will, as soon as practicable after receiving the request, provide the Agent with any additional financial or other information relating:

(a) to that Borrower, the Ship owned by it, the Earnings or the Insurances; or

(b) to any other matter relevant to, or to any provision of, a Finance Document,

which may be reasonably requested by the Agent, the Security Trustee or any Lender at any time.

11.17 Provision of copies and translation of documents

Each Borrower will supply the Agent with a sufficient number of copies of the documents referred to above to provide one copy for each Creditor Party; and if the Agent so requires in respect of any of those documents, the Borrowers will provide a certified English translation prepared by a translator approved by the Agent.

11.18 "Know your customer" checks

If:

(a) the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation made after the date of this Agreement;

(b) any change in the composition of the shareholders of the Borrowers or any Security Party (other than Castor Ships) after the date of this Agreement; or

(c) a proposed assignment or transfer by a Lender of any of its rights and obligations under this Agreement to a party that is not a Lender prior to such assignment or transfer,

obliges the Agent or any Lender (or, in the case of paragraph (c), any prospective new Lender) to comply with "know your customer" or similar identification procedures in circumstances where the necessary information is not already available to it, the Borrowers shall promptly upon the request of the Agent or the Lender concerned supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Agent (for itself or on behalf of any Lender) or the Lender concerned (for itself or, in the case of the event described in paragraph (c), on behalf of any prospective new Lender) in order for the Agent, the Lender concerned or, in the case of the event described in paragraph (c), any prospective new Lender to carry out and be satisfied it has complied with all necessary "know your customer" or other similar checks under all applicable laws and regulations pursuant to the transactions contemplated in the Finance Documents.

11.19 Minimum Liquidity and Additional Minimum Liquidity

(a) Subject to paragraph (c) below, the Borrowers shall maintain in the Liquidity Account:

(i) credit balances in an aggregate amount of not less than $350,000 in respect of each Mortgaged Ship ($1,400,000 in aggregate) ("**Minimum Liquidity**") commencing from the Drawdown Date and at all times thereafter throughout the remainder of the Security Period;

(ii) in addition to the amount required to be maintained under paragraph (a) of this Clause 11.19 (*Minimum Liquidity and Additional Minimum Liquidity*), an aggregate amount of not less than $250,000 in respect of each Mortgaged Ship ($1,000,000 in aggregate, the "**Additional Minimum Liquidity**") commencing from the Drawdown Date and at all times thereafter up to the Repayment Date of the fourth Instalment in relation to each Advance, at which time, the Additional Minimum Liquidity shall be released upon written request to or to the order of the Borrowers (following the full repayment of the fourth Instalment in respect of each Advance) subject to the terms of paragraph (c) below.

(b) The Liquidity Account shall be secured under the applicable Account Pledge and remain blocked.

(c) Subject to the Agent's prior written consent and at the Agent's absolute discretion, each Borrower may request to utilise the whole or any part of the Additional Minimum Liquidity relating to the Ship owned by that Borrower if, at the end of a Relevant Period, there is a Cash Shortfall and provided that:

(A) no Event of Default has occurred at the relevant time; and

(B) that part of the Additional Minimum Liquidity which is released from the Liquidity Account (the "**Released Amount**") pursuant to this Clause 11.19 (*Minimum Liquidity and Additional Minimum Liquidity)* is utilised by the relevant Borrower only for the purpose of paying the Debt Service; and

(C) that Borrower provides the Agent with the most recent quarterly management accounts evidencing such Cash Shortfall.

(d) In this Clause 11.19 (*Minimum Liquidity and Additional Minimum Liquidity*):

"**Cash Shortfall**" means, in relation to a Ship during a Relevant Period, the amount by which the aggregate Operating Expenses and the Debt Service of that Ship exceed the aggregate Earnings of that Ship, in each case, during the Relevant Period, as determined by the Majority Lenders, in their sole and absolute discretion;

"**Operating Expenses**" means, in relation to a Ship, the aggregate expenditure incurred by the Borrower which is the owner of that Ship in chartering, operating, crewing, insuring, maintaining, repairing and generally trading that Ship including management fees and commissions as evidenced by the most recent quarterly management accounts as provided by the relevant Borrower to the Agent pursuant to paragraph (c) of this Clause 11.19 (*Minimum Liquidity and Additional Minimum Liquidity*);

"**Relevant Period**" means each 3-month period during the Security Period, the first of which shall commence on the Drawdown Date and end 3 months thereafter with each subsequent period commencing at 3-monthly intervals thereafter.

11.20 Dry Docking Reserve Amount

(a) Each Borrower undertakes with each Creditor Party that, from the date falling three months after the Drawdown Date and at quarterly intervals thereafter during the Security Period, in respect of each Mortgaged Ship, an amount of $20,000 per Ship ($80,000 in aggregate) (collectively, the "**Dry Docking Reserve Amount**") is deposited to the Dry Dock Reserve Account.

(b) The Dry Dock Reserve Account shall be secured under the Account Pledge and, subject to paragraph (d) below, remain blocked thereon.

(c) The Dry Docking Reserve Amount in respect of a Ship shall be released to the Borrower owning that Ship only for the payment of any costs incurred in relation to the next dry docking and special survey of that Ship (such costs, together, the "**Dry Docking Expenses**") and subject to, in each case:

(A) the Borrowers previously delivering to the Agent, in form and substance satisfactory to the Agent, copies of the invoices and/or proforma invoices to be paid (partially or in full out of the Dry Docking Reserve Amount) in respect of the Dry Docking Expenses; and

(B) no Event of Default or Potential Event of Default having occurred and being continuing at the relevant time or resulting from the release of the Dry Docking Reserve Amount.

Upon completion of each of the dry docking and special survey referred to in paragraph (c) above, the Borrowers shall promptly deliver to the Agent evidence satisfactory to it that such dry docking and special survey has been completed.

(d) If a Ship is sold and all amounts payable pursuant to Clause 8.8 (*Mandatory prepayment*) in connection with such sale have been paid by the Borrowers or the Advance relating to that Ship has been fully prepaid before the completion of the dry docking and special survey in respect of that Ship, the relevant portion of the Dry Docking Reserve Amount in relation to that dry docking and special survey will be released to the Borrowers **Provided that** no Event of Default or Potential Event of Default has occurred and is continuing at the relevant time or will result from such release.

11.21 Compliance Certificate

(a) The Borrowers shall supply to the Agent, together with each set of financial statements delivered pursuant to paragraphs (a) and (b) of Clause 11.6 (*Provision of financial statements*), a Compliance Certificate (commencing with the financial statements to be provided for the 6-month period ending on 30 June 2021).

(b) Each Compliance Certificate shall be duly signed by a senior officer of the Borrowers, evidencing (inter alia) the Borrower's compliance (or not, as the case may be) with the provisions of Clause 11.19 (*Minimum Liquidity and Additional Minimum Liquidity*), 11.20 (*Dry Docking Reserve Amount*) and Clause 15.1 (*Minimum required security cover*).

11.22 No Money laundering

(a) Each Borrower:

(i) will not, and will procure that no Security Party, to the extent applicable, will, in connection with this Agreement or any of the other Finance Documents, contravene, or permit any subsidiary to contravene, any law, official requirement or other regulatory measure or procedure implemented to combat "money laundering" (as defined in Article 1 of the Directive 2015/849/EC of the European Parliament and of the Council of the European Union of 20 May 2015) and any comparable US federal and state laws; and

(ii) shall further submit any documents and declarations on request, if such documents or declarations are required by any Creditor Party to comply with its domestic money laundering and/or legal identification requirements.

(b) Each Borrower:

(i) shall confirm to the Agent that it is the beneficiary within the meaning of the German Anti Money Laundering Act (Gesetz über das Aufspüren von Gewinnen aus schweren Straftaten (Geldwäschegesetz)), acting for its own account and not for or on behalf of any other person for each part of the Loan made or to be made available to it under this Agreement (that is to say, it acts for its own account and not for or on behalf of anyone else); and

(ii) will promptly inform the Agent by written notice, if it is not or ceases to be the beneficiary and will provide in writing the name and address of the beneficiary.

(c) The Agent shall promptly notify the Lenders of any written notice it receives under sub-paragraph (b)(ii) above.

12 CORPORATE UNDERTAKINGS

12.1 General

Each Borrower also undertakes with each Creditor Party to comply with the following provisions of this Clause 12 (*Corporate Undertakings)* at all times during the Security Period except as the Agent, acting with the authorisation of the Majority Lenders, may otherwise permit in writing.

12.2 Maintenance of status

Each Borrower will maintain its separate corporate existence and remain in good standing under the laws of the Republic of the Marshall Islands.

12.3 Negative undertakings

Neither Borrower will:

(a) change the nature of its business or carry on any business other than the ownership, chartering and operation of the Ship owned by it;

(b)

(i) pay any dividend or make any other form of distribution if:

(A) an Event of Default or a Potential Event of Default has occurred and is continuing at the relevant time; or

(B) an Event of Default will result from the payment of a dividend or the making of any other form of distribution,

provided that if there is a Cash Shortfall and the Borrowers have utilised a Released Amount pursuant to paragraph (c) of Clause 11.19 (*Minimum Liquidity and Additional Minimum Liquidity*), the Borrowers shall only be permitted to declare or pay a dividend or make any other form of distribution if:

(A) no Event of Default or a Potential Event of Default has occurred and is continuing at the relevant time; or

(B) no Event of Default will result from the payment of a dividend or the making of any other form of distribution; and

(C) and at all times up to the Repayment Date of the fourth Instalment in relation to each Advance, the Additional Minimum Liquidity standing to the credit of the Liquidity Account has been restored, pursuant to paragraph (c) of Clause 11.19 (*Minimum Liquidity*), to at least an amount equal to the Additional Minimum Liquidity at the time of such declaration, payment and/or distribution.

(c) effect any form of redemption, purchase or return of its issued shares;

(d) repay any Subordinated Debt;

(e) provide any form of credit or financial assistance (including any guarantee or indemnity) to:

(i) a person who is directly or indirectly interested in that Borrower's share or loan capital; or

(ii) any company in or with which such a person is directly or indirectly interested or connected,

or enter into any transaction with or involving such a person or company on terms which are, in any respect, less favourable to that Borrower than those which it could obtain in a bargain made at arms' length;

(f) enter into any material agreement other than:

(i) the Finance Documents and the Underlying Documents; or

(ii) any other agreement expressly allowed under any other term of this Agreement;

(g) open or maintain any account with any bank or financial institution except accounts with the Agent, the Account Bank and the Security Trustee for the purposes of the Finance Documents;

(h) issue, allot or grant any person a right to any shares in its capital or repurchase or reduce its issued shares and/or number of shares it is authorised to issue;

(i) change its Financial Year;

(j) acquire any shares or other securities other than short term debt obligations or Treasury bills issued by the US, the UK or a Participating Member State and certificates of deposit issued by major North American or European banks, or enter into any transaction in a derivative; or

(k) allow a Change of Control; or

(l) enter into any form of amalgamation, merger or de-merger, acquisition, divesture, split-up or any form of reconstruction or reorganisation.

12.4 Corporate Guarantor's subsidiaries

The Borrowers shall provide the Agent on or before the date of this Agreement with a list of each member of the Group at the date of this Agreement and shall promptly advise the Agent in writing of any amendments to such list.

13 INSURANCE

13.1 General

Each Borrower also undertakes with each Creditor Party to comply with the following provisions of this Clause 13 (*Insurance*) at all times during the Security Period except as the Agent, acting with the authorisation of the Majority Lenders, may otherwise permit in writing.

13.2 Maintenance of obligatory insurances

Each Borrower shall keep the Ship owned by it insured at the expense of that Borrower against:

(a) fire and usual marine risks (including hull and machinery and excess risks);

(b) war risks (including, without limitation, protection and indemnity war risks with a separate limit not less than hull value of the relevant Ship);

(c) protection and indemnity risks (including, without limitation, protection and indemnity war risks in excess of the amount for war risks (hull) and oil pollution liability risks) in each case in the highest amount available in the international insurance market; and

(d) any other risks the insurance of which the Security Trustee (acting on the instructions of the Majority Lenders), having regard to practices, recommendations and other circumstances prevailing at the relevant time, may from time to time require by notice to that Borrower.

13.3 Terms of obligatory insurances

Each Borrower shall effect such insurances in such amounts in such currency and upon such terms and conditions (including, without limitation, any LSW 1189 or any other, in the opinion of the Security Trustee, comparable mortgage clause) as shall from time to time be approved in writing by the Security Trustee in its sole discretion, but in any event as follows:

(a) in Dollars;

(b) in the case of fire and usual marine risks and war risks, on an agreed value basis in an amount equal to at least the higher of:

(i) an amount which is equal to 120 per cent. of the aggregate of:

(A) the Advance relating to the Ship owned by it: and

(B) the aggregate principal amount secured by Permitted Security Interests over that Ship which have a prior ranking to the Security Interests created by the Finance Documents; and

(ii) the Market Value of that Ship;

(c) in the case of oil pollution liability risks, for an amount equal to the highest level of cover from time to time available under basic protection and indemnity club entry (with the International Group of Protection and Indemnity Clubs) and the international marine insurance market (currently $1,000,000,000 for any one accident or occurrence);

(d) in relation to protection and indemnity risks in respect of the full value and tonnage of that Ship;

(e) in relation to war risks insurance, extended to cover piracy and terrorism where excluded under the fire and usual marine risks insurance;

(f) on approved terms and conditions;

(g) such other risks of whatever nature and howsoever arising in respect of which insurance would be maintained by a prudent owner of a vessel similar to that Ship; and

(h) through approved brokers and with approved insurance companies and/or underwriters which have a Standard & Poor's rating of at least BBB- or a comparable rating by any other rating agency acceptable to the Security Trustee (acting on the instructions of the Majority Lenders) or, in the case of war risks and protection and indemnity risks, in approved war risks and protection and indemnity risks associations which are members of the International Group of Protection and Indemnity Clubs.

13.4 Further protections for the Creditor Parties

In addition to the terms set out in Clause 13.3 (*Terms of obligatory insurances*), each Borrower shall and shall procure that:

(a) it and any and all third parties who are named assured or co-assured under any obligatory insurance shall assign their interest in any and all obligatory insurances and other Insurances if so required by the Agent;

(b) whenever the Security Trustee requires, the obligatory insurances name (or be amended to name) the Security Trustee as additional named assured for its rights and interests, warranted no operational interest and with full waiver of rights of subrogation they may have under any applicable law against the Security Trustee but without the Security Trustee thereby being liable to pay (but having the right to pay) premiums, calls or other assessments in respect of such insurance;

(c) the interest of the Security Trustee as assignee and as loss payee shall be duly endorsed on all slips, cover notes, policies, certificates of entry or other instruments of insurance in respect of the obligatory insurances;

(d) the obligatory insurances shall name the Security Trustee as sole loss payee with such directions for payment as the Security Trustee may specify;

(e) the obligatory insurances shall provide that all payments by or on behalf of the insurers under the obligatory insurances to the Security Trustee shall be made without set-off, counterclaim or deductions or condition whatsoever;

(f) the obligatory insurances shall provide that the insurers shall waive, to the fullest extent permitted by English law, their entitlement (if any) (whether by statute, common law, equity, or otherwise) to be subrogated to the rights and remedies of the Security Trustee in respect of any rights or interests (secured or not) held by or available to the Security Trustee in respect of the Secured Liabilities, until the Secured Liabilities shall have been fully repaid and discharged, except that the insurers shall not be restricted by the terms of this paragraph (f) from making personal claims against persons (other than either Borrower or any Creditor Party) in circumstances where the insurers have fully discharged their liabilities and obligations under the relevant obligatory insurances;

(g) the obligatory insurances shall provide that the obligatory insurances shall be primary without right of contribution from other insurances effected by the Security Trustee or any other Creditor Party;

(h) the obligatory insurances shall provide that the Security Trustee may make proof of loss if that Borrower fails to do so; and

(i) the obligatory insurances shall provide that if any obligatory insurance is cancelled, or if any substantial change is made in the coverage which adversely affects the interest of the Security Trustee, or if any obligatory insurance is allowed to lapse for non-payment of premium, such cancellation, charge or lapse shall only be effective against the Security Trustee 14 days (or 7 days in the case of war risks) after receipt by the Security Trustee of prior written notice from the insurers of such cancellation, change or lapse.

13.5 Renewal of obligatory insurances

Each Borrower shall:

(a) at least 14 days before the expiry of any obligatory insurance effected by it:

(i) notify the Security Trustee of the brokers, underwriters, insurance companies and any protection and indemnity or war risks association through or with whom that Borrower proposes to renew that obligatory insurance and of the proposed terms and conditions of renewal; and

(ii) seek the Security Trustee's approval to the matters referred to in paragraph (i);

(b) at least 7 days before the expiry of any obligatory insurance, renew that obligatory insurance in accordance with the Security Trustee's approval pursuant to paragraph (a); and

(c) procure that the approved brokers and/or the war risks and protection and indemnity associations with which such a renewal is effected shall promptly after the renewal notify the Security Trustee in writing of the terms and conditions of the renewal.

13.6 Copies of policies; letters of undertaking

Each Borrower shall ensure that all approved brokers provide the Security Trustee with pro forma copies of all cover notes and policies relating to the obligatory insurances which they are to effect or renew and of a letter or letters of undertaking in a form required by the Security Trustee and including undertakings by the approved brokers that:

(a) they will have endorsed on each policy, immediately upon issue, a loss payable clause and a notice of assignment complying with the provisions of Clause 13.4 (*Further protections for the Creditor Parties*);

(b) they will hold such policies, and the benefit of such insurances, to the order of the Security Trustee in accordance with the said loss payable clause;

(c) they will advise the Security Trustee immediately of any material change to the terms of the obligatory insurances;

(d) they will notify the Security Trustee, not less than 14 days before the expiry of the obligatory insurances, in the event of their not having received notice of renewal instructions from that Borrower or its agents and, in the event of their receiving instructions to renew, they will promptly notify the Security Trustee of the terms of the instructions; and

(e) they will not set off against any sum recoverable in respect of a claim relating to the Ship owned by that Borrower under such obligatory insurances any premiums or other amounts due to them or any other person whether in respect of that Ship or otherwise, they waive any lien on the policies, or any sums received under them, which they might have in respect of such premiums or other amounts, and they will not cancel such obligatory insurances by reason of non-payment of such premiums or other amounts, and will arrange for a separate policy to be issued in respect of that Ship forthwith upon being so requested by the Security Trustee.

13.7 Copies of certificates of entry; letters of undertaking

Each Borrower shall ensure that any protection and indemnity and/or war risks associations in which the Ship owned by that Borrower is entered provides the Security Trustee with:

(a) a 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 Security Trustee;

(c) where required to be issued under the terms of insurance/indemnity provided by that Borrower's protection and indemnity association, a certified copy of each United States of America voyage quarterly declaration (or other similar document or documents) made by that Borrower in accordance with the requirements of such protection and indemnity association; and

(d) a certified copy of each certificate of financial responsibility for pollution by oil or other Environmentally Sensitive Material issued by the relevant certifying authority or, as the case may be, protection and indemnity associations in relation to that Ship (if applicable).

13.8 Deposit of original policies

Each Borrower shall ensure that all policies relating to obligatory insurances effected by it are deposited with the approved brokers through which the insurances are effected or renewed.

13.9 Payment of premiums

Each Borrower shall punctually pay all premiums or other sums payable in respect of the obligatory insurances effected by it and produce all relevant receipts when so required by the Security Trustee.

13.10 Guarantees

Each Borrower shall ensure that any guarantees required by a protection and indemnity or war risks association are promptly issued and remain in full force and effect.

13.11 Compliance with terms of insurances

Each Borrower shall not do or omit to do (nor permit to be done or not to be done) any act or thing which would or might render any obligatory insurance invalid, void, voidable or unenforceable or render any sum payable under an obligatory insurance repayable in whole or in part; and, in particular it shall:

(a) take all necessary action and comply with all requirements which may from time to time be applicable to the obligatory insurances, and (without limiting the obligation contained in Clause 13.6(c) (*Copies of policies; letters of undertaking*)) ensure that the obligatory insurances are not made subject to any exclusions or qualifications to which the Security Trustee has not given its prior approval;

(b) not make any changes relating to the classification or classification society or manager or operator of the Ship owned by it approved by the underwriters of the obligatory insurances;

(c) make (and promptly supply copies to the Agent) of all quarterly or other voyage declarations which may be required by the protection and indemnity risks association in which that Ship is entered to maintain cover for trading to the United States of America and Exclusive Economic Zone (as defined in the United States Oil Pollution Act 1990 or any other applicable legislation) and, if applicable, shall procure that each Approved Manager complies with this requirement; and

(d) not employ that Ship, nor allow it to be employed, otherwise than in conformity with the terms and conditions of the obligatory insurances, without first obtaining the consent of the insurers and complying with any requirements (as to extra premium or otherwise) which the insurers specify.

13.12 Alteration to terms of insurances

Each Borrower shall neither make nor agree to any alteration to the terms of any obligatory insurance or waive any right relating to any obligatory insurance.

13.13 Settlement of claims

No Borrower shall settle, compromise or abandon any claim under any obligatory insurance for Total Loss or for a Major Casualty, and shall do all things necessary and provide all documents, evidence and information to enable the Security Trustee to collect or recover any moneys which at any time become payable in respect of the obligatory insurances and shall do all things necessary to ensure such collection or recovery is made.

13.14 Provision of copies of communications

Each Borrower shall provide the Security Trustee upon request, 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;

(ii) any credit arrangements made between that Borrower and any of the persons referred to in paragraphs (a) or (b) relating wholly or partly to the effecting or maintenance of the obligatory insurances; and

(iii) a claim under any Insurances.

13.15 Provision of information and further undertakings

In addition, each Borrower shall promptly provide the Security Trustee (or any persons which it may designate) with any information which the Security Trustee (or any such designated person) requests for the purpose of:

(a) obtaining or preparing any report from an independent marine insurance broker as to the adequacy of the obligatory insurances effected or proposed to be effected; and/or

(b) effecting, maintaining or renewing any such insurances as are referred to in Clause 13.16 (*Mortgagee's interest and additional perils insurances*) or dealing with or considering any matters relating to any such insurances,

and that Borrower shall:

(i) do all things necessary and provide the Agent and the Security Trustee with all documents and information to enable the Security Trustee to collect or recover any moneys in respect of the Insurances which are payable to the Security Trustee pursuant to the Finance Documents; and

(ii) promptly provide the Agent with full information regarding any Major Casualty in consequence whereof the Ship owned by that Borrower has become or may become a Total Loss and agree to any settlement of such casualty or other accident or damage to that Ship only with the Agent's prior written consent,

and that Borrower shall, forthwith upon demand, indemnify the Security Trustee in respect of all fees and other expenses incurred by or for the account of the Security Trustee in connection with any such report as is referred to in paragraph (a).

13.16 Mortgagee's interest and additional perils insurances

The Security Trustee shall be entitled from time to time to effect, maintain and renew all or any of the following insurances in such amounts, on such terms, through such insurers and generally in such manner as the Majority Lenders may from time to time consider appropriate:

(a) a mortgagee's interest insurance in respect of each Ship providing for the indemnification of the Creditor Parties for any losses under or in connection with any Finance Document which directly or indirectly result from loss of or damage to a Ship or a liability of such Ship or of the Borrower owning that Ship, such loss or damage being *prima facie* covered by an obligatory insurance but in respect of which there is a non-payment (or reduced payment) by the underwriters by reason of, or on the basis of, an allegation concerning:

(i) any act or omission on the part of that Borrower, of any operator, charterer, manager or sub-manager of that Ship or of any officer, employee or agent of that Borrower or of any such person, including any breach of warranty or condition or any non-disclosure relating to such obligatory insurance;

(ii) any act or omission, whether deliberate, negligent or accidental, or any knowledge or privity of that Borrower, any other person referred to in paragraph (i) above, or of any officer, employee or agent of that Borrower or of such a person, including the casting away or damaging of that Ship and/or that Ship being unseaworthy; and/or

(iii) any other matter capable of being insured against under a mortgagee's interest marine insurance policy, whether or not similar to the foregoing,

in an amount of up to 120 per cent. of the aggregate of:

(A) the Advance relating to the Ship owned by it: and

(B) the aggregate principal amount secured by Permitted Security Interests over that Ship which have a prior ranking to the Security Interests created by the Finance Documents,

(the aggregate of (A) and (B) being the "**Aggregate Insurable Amount"**);

(b) a mortgagee's interest additional perils insurance in respect of each Ship providing for the indemnification of the Creditor Parties against, amongst other things, any possible losses or other consequences of any Environmental Claim, including the risk of expropriation, arrest or any form of detention of that Ship, the imposition of any Security Interest over that Ship and/or any other matter capable of being insured against under a mortgagee's interest additional perils policy, whether or not similar to the foregoing, and in an amount of up to 110 per cent. of the Aggregate Insurable Amount;

and the Borrowers shall upon demand fully indemnify the Security Trustee in respect of all premiums and other expenses which are incurred in connection with, or with a view to effecting, maintaining or renewing any such insurance or dealing with, or considering, any matter arising out of any such insurance.

13.17 Review of insurance requirements

The Security Trustee shall be entitled to review the requirements of this Clause 13 (*Insurance*) from time to time in order to take account of any changes in circumstances after the date of this Agreement which are, in the opinion of the Agent (acting on the instructions of the Majority Lenders), significant and capable of affecting the Borrowers, each Ship and its Insurances (including, without limitation, changes in the availability or the cost of insurance coverage or the risks to which the Borrower owning that Ship may be subject) and the Borrowers shall upon demand fully indemnify the Agent in respect of all fees and other expenses incurred by or for the account of the Agent in appointing an independent marine insurance broker or adviser to conduct such review.

13.18 Modification of insurance requirements

The Security Trustee shall notify the Borrowers of any proposed modification under Clause 13.17 (*Review of insurance requirements*) to the requirements of this Clause 13 (*nsurance) which* the Security Trustee reasonably considers appropriate in the circumstances, and such modification shall take effect on and from the date it is notified in writing to the Borrowers as an amendment to this Clause 13 (*Insurance*) and shall bind the Borrowers accordingly.

13.19 Compliance with mortgagee's instructions

The Security Trustee shall be entitled (without prejudice to or limitation of any other rights which it may have or acquire under any Finance Document) to require a Ship to remain at any safe port or to proceed to and remain at any safe port designated by the Security Trustee until the Borrower owning that Ship implements any amendments to the terms of the obligatory insurances and any operational changes required as a result of a notice served under Clause 13.18 (*Modification of insurance requirements*).

14 SHIP COVENANTS

14.1 General

Each Borrower also undertakes with each Creditor Party to comply with the following provisions of this Clause 14 (*Ship Covenants*) at all times during the Security Period except as the Agent, acting with the authorisation of the Majority Lenders, may otherwise permit in writing.

14.2 Ship's name and registration

Each Borrower shall keep the Ship owned by it registered in its name under an Approved Flag; shall not do, omit to do or allow to be done anything as a result of which such registration might be cancelled or imperilled; and shall not change the name or port of registry of that Ship.

14.3 Repair and classification

Each Borrower shall, and shall procure that each Approved Manager shall, keep the Ship owned by that Borrower in a good and safe condition and state of repair, sea and cargo worthy in all respects:

(a) consistent with first-class ship ownership and management practice;

(b) so as to maintain the highest class free of overdue recommendations and conditions, with a classification society which is a member of IACS (being one of Lloyd's Registry, American Bureau of Shipping, Det Norske Veritas, Bureau Veritas, Korean Register of Shipping, Nippon Kaiji Kyoykai or Registro Italiano Navale) and acceptable to the Agent; and

(c) so as to comply with all laws and regulations applicable to vessels registered at ports in the applicable Approved Flag State or to vessels trading to any jurisdiction to which that Ship may trade from time to time, including but not limited to the ISM Code and the ISPS Code,

and the Agent shall be given power of attorney in the form attached as Schedule 6 (*Power of Attorney*) to act on behalf of that Borrower in order to, inspect the class records and any files held by the classification society and to require the classification society to provide the Agent or any of its nominees with any information, document or file, it might request and the classification society shall be fully entitled to rely hereon without any further inquiry.

14.4 Classification society undertaking

Each Borrower shall instruct the classification society referred to in Clause 14.3 (*Repair and classification*) (and procure that the classification society undertakes with the Security Trustee) in relation to its Ship:

(a) to send to the Security Trustee, following receipt of a written request from the Security Trustee, certified true copies of all original class records and any other related records held by the classification society in relation to the Ship owned by that Borrower;

(b) to allow the Security Trustee (or its agents), at any time and from time to time, to inspect the original class and related records of that Ship at the offices of the classification society and to take copies of them;

(c) to notify the Security Trustee immediately in writing if the classification society:

(i) receives notification from that Borrower or any person that that Ship's classification society is to be changed; or

(ii) becomes aware of any facts or matters which may result in or have resulted in a change, suspension, discontinuance, withdrawal or expiry of that Ship's class under the rules or terms and conditions of that Borrower's or that Ship's membership of the classification society;

(d) following receipt of a written request from the Security Trustee:

(i) to confirm that that Borrower is not in default of any of its contractual obligations or liabilities to the classification society and, without limiting the foregoing, that it has paid in full all fees or other charges due and payable to the classification society; or

(ii) if that Borrower is in default of any of its contractual obligations or liabilities to the classification society, to specify to the Security Trustee in reasonable detail the facts and circumstances of such default, the consequences thereof, and any remedy period agreed or allowed by the classification society.

14.5 Modification

Neither Borrower shall make any modification or repairs to, or replacement of, its Ship or equipment installed on it which would or might materially alter the structure, type or performance characteristics of that Ship or materially reduce its value.

14.6 Removal of parts

Neither Borrower shall remove any material part of its Ship, or any item of equipment installed on that Ship unless the part or item so removed is forthwith replaced by a suitable part or item which is in the same condition as or better condition than the part or item removed, is free from any Security Interest or any right in favour of any person other than the Security Trustee and becomes on installation on that Ship the property of that Borrower and subject to the security constituted by the relevant Mortgage **Provided that** a Borrower may install equipment owned by a third party if the equipment can be removed without any risk of damage to the Ship owned by it.

14.7 Surveys

Each Borrower shall submit the Ship owned by it regularly to all periodical or other surveys which may be required for classification purposes and, if so required by the Security Trustee provide the Security Trustee, with copies of all survey reports.

14.8 Inspection

Each Borrower shall permit the Security Trustee (by surveyors or other persons appointed by it for that purpose) to board the Ship owned by that Borrower at all reasonable times to inspect its condition or to satisfy themselves about proposed or executed repairs and shall afford all proper facilities for such inspections at the Borrowers' expense, and if the inspector or surveyor appointed by the Security Trustee under this Clause is of the opinion that there are any technical, commercial or operational actions being undertaken or omitted to be undertaken by the Borrower which is the owner of that Ship or the relevant Approved Manager which adversely affect the operation or value of that Ship, the Borrowers shall forthwith (at their expense) on the Security Trustee's demand remedy such action or inaction and provide the Security Trustee with evidence that it has taken such remedial action.

14.9 Prevention of and release from arrest

Each Borrower shall promptly discharge:

(a) all liabilities which give or may give rise to maritime or possessory liens on or claims enforceable against the Ship owned by it, the Earnings or the Insurances;

(b) all taxes, dues and other amounts charged in respect of that Ship, the Earnings or the Insurances; and

(c) all other outgoings whatsoever in respect of that Ship, the Earnings or the Insurances,

and, forthwith upon receiving notice of the arrest of that Ship, or of its detention in exercise or purported exercise of any lien or claim, that Borrower shall procure its release by providing bail or otherwise as the circumstances may require.

14.10 Compliance with laws etc.

Each Borrower shall:

(a) comply, or procure compliance with the ISM Code, the ISPS Code, all Environmental Laws and all other laws or regulations relating to the Ship owned by it, its ownership, operation and management or to the business of that Borrower;

(b) not employ the Ship owned by it nor allow its employment in any manner contrary to any law or regulation in any relevant jurisdiction including but not limited to the ISM Code and the ISPS Code; and

(c) in the event of hostilities in any part of the world (whether war is declared or not), not cause or permit that Ship to enter or trade to any zone which is declared a war zone by any government or by the Ship's war risks insurers unless the prior written consent of the Security Trustee has been given and that Borrower has (at its expense) effected any special, additional or modified insurance cover which the Security Trustee may require.

14.11 Provision of information

Each Borrower shall promptly provide the Security Trustee with any information which it requests regarding:

(a) the Ship owned by it, its employment, position and engagements;

(b) the Earnings and payments and amounts due to the master and crew of that Ship;

(c) any expenses incurred, or likely to be incurred, in connection with the operation, maintenance or repair of that Ship and any payments made in respect of that Ship;

(d) any towages and salvages; and

(e) its compliance, each Approved Manager's compliance and the compliance of that Ship with the ISM Code and the ISPS Code,

and, upon the Security Trustee's request, provide copies of any current charter relating to that Ship, of any current charter guarantee and copies of that Borrower's or the relevant Approved Manager's Document of Compliance, Safety Management Certificate and the ISSC.

14.12 Notification of certain events

Each Borrower shall:

(a) before entering into:

(i) any demise charter for any period in respect of its Ship; or

(ii) any other Assignable Charter,

notify the Agent and provide copies of any draft charter relating to its Ship and, if applicable, any draft charter guarantee and that Borrower shall be entitled to enter into such charter **Provided that**:

(A) that Borrower executes in favour of the Security Trustee a specific assignment of all its rights, title and interest in and to such charter and any charter guarantee in the form of a Charterparty Assignment;

(B) the charterer and any charter guarantor agree to acknowledge to the Security Trustee (1) the specific assignment of such charter and charter guarantee by executing an acknowledgement substantially in the form included in the relevant Charterparty Assignment and (2) that the Mortgage over that Ship has been registered prior to the entry into such charter and the charterer provides to the Security Trustee a letter of undertaking pursuant to which the charterer subordinates all its claims against the relevant Borrower and its Ship to the claims of the Creditor Parties under or in connection with the Finance Documents in the Agreed Form;

(C) in the case where such charter is a demise charter the charterer undertakes to the Security Trustee (1) to comply with all of that Borrower's undertakings with regard to the employment, insurances, operation, repairs and maintenance of its Ship contained in this Agreement, the Mortgage and the General Assignment in relation to that Ship and (2) to provide an assignment of its interest in the insurances of that Ship in the Agreed Form;

(D) the relevant Borrower provides certified true and complete copies of the charter relating to its Ship and of any current charter guarantee, if any, immediately after its execution;

(E) the Agent's receipt of a copy of the charter and its failure or neglect to act, delay or acquiescence in connection with the relevant Borrower's entering into such charter shall not in any way constitute an acceptance by the Agent of whether or not the Earnings under the charter are sufficient to meet the debt service requirements under this Agreement nor shall it in any way affect the Agent's or the Security Trustee's entitlement to exercise its rights under the Finance Documents pursuant to Clause 19 (*Events of Default*) upon the occurrence of an Event of Default arising as a result of an act or omission of the charterer; and

(F) the Borrower delivers to the Agent such other documents equivalent to those referred to at paragraphs 2, 3, 4, 5, 8, 9 and 10 of Schedule 3 (*Condition Precedent Documents*), Part A as the Agent may require; and

(b) immediately notify the Security Trustee by letter, of:

(i) its entry into any agreement or arrangement for the postponement of any date on which any Earnings are due, the reduction of the amount of any Earnings or otherwise for the release or adverse alteration of any right of that Borrower to any Earnings;

(ii) its entry into any time or consecutive voyage charter in respect of that Ship for a term which exceeds, or which by virtue of any optional extensions may exceed, six months;

(iii) any casualty which is or is likely to be or to become a Major Casualty;

(iv) any occurrence as a result of which the Ship owned by it has become or is, by the passing of time or otherwise, likely to become a Total Loss;

(v) any requirement, condition or recommendation made by any insurer or classification society or by any competent authority which is not immediately complied with;

(vi) any arrest or detention of that Ship, any exercise or purported exercise of any lien on that Ship or its Earnings or any requisition of that Ship for hire;

(vii) any intended dry docking of that Ship;

(viii) any Environmental Claim which exceeds $1,000,000 and made against that Borrower or in connection with that Ship, or any Environmental Incident;

(ix) any claim for breach of the ISM Code or the ISPS Code being made against that Borrower, any Approved Manager or otherwise in connection with that Ship;

(x) its intention to de-activate or lay up its Ship; or

(xi) any other matter, event or incident, actual or threatened, the effect of which will or could lead to the ISM Code or the ISPS Code not being complied with,

and that Borrower shall keep the Security Trustee advised in writing on a regular basis and in such detail as the Security Trustee shall require of that Borrower's, any Approved Manager's or any other person's response to any of those events or matters.

14.13 Restrictions on chartering, appointment of managers etc.

Neither Borrower shall, in relation to the Ship owned by it:

(a) enter into any charter in relation to that Ship under which more than two months' hire (or the equivalent) is payable in advance;

(b) charter that Ship otherwise than on bona fide arm's length terms at the time when that Ship is fixed;

(c) appoint a manager of that Ship other than the Approved Managers or agree to any alteration to the terms of any Approved Manager's appointment; or

(d) put that Ship into the possession of any person for the purpose of work being done upon it in an amount exceeding or likely to exceed $1,000,000 (or the equivalent in any other currency) unless that person has first given to the Security Trustee and in terms satisfactory to it a written undertaking not to exercise any lien on that Ship or its Earnings for the cost of such work or for any other reason.

14.14 Notice of Mortgage

Each Borrower shall keep the Mortgage relative to its Ship registered against that Ship as a valid first preferred or, as the case may be, priority mortgage, carry on board that Ship a certified copy of that Mortgage and place and maintain in a conspicuous place in the navigation room and the Master's cabin of that Ship a framed printed notice stating that that Ship is mortgaged by that Borrower to the Security Trustee.

14.15 Sharing of Earnings

Neither Borrower shall enter into any agreement or arrangement for the sharing of any Earnings (other than (i) any profit sharing agreement with a charterer which takes effect above an agreed minimum charter hire rate payable to the relevant Borrower under a charter to which that Borrower is a party and (ii) any pool agreement, in either case, on bona fide arm's length terms).

14.16 ISPS Code

Each Borrower shall comply with the ISPS Code and in particular, without limitation, shall:

(a) procure that the Ship owned by it and the company responsible for that Ship's compliance with the ISPS Code comply with the ISPS Code; and

(b) maintain for that Ship an ISSC; and

(c) notify the Agent immediately in writing of any actual or threatened withdrawal, suspension, cancellation or modification of the ISSC.

15 SECURITY COVER

15.1 Minimum required security cover

Clause 15.2 (*Prepayment; provision of additional security*) applies if the Agent notifies the Borrowers that the Security Cover Ratio is below 130 per cent.

15.2 Prepayment; provision of additional security

If the Agent serves a notice on the Borrowers under Clause 15.1 (*Minimum required security cover*), the Borrowers shall prepay such part at least of the Loan as will eliminate the shortfall on or before the date falling 14 Business Days after the date on which the Agent's notice is served under Clause 15.1 (*Minimum required security cover*) (the "**Prepayment Date**") unless at least five calendar days before the Prepayment Date the Borrowers have provided, or ensured that a third party has provided, additional security which, in the opinion of the Majority Lenders, has a net realisable value at least equal to the shortfall and is documented in such terms as the Agent may, with the authorisation of the Majority Lenders, approve or require.

15.3 Valuation of Ships

(a) The Market Value of a Mortgaged Ship at any date is that shown by a valuation issued by an Approved Broker selected and appointed by the Agent, such valuation to be addressed to the Agent and prepared:

(i) as at a date not more than 30 days previously;

(ii) with or without physical inspection of that Ship (as the Agent may require); and

(iii) on the basis of a sale for prompt delivery for cash on normal arm's length commercial terms as between a willing seller and a willing buyer, free of any existing charter or other contract of employment.

(b) If a Borrower disagrees with the valuation obtained by the Agent in accordance with paragraph (a) above, it shall be entitled to obtain a second valuation from an Approved Broker selected by the Borrowers and appointed by the Agent, and prepared in accordance with sub-paragraphs (i) to (iii) of paragraph (a) above. In that case the Market Value of the Mortgaged Ship shall be the arithmetic mean of the two valuations issued **provided that** if the Borrowers do not elect to appoint an Approved Broker within 14 days after the Agent's request to receive a valuation of a Mortgaged Ship, the Market Value of that Mortgaged Ship shall be that shown in the sole valuation obtained by the Agent in accordance with paragraph (a) above.

15.4 Value of additional vessel security

The net realisable value of any additional security which is provided under Clause 15.2 (*Prepayment; provision of additional security*) and which consists of a Security Interest over a vessel shall be that shown by a valuation complying with the requirements of Clause 15.3 (*Valuation of Ships*).

15.5 Valuations binding

Any valuation under Clause 15.2 (*Prepayment; provision of additional security*), 15.3 (*Valuation of Ships*) or 15.4 (*Value of additional vessel security*) shall be binding and conclusive as regards the Borrowers, as shall be any valuation which the Majority Lenders make of any additional security which does not consist of or include a Security Interest.

15.6 Provision of information

The Borrowers shall promptly provide the Agent and any Approved Broker or expert acting under Clause 15.3 (*Valuation of Ships*) or 15.4 (*Value of additional vessel security*)with any information which the Agent or that Approved Broker or expert may request for the purposes of the valuation; and, if the Borrowers fail to provide the information by the date specified in the request, the valuation may be made on any basis and assumptions which that Approved Broker or the Majority Lenders (or the expert appointed by them) consider prudent.

15.7 Payment of valuation expenses

Without prejudice to the generality of the Borrowers' obligations under Clauses 20.2 (*Costs of negotiation, preparation etc.*), 20.3 (*Costs of variations, amendments, enforcement etc.*) and 21.3 (*Other breakage costs*), the Borrowers shall, on demand, pay the Agent the amount of the fees and expenses of any Approved Broker or expert instructed by the Agent under this Clause and all legal and other expenses incurred by any Creditor Party in connection with any matter arising out of this Clause **Provided that** so long as no Event of Default has occurred which is continuing the Borrowers shall not be obliged to pay any such fees and expenses in respect of more than two sets of valuations of each Ship in any calendar year (in addition to the set of valuations to determine the Initial Market Value of each Ship obtained prior to the Drawdown Date).

15.8 Frequency of valuations

The Borrowers acknowledge and agree that the Agent may commission valuation(s) of either Ship at such times as the Agent (acting on the instructions of the Lenders) shall deem necessary and, in any event, not less than once during each 6-month period of the Security Period.

16 PAYMENTS AND CALCULATIONS

16.1 Currency and method of payments

All payments to be made by the Lenders or by either Borrower under a Finance Document shall be made to the Agent or to the Security Trustee, in the case of an amount payable to it:

(a) by not later than 11.00 a.m. (New York City time) on the due date;

(b) in same day Dollar funds settled through the New York Clearing House Interbank Payments System (or in such other Dollar funds and/or settled in such other manner as the Agent shall specify as being customary at the time for the settlement of international transactions of the type contemplated by this Agreement);

(c) in the case of an amount payable by a Lender to the Agent or by either Borrower to the Agent or any Lender, to the account of the Agent at J.P. Morgan Chase Bank (SWIFT Code CHASUS33) (Account No. 001 1331 808 in favour of Hamburg Commercial Bank AG, SWIFT Code HSHNDEHH; Reference "Cinderella Shipping Co. et al") or to such other account with such other bank as the Agent may from time to time notify to the Borrowers and the other Creditor Parties; and

(d) in the case of an amount payable to the Security Trustee, to such account as it may from time to time notify to the Borrowers and the other Creditor Parties.

16.2 Payment on non-Business Day

If any payment by either Borrower under a Finance Document would otherwise fall due on a day which is not a Business Day:

(a) the due date shall be extended to the next succeeding Business Day; or

(b) if the next succeeding Business Day falls in the next calendar month, the due date shall be brought forward to the immediately preceding Business Day,

and interest shall be payable during any extension under paragraph (a) at the rate payable on the original due date.

16.3 Basis for calculation of periodic payments

All interest and commitment fee and any other payments under any Finance Document which are of an annual or periodic nature shall accrue from day to day and shall be calculated on the basis of the actual number of days elapsed and a 360-day year.

16.4 Distribution of payments to Creditor Parties

Subject to Clauses 16.5 (*Permitted deductions by Agent*), 16.6 (*Agent only obliged to pay when monies received*) and 16.7 (*Refund to Agent of monies not received*):

(a) any amount received by the Agent under a Finance Document for distribution or remittance to a Lender or the Security Trustee shall be made available by the Agent to that Lender or, as the case may be, the Security Trustee by payment, with funds having the same value as the funds received, to such account as the Lender or the Security Trustee may have notified to the Agent not less than five Business Days previously; and

(b) amounts to be applied in satisfying amounts of a particular category which are due to the Lenders generally shall be distributed by the Agent to each Lender pro rata to the amount in that category which is due to it.

16.5 Permitted deductions by Agent

Notwithstanding any other provision of this Agreement or any other Finance Document, the Agent may, before making an amount available to a Lender, deduct and withhold from that amount any sum which is then due and payable to the Agent from that Lender under any Finance Document or any sum which the Agent is then entitled under any Finance Document to require that Lender to pay on demand.

16.6 Agent only obliged to pay when monies received

Notwithstanding any other provision of this Agreement or any other Finance Document, the Agent shall not be obliged to make available to either Borrower or any Lender any sum which the Agent is expecting to receive for remittance or distribution to that Borrower or that Lender until the Agent has satisfied itself that it has received that sum.

16.7 Refund to Agent of monies not received

If and to the extent that the Agent makes available a sum to a Borrower or a Lender without first having received that sum, that Borrower or (as the case may be) the Lender concerned shall, on demand:

(a) refund the sum in full to the Agent; and

(b) pay to the Agent the amount (as certified by the Agent) which will indemnify the Agent against any funding or other loss, liability or expense incurred by the Agent as a result of making the sum available before receiving it.

16.8 Agent may assume receipt

Clause 16.7 (*Refund to Agent of monies not received*) shall not affect any claim which the Agent has under the law of restitution, and applies irrespective of whether the Agent had any form of notice that it had not received the sum which it made available.

16.9 Creditor Party accounts

Each Creditor Party shall maintain accounts showing the amounts owing to it by the Borrowers and each Security Party under the Finance Documents and all payments in respect of those amounts made by the Borrowers and any Security Party.

16.10 Agent's memorandum account

The Agent shall maintain a memorandum account showing the amounts advanced by the Lenders and all other sums owing to the Agent, the Security Trustee and each Lender from the Borrowers and each Security Party under the Finance Documents and all payments in respect of those amounts made by the Borrowers and any Security Party.

16.11 Accounts prima facie evidence

If any accounts maintained under Clauses 16.9 (*Creditor Party accounts*) and 16.10 (*Agent's memorandum account*) show an amount to be owing by a Borrower or a Security Party to a Creditor Party, those accounts shall be *prima facie* evidence that that amount is owing to that Creditor Party.

17 APPLICATION OF RECEIPTS

17.1 Normal order of application

Except as any Finance Document may otherwise provide, any sums which are received or recovered by any Creditor Party under or by virtue of any Finance Document shall be applied:

(a) FIRST: in or towards satisfaction of any amounts then due and payable under the Finance Documents in the following order and proportions:

(i) firstly, in or towards satisfaction pro rata of all amounts then due and payable to the Creditor Parties under the Finance Documents (including, but without limitation, all amounts payable by either Borrower under Clauses 20 (*Fees and Expenses*), 21 (*Indemnities*) and 22 (*No Set-Off or Tax Deduction*) of this Agreement or by either Borrower or any Security Party under any corresponding or similar provision in any other Finance Document) other than those amounts referred to at paragraphs (ii) and (iii);

(ii) secondly, in or towards satisfaction pro rata of any and all amounts of interest or default interest payable to the Creditor Parties under the Finance Documents; and

(iii) thirdly, in or towards satisfaction of the Loan;

(b) SECONDLY: in retention of an amount equal to any amount not then due and payable under any Finance Document but which the Agent, by notice to the Borrowers (or either of them), the Security Parties and the other Creditor Parties, states in its reasonable opinion will either or may become due and payable in the future and, upon those amounts becoming due and payable, in or towards satisfaction of them in accordance with the provisions of Clause 17.1(a) (*Normal order of application*); and

(c) THIRDLY: any surplus shall be paid to the Borrowers or to any other person appearing to be entitled to it.

17.2 Application by any covered bond Lender

If and to the extent that any Lender includes the Loan and/or a Mortgage in its covered bond register, any enforcement proceeds recovered under the Finance Documents and attributable to it under the relevant Finance Document shall, notwithstanding the provisions of Clause 17.1(a) (*Normal order of application*), be applied by it first to the part of the Loan that corresponds to that Lender's Contribution registered in its covered bond register and thereafter in the following order:

(a) firstly, in or towards satisfaction of the amounts set out under Clause 17.1(a)(i) (*Normal order of application*);

(b) secondly, in or towards satisfaction of the amounts set out under Clause 17.1(a)(ii) (*Normal order of application*); and

(c) thirdly, in or towards satisfaction of any part of the Loan that corresponds to any unregistered part of that Lender's contribution.

17.3 Variation of order of application

The Agent may, with the authorisation of the Majority Lenders, by notice to the Borrowers, the Security Parties and the other Creditor Parties provide for a different manner of application from that set out in Clause 17.1 (*Normal order of application*) (but not, for the avoidance of doubt, that set out in Clause 17.2 (*Application by any covered bond Lender*)) either as regards a specified sum or sums or as regards sums in a specified category or categories.

17.4 Notice of variation of order of application

The Agent may give notices under Clause 17.3 (*Variation of order of application*) from time to time; and such a notice may be stated to apply not only to sums which may be received or recovered in the future, but also to any sum which has been received or recovered on or after the third Business Day before the date on which the notice is served.

17.5 Appropriation rights overridden

This Clause 17 (*Application of Receipts*) and any notice which the Agent gives under Clause 17.3 (*Variation of order of application*) shall override any right of appropriation possessed, and any appropriation made, by either Borrower or any Security Party.

18 APPLICATION OF EARNINGS

18.1 Payment of Earnings

Each Borrower undertakes with each Creditor Party that, throughout the Security Period (and subject only to the provisions of the General Assignment to which it is a party):

(a) it shall maintain the Accounts with the Account Bank;

(b) it shall ensure that all Earnings of the Ship owned by it are paid to the Earnings Account for that Ship;

(c) the Minimum Liquidity and the Additional Minimum Liquidity required pursuant to Clause 11.19 (*Minimum Liquidity and Additional Minimum Liquidity*) shall be maintained in the Liquidity Account; and

(d) the Dry Docking Reserve Amount required pursuant to Clause 11.20 (*Dry Docking Reserve Amount*) shall be maintained in the Dry Dock Reserve Account.

18.2 Monthly retentions to Retention Account

The Borrowers undertake with each Creditor Party to ensure that, on and from the date falling one month after each Drawdown Date and at monthly intervals thereafter during the Security Period, there are transferred in respect of each Advance drawn on that Drawdown Date to the Retention Account out of the Earnings received in the relevant Earnings Account during the preceding month:

(a) one-third of the amount of the relevant Instalment falling due in respect of that Advance under Clause 8.1 (*Amount of Instalments*) on the next Repayment Date; and

(b) the relevant fraction of the aggregate amount of interest on that Advance which is payable on the next due date for payment of interest under this Agreement,

and the Borrowers irrevocably authorise the Agent to make those transfers (in its sole discretion and without any obligation) if the Borrowers fail to do so.

The "**relevant fraction**", in relation to paragraph (b), is a fraction of which the numerator is 1 and the denominator the number of months comprised in the then current Interest Period (or if the current Interest Period in respect of that Advance ends after the next due date for payment of interest under this Agreement, the number of months from the later of the commencement of the current Interest Period in respect of that Advance or the last due date for payment of interest to the next due date for payment of interest in respect of that Advance under this Agreement).

18.3 Shortfall in Earnings

If the aggregate Earnings received in the Earnings Accounts are insufficient at any time for the required amount to be transferred to the Retention Account under Clause 18.2 (*Monthly retentions to Retention Account*), the Borrowers shall immediately pay the amount of the insufficiency into the Retention Account.

18.4 Application of retentions

Until an Event of Default or a Potential Event of Default occurs, the Agent shall, to the extent there are sufficient funds standing to the credit of the Retention Account, on each Repayment Date in respect of an Advance and on each due date for the payment of interest in respect of that Advance under this Agreement distribute to the Lenders in accordance with Clause 16.4 (*Distribution of payments to Creditor Parties*) so much of the then balance on the Retention Account as equals:

(a) the Instalment in respect of the relevant Advance due on that Repayment Date pursuant to Clause 8.1 (*Amount of Instalments*); or

(b) the amount of interest in respect of the relevant Advance payable on that interest payment date,

in discharge of the Borrowers' liability for that Instalment or that interest.

18.5 Interest accrued on the Accounts

Any credit balance on each Account shall bear interest at the rate from time to time offered by the Agent to its customers for Dollar deposits of similar amounts and for periods similar to those for which such balances appear to the Agent likely to remain on that Account.

18.6 Release of accrued interest

Interest accruing under Clause 18.5 (*interest accrued on the* Accounts) shall be credited to the relevant Account and may be released to a Borrower pursuant to Clause 18.10 (*Restriction on withdrawal*).

18.7 Location of Accounts

Each Borrower shall promptly:

(a) comply with any requirement of the Agent as to the location or re-location of the Accounts (or any of them); and

(b) execute any documents which the Agent specifies to create or maintain in favour of the Security Trustee a Security Interest over (and/or rights of set-off, consolidation or other rights in relation to) the Accounts.

18.8 Debits for fees, expenses etc.

The Agent shall be entitled (but not obliged) from time to time to debit any Earnings Account without prior notice in order to discharge any amount due and payable under Clauses 20 (*Fees and Expenses*) or 21 (*Indemnities*) to a Creditor Party or payment of which any Creditor Party has become entitled to demand under Clauses 20 (*Fees and Expenses*) or 21 (*Indemnities*).

18.9 Borrowers' obligations unaffected

The provisions of this Clause 18 (*Application of Earnings*) (as distinct from a distribution effected under Clause 18.4 (*Application of retentions*)) do not affect:

(a) the liability of the Borrowers to make payments of principal and interest on the due dates; or

(b) any other liability or obligation of the Borrowers or any Security Party under any Finance Document.

18.10 Restriction on withdrawal

(a) During the Security Period no sum may be withdrawn by a Borrower from the Liquidity Account, the Dry Dock Reserve Account or the Retention Account (other than interest pursuant to Clause 18.6 (*Release of accrued interest*) and/or any sums withdrawn in accordance with, and pursuant to, the terms of Clauses 11.19(c) (*Minimum Liquidity and Additional Minimum Liquidity*) and/or 11.20(d) (*Dry Docking Reserve Amount*)), provided that no Event of Default or Potential Event of Default has occurred which is continuing, without the prior written consent of the Agent.

(b) The Borrowers may, in any calendar month, after having transferred and/or after having taken into account all amounts due or which will become due to the Retention Account in such calendar month in accordance with Clause 18.2 (*Monthly retentions to Retention Account*), withdraw any surplus (a "**Surplus**") from the Earnings Accounts as they may think fit for purposes permitted by this Agreement and the other Finance Documents **Provided always** no Event of Default or Potential Event of Default has occurred which is continuing in which case any Surplus shall remain on the Earnings Accounts.

19 EVENTS OF DEFAULT

19.1 Events of Default

An Event of Default occurs if:

(a) any Borrower or any Security Party fails to pay when due or (if so payable) on demand any sum payable under a Finance Document or under any document relating to a Finance Document unless:

(i) its failure to pay is caused by administrative or technical error or a Disruption Event; and

(ii) payment is made within three Business Days; or

(b) any breach occurs of Clause 2.3 (*Purpose of Advances*), 9.2 (*Waiver of conditions precedent*), 11.2 (*Title and negative pledge*), 11.3 (*No disposal of assets*), 11.18 (*"Know your customer" checks*), 11.19 (*Minimum Liquidity and Additional Minimum Liquidity*), 11.21 (*Compliance Certificate*), 12.2 (*Maintenance of status*), 12.3 (*Negative undertakings*) or 15.2 (*Prepayment; provision of additional security*); or

(c) any breach by any Borrower or any Security Party occurs of any provision of a Finance Document (other than a breach covered by paragraphs (a) or (b)) which, in the opinion of the Majority Lenders, is capable of remedy, and such default continues unremedied 15 Business Days after written notice from the Agent requesting action to remedy the same; or

(d) (subject to any applicable grace period specified in the Finance Documents) any breach by any Borrower or any Security Party occurs of any provision of a Finance Document (other than a breach falling within paragraphs (a), (b) or (c)); or

(e) any representation, warranty or statement made or repeated by, or by an officer of, a Borrower or a Security Party in a Finance Document or in a Drawdown Notice or any other notice or document relating to a Finance Document is untrue or misleading when it is made or repeated; or

(f) any of the following occurs in relation to any Financial Indebtedness which, (other than in the case of the Borrowers) exceeds in aggregate $5,000,000 (or its equivalent in any other currency) of a Relevant Person:

(i) any Financial Indebtedness of a Relevant Person is not paid when due; or

(ii) any Financial Indebtedness of a Relevant Person becomes due and payable or capable of being declared due and payable prior to its stated maturity date as a consequence of any event of default; or

(iii) a lease, hire purchase agreement or charter creating any Financial Indebtedness of a Relevant Person is terminated by the lessor or owner or becomes capable of being terminated as a consequence of any termination event; or

(iv) any overdraft, loan, note issuance, acceptance credit, letter of credit, guarantee, foreign exchange or other facility, or any swap or other derivative contract or transaction, relating to any Financial Indebtedness of a Relevant Person ceases to be available or becomes capable of being terminated as a result of any event of default, or cash cover is required, or becomes capable of being required, in respect of such a facility as a result of any event of default; or

(v) any Security Interest securing any Financial Indebtedness of a Relevant Person becomes enforceable; or

(g) any of the following occurs in relation to a Relevant Person:

(i) a Relevant Person becomes, in the opinion of the Majority Lenders, unable to pay its debts as they fall due; or

(ii) any assets of a Relevant Person are subject to any form of execution, attachment, arrest, sequestration or distress or any form of freezing order; or

(iii) any administrative or other receiver is appointed over any asset of a Relevant Person; or

(iv) an administrator is appointed (whether by the court or otherwise) in respect of a Relevant Person; or

(v) any formal declaration of bankruptcy or any formal statement to the effect that a Relevant Person is insolvent or likely to become insolvent is made by a Relevant Person or by the directors of a Relevant Person or, in any proceedings, by a lawyer acting for a Relevant Person; or

(vi) a provisional liquidator is appointed in respect of a Relevant Person, a winding up order is made in relation to a Relevant Person or a winding up resolution is passed by a Relevant Person; or

(vii) a resolution is passed, an administration notice is given or filed, an application or petition to a court is made or presented or any other step is taken by (aa) a Relevant Person, (bb) the members or directors of a Relevant Person, (cc) a holder of Security Interests which together relate to all or substantially all of the assets of a Relevant Person, or (dd) a government minister or public or regulatory authority of a Pertinent Jurisdiction for or with a view to the winding up of that or another Relevant Person or the appointment of a provisional liquidator or administrator in respect of that or another Relevant Person, or that or another Relevant Person ceasing or suspending business operations or payments to creditors, save that this paragraph does not apply to a fully solvent winding up of a Relevant Person other than the Borrowers or the Corporate Guarantor which is, or is to be, effected for the purposes of an amalgamation or reconstruction previously approved by the Majority Lenders and effected not later than three months after the commencement of the winding up; or

(viii) an administration notice is given or filed, an application or petition to a court is made or presented or any other step is taken by a creditor of a Relevant Person (other than a holder of Security Interests which together relate to all or substantially all of the assets of a Relevant Person) for the winding up of a Relevant Person or the appointment of a provisional liquidator or administrator in respect of a Relevant Person in any Pertinent Jurisdiction, unless the proposed winding up, appointment of a provisional liquidator or administration is being contested in good faith, on substantial grounds and not with a view to some other insolvency law procedure being implemented instead and either (aa) the application or petition is dismissed or withdrawn within 30 days of being made or presented, or (bb) within 30 days of the administration notice being given or filed, or the other relevant steps being taken, other action is taken which will ensure that there will be no administration and (in both cases (aa) or (bb)) the Relevant Person will continue to carry on business in the ordinary way and without being the subject of any actual, interim or pending insolvency law procedure; or

(ix) a Relevant Person or its directors take any steps (whether by making or presenting an application or petition to a court, or submitting or presenting a document setting out a proposal or proposed terms, or otherwise) with a view to obtaining, in relation to that or another Relevant Person, any form of moratorium, suspension or deferral of payments, reorganisation of debt (or certain debt) or arrangement with all or a substantial proportion (by number or value) of creditors or of any class of them or any such moratorium, suspension or deferral of payments, reorganisation or arrangement is effected by court order, by the filing of documents with a court, by means of a contract or in any other way at all; or

(x) any meeting of the members or directors, or of any committee of the board or senior management, of a Relevant Person is held or summoned for the purpose of considering a resolution or proposal to authorise or take any action of a type described in paragraphs (iv) to (ix) or a step preparatory to such action, or (with or without such a meeting) the members, directors or such a committee resolve or agree that such an action or step should be taken or should be taken if certain conditions materialise or fail to materialise; or

(xi) in a country other than England, any event occurs, any proceedings are opened or commenced or any step is taken which, in the opinion of the Majority Lenders is similar to any of the foregoing; or

(h) any Borrower ceases or suspends carrying on its business or a part of its business which, in the opinion of the Majority Lenders, is material in the context of this Agreement; or

(i) it becomes unlawful in any Pertinent Jurisdiction or impossible:

(i) for any Borrower or any Security Party to discharge any liability under a Finance Document or to comply with any other obligation which the Majority Lenders consider material under a Finance Document; or

(ii) for the Agent, the Security Trustee or the Lenders to exercise or enforce any right under, or to enforce any Security Interest created by, a Finance Document; or

(j) any official consent necessary to enable any Borrower to own, operate or charter the Ship owned by it or to enable any Borrower or any Security Party to comply with any provision which the Majority Lenders consider material of a Finance Document or any Underlying Document is not granted, expires without being renewed, is revoked or becomes liable to revocation or any condition of such a consent is not fulfilled; or

(k) it appears to the Majority Lenders that, without their prior consent, a Change of Control has occurred or probably has occurred after the date of this Agreement in respect of a Security Party; or

(l) any provision which the Majority Lenders consider material of a Finance Document proves to have been or becomes invalid or unenforceable, or a Security Interest created by a Finance Document proves to have been or becomes invalid or unenforceable or such a Security Interest proves to have ranked after, or loses its priority to, another Security Interest or any other third party claim or interest; or

(m) a Relevant Person rescinds or purports to rescind or repudiates or purports to repudiate a Finance Document or evidences an intention to rescind or repudiate a Finance Document;

(n) the security constituted by a Finance Document is in any way imperilled or in jeopardy; or

(o) any other event occurs or any other circumstances arise or develop including, without limitation:

(i) a change in the financial position, state of affairs or prospects of any Borrower, the Corporate Guarantor or any other Security Party; or

(ii) any accident or other event involving any Ship or another vessel owned, chartered or operated by a Relevant Person (other than Castor Ships); or

(iii) the threat or commencement of legal or administrative action involving a Borrower, a Ship, any of the Approved Managers or any Security Party; or

(iv) the withdrawal of any material license or governmental or regulatory approval in respect of a Ship, a Borrower, any Approved Manager or any Borrower's or Approved Manager's business (unless such withdrawal can be contested with the effect of suspension and is in fact so contested in good faith by the Borrowers or any Approved Manager),

which constitutes a Material Adverse Change.

19.2 Actions following an Event of Default

On, or at any time after, the occurrence of an Event of Default:

(a) the Agent may, and if so instructed by the Majority Lenders, the Agent shall:

(i) serve on the Borrowers a notice stating that all or part of the Commitments and of the other obligations of each Lender to the Borrowers under this Agreement are cancelled; and/or

(ii) serve on the Borrowers a notice stating that all or part of the Loan together with accrued interest and all other amounts accrued or owing under this Agreement are immediately due and payable or are due and payable on demand; and/or

(iii) take any other action which, as a result of the Event of Default or any notice served under paragraph (i) or (ii), the Agent and/or the Lenders are entitled to take under any Finance Document or any applicable law; and/or

(b) the Security Trustee may, and if so instructed by the Agent, acting with the authorisation of the Majority Lenders, the Security Trustee shall take any action which, as a result of the Event of Default or any notice served under paragraph (a)(i) or (a)(ii), the Security Trustee, the Agent, the Mandated Lead Arranger and/or the Lenders are entitled to take under any Finance Document or any applicable law.

19.3 Termination of Commitments

On the service of a notice under Clause 19.2(a)(i) (*Actions following an Event of Default*), the Commitments and all other obligations of each Lender to the Borrowers under this Agreement shall be cancelled.

19.4 Acceleration of Loan

On the service of a notice under Clause 19.2(a)(ii) (*Actions following an Event of Default*), all or, as the case may be, the part of the Loan specified in the notice together with accrued interest and all other amounts accrued or owing from the Borrowers or any Security Party under this Agreement and every other Finance Document shall become immediately due and payable or, as the case may be, payable on demand.

19.5 Multiple notices; action without notice

The Agent may serve notices under Clauses 19.2(a)(i) (*Actions following an Event of Default*) or 19.2(a)(ii) (*Actions following an Event of Default*) simultaneously or on different dates and it and/or the Security Trustee may take any action referred to in Clause 19.2 (*Actions following an Event of Default*) if no such notice is served or simultaneously with or at any time after the service of both or either of such notices.

19.6 Notification of Creditor Parties and Security Parties

The Agent shall send to each Lender, the Security Trustee and each Security Party a copy or the text of any notice which the Agent serves on the Borrowers under Clause 19.2 (*Actions following an Event of Default*); but the notice shall become effective when it is served on the Borrowers, and no failure or delay by the Agent to send a copy or the text of the notice to any other person shall invalidate the notice or provide any Borrower or any Security Party with any form of claim or defence.

19.7 Creditor Party rights unimpaired

Nothing in this Clause shall be taken to impair or restrict the exercise of any right given to individual Lenders under a Finance Document or the general law; and, in particular, this Clause is without prejudice to Clause 3.1 (*Interests several*).

19.8 Exclusion of Creditor Party liability

No Creditor Party, and no receiver or manager appointed by the Security Trustee, shall have any liability to a Borrower or a Security Party:

(a) for any loss caused by an exercise of rights under, or enforcement of a Security Interest created by, a Finance Document or by any failure or delay to exercise such a right or to enforce such a Security Interest; or

(b) as mortgagee in possession or otherwise, for any income or principal amount which might have been produced by or realised from any asset comprised in such a Security Interest or for any reduction (however caused) in the value of such an asset,

except that this does not exempt a Creditor Party or a receiver or manager from liability for losses shown to have been directly and mainly caused by the dishonesty or the wilful misconduct of such Creditor Party's own officers and employees or (as the case may be) such receiver's or manager's own partners or employees.

19.9 Relevant Persons

In this Clause 19 (*Events of Default*), a "**Relevant Person**" means a Borrower, the Corporate Guarantor, any Security Party and any member of the Group.

19.10 Interpretation

In Clause 19.1(f) (*Events of Default*) references to an event of default or a termination event include any event, howsoever described, which is similar to an event of default in a facility agreement or a termination event in a finance lease; and in Clause 19.1(g) (*Events of Default*) "**petition**" includes an application.

20 FEES AND EXPENSES

20.1 Structuring and commitment fees:

The Borrowers shall pay to the Agent:

(a) on the earlier of (i) the Drawdown Date and (ii) the last day of the Availability Period, a non-refundable structuring fee in the amount equal to $407,500 (representing 1.0 per cent. of the Total Commitments as at the date of this Agreement) for distribution among the Lenders pro rata to their Commitments;

(b) a non-refundable commitment fee, at the rate of 1.00 per cent. per annum on the undrawn or uncancelled amount of the Total Commitments, payable quarterly in arrears for distribution among the Lenders pro rata to their Commitments, during the period from (and including) 1 July 2021 (being the date of the Borrowers' acceptance of the firm offer letter in respect of the Loan) to the earlier of (i) the last Drawdown Date to occur under this Agreement and (ii) the last day of the Availability Period which is the last to expire.

20.2 Costs of negotiation, preparation etc.

The Borrowers shall pay to the Agent on its demand the amount of all legal and other expenses incurred by the Agent or the Security Trustee in connection with the negotiation, preparation, execution or registration of any Finance Document or any related document or with any transaction contemplated by a Finance Document or a related document.

20.3 Costs of variations, amendments, enforcement etc.

The Borrowers shall pay to the Agent, on the Agent's demand, for the account of the Creditor Party concerned, the amount of all legal and other expenses incurred by a Creditor Party in connection with:

(a) the response to, or the evaluation, negotiation or implementation of, any amendment or supplement (or any proposal for such an amendment or supplement):

(i) requested (or, in the case of a proposal, made) by or on behalf of the Borrowers and relating to a Finance Document or any other Pertinent Document; or

(ii) which is contemplated in Clause 27.4 (*Replacement of Screen Rate*);

(b) any consent, waiver or suspension of rights by the Lenders, the Majority Lenders or the Creditor Party concerned or any proposal for any of the foregoing requested (or, in the case of a proposal, made) by or on behalf of the Borrowers under or in connection with a Finance Document or any other Pertinent Document;

(c) the valuation of any security provided or offered under and pursuant to Clause 15 (*Security Cover*) or any other matter relating to such security; or

(d) any step taken by the Lender concerned with a view to the preservation, protection, exercise or enforcement of any rights or Security Interest created by a Finance Document or for any similar purpose including, without limitation, any proceedings to recover or retain proceeds of enforcement or any other proceedings following enforcement proceedings until the date all outstanding indebtedness to the Creditor Parties under the Finance Documents and any other Pertinent Document is repaid in full.

There shall be recoverable under paragraph (d) the full amount of all legal expenses, whether or not such as would be allowed under rules of court or any taxation or other procedure carried out under such rules.

20.4 Documentary taxes

The Borrowers shall promptly pay any tax payable on or by reference to any Finance Document, and shall, on the Agent's demand, fully indemnify each Creditor Party against any claims, expenses, liabilities and losses resulting from any failure or delay by the Borrowers to pay such a tax.

20.5 Certification of amounts

A notice which is signed by two officers of a Creditor Party, which states that a specified amount, or aggregate amount, is due to that Creditor Party under this Clause 20 (*Fees and Expenses*) and which indicates (without necessarily specifying a detailed breakdown) the matters in respect of which the amount, or aggregate amount, is due shall be *prima facie* evidence that the amount, or aggregate amount, is due.

21 INDEMNITIES

21.1 Indemnities regarding borrowing and repayment of Loan

The Borrowers shall fully indemnify the Agent and each Lender on the Agent's demand and the Security Trustee on its demand in respect of all claims, expenses, liabilities and losses which are made or brought against or incurred by that Creditor Party, or which that Creditor Party reasonably and with due diligence estimates that it will incur, as a result of, or in connection with:

(a) an Advance not being borrowed on the date specified in the relevant Drawdown Notice for any reason other than a default by the Lender claiming the indemnity after the relevant Drawdown Notice has been served in accordance with the provisions of this Agreement;

(b) the receipt or recovery of all or any part of the Loan or an overdue sum otherwise than on the last day of an Interest Period or other relevant period;

(c) any failure (for whatever reason) by the Borrowers (or any of them) to make payment of any amount due under a Finance Document on the due date or, if so payable, on demand (after giving credit for any default interest paid by the Borrowers on the amount concerned under Clause 7 (*Default Interest*)) including but not limited to any costs and expenses of enforcing any Security Interests created by the Finance Documents and any claims, liabilities and losses which may be brought against, or incurred by, a Creditor Party when enforcing any Security Interests created by the Finance Documents; and

(d) the occurrence and/or continuance of an Event of Default or a Potential Event of Default and/or the acceleration of repayment of the Loan under Clause 19 (*Events of Default*),

and in respect of any tax (other than tax on its overall net income (and a FATCA Deduction)) for which a Creditor Party is liable in connection with any amount paid or payable to that Creditor Party (whether for its own account or otherwise) under any Finance Document.

21.2 Break Costs

If a Lender (the "**Notifying Lender**") notifies the Agent that as a consequence of receipt or recovery of all or any part of the Loan (a "**Payment**") on a day other than the last day of an Interest Period applicable to the sum received or recovered the Notifying Lender has or will, with effect from a specified date, incur Break Costs:

(a) the Agent shall promptly notify the Borrowers of a notice it receives from a Notifying Lender under this Clause 21.2 (*Break Costs*);

(b) the Borrowers shall, within five Business Days of the Agent's demand, pay to the Agent for the account of the Notifying Lender the amount of such Break Costs; and

(c) the Notifying Lender shall, as soon as reasonably practicable, following a request by the Borrowers, provide a certificate confirming the amount of the Notifying Lender's Break Costs for the Interest Period in which they accrue, such certificate to be, in the absence of manifest error, conclusive and binding on the Borrowers.

In this Clause 21.2 (*Break Costs*), "**Break Costs**" means, in relation to a Payment the amount (if any) by which:

(i) the interest which the Notifying Lender, should have received in accordance with Clause 5 (*Interest*) in respect of the sum received or recovered from the date of receipt or recovery of such Payment to the last day of the then current Interest Period applicable to the sum received or recovered had such Payment been made on the last day of such Interest Period;

exceeds

(ii) the amount which the Notifying Lender, would be able to obtain by placing an amount equal to such Payment on deposit with a leading bank in the Relevant Interbank Market for a period commencing on the Business Day following receipt or recovery of such Payment (as the case may be) and ending on the last day of the then current Interest Period applicable to the sum received or recovered.

21.3 Other breakage costs

Without limiting its generality, Clause 21.1 (*Indemnities regarding borrowing and repayment of Loan*) covers any claim, expense, liability or loss, including (without limitation) a loss of a prospective profit, incurred by a Lender in borrowing, liquidating or re-employing deposits from third parties acquired, contracted for or arranged to fund, effect or maintain all or any part of its Contribution and/or any overdue amount (or an aggregate amount which includes its Contribution or any overdue amount) other than claims, expenses, liabilities and losses which are shown to have been directly and mainly caused by the gross negligence or wilful misconduct of the officers or employees of the Creditor Party concerned.

21.4 Miscellaneous indemnities

The Borrowers shall fully indemnify each Creditor Party severally on their respective demands, without prejudice to any of their other rights under any of the Finance Documents, in respect of all claims, expenses, liabilities and losses which may be made or brought against or sustained or incurred by a Creditor Party, in any country, as a result of or in connection with:

(a) any action taken, or omitted or neglected to be taken, under or in connection with any Finance Document by the Agent, the Security Trustee or any other Creditor Party or by any receiver appointed under a Finance Document;

(b) investigating any event which the Creditor Party concerned reasonably believes constitutes an Event of Default or Potential Event of Default;

(c) acting or relying on any notice, request or instruction which the Creditor Party concerned reasonably believes to be genuine, correct and appropriately authorised; or

(d) any other Pertinent Matter,

other than claims, expenses, liabilities and losses which are shown to have been directly and mainly caused by the dishonesty, gross negligence or wilful misconduct of the officers or employees of the Creditor Party concerned.

21.5 Environmental Indemnity

Without prejudice to the generality of Clause 21.4 (*Miscellaneous indemnities*), this Clause 21.5 (*Environmental Indemnity*) covers any claims, demands, proceedings, liabilities, taxes, losses, liabilities or expenses of every kind which arise, or are asserted, under or in connection with any law relating to safety at sea, the ISM Code or the ISPS Code, any Environmental Law.

21.6 Currency indemnity

If any sum due from a Borrower or any Security Party to a Creditor Party under a Finance Document or under any order, award or judgment relating to a Finance Document (a "**Sum**") has to be converted from the currency in which the Finance Document provided for the Sum to be paid (the "**Contractual Currency**") into another currency (the "**Payment Currency**") for the purpose of:

(a) making, filing or lodging any claim or proof against a Borrower or any Security Party, whether in its liquidation, any arrangement involving it or otherwise; or

(b) obtaining an order, judgment or award from any court or other tribunal in relation to any litigation or arbitration proceedings; or

(c) enforcing any such order, judgment or award,

the Borrowers shall as an independent obligation, within three Business Days of demand, indemnify the Creditor Party to whom that Sum is due against any cost, loss or liability arising when the payment actually received by that Creditor Party is converted at the available rate of exchange back into the Contractual Currency including any discrepancy between (A) the rate of exchange actually used to convert the Sum from the Payment Currency into the Contractual Currency and (B) the available rate of exchange.

In this Clause 21.6 (*Currency indemnity*), the "**available rate of exchange**" means the rate at which the Creditor Party concerned is able at the opening of business (London time) on the Business Day after it receives the Sum to purchase the Contractual Currency with the Payment Currency.

Each Borrower waives any right it may have in any jurisdiction to pay any amount under the Finance Documents in a currency other than that in which it is expressed to be payable.

If any Creditor Party receives any Sum in a currency other than the Contractual Currency, the Borrowers shall indemnify in full the Creditor Party concerned against any cost, loss or liability arising directly or indirectly from any conversion of such Sum to the Contractual Currency.

This Clause 21.6 (*Currency indemnity*) creates a separate liability of that Borrower which is distinct from its other liabilities under the Finance Documents and which shall not be merged in any judgment or order relating to those other liabilities.

21.7 Certification of amounts

A notice which is signed by two officers of a Creditor Party, which states that a specified amount, or aggregate amount, is due to that Creditor Party under this Clause 21 and which indicates (without necessarily specifying a detailed breakdown) the matters in respect of which the amount, or aggregate amount, is due shall be *prima facie* evidence that the amount, or aggregate amount, is due.

21.8 Sums deemed due to a Lender

For the purposes of this Clause 21 (*Indemnities*), a sum payable by the Borrowers to the Agent or the Security Trustee for distribution to a Lender shall be treated as a sum due to that Lender.

22 NO SET-OFF OR TAX DEDUCTION

22.1 No deductions

All amounts due from the Borrowers under a Finance Document shall be paid:

(a) without any form of set-off, counter-claim, cross-claim or condition; and

(b) free and clear of any tax deduction except a tax deduction which a Borrower is required by law to make.

22.2 Grossing-up for taxes

If, at any time, a Borrower is required by law, regulation or regulatory requirement to make a tax deduction from any payment due under a Finance Document:

(a) that Borrower shall notify the Agent as soon as it becomes aware of the requirement;

(b) the amount due in respect of the payment shall be increased by the amount necessary to ensure that, after the making of such tax deduction, each Creditor Party receives on the due date for such payment (and retains free from any liability relating to the tax deduction) a net amount which is equal to the full amount which it would have received had no such tax deduction been required to be made; and

(c) that Borrower shall pay the full amount of the tax required to be deducted to the appropriate taxation authority promptly in accordance with the relevant law, regulation or regulatory requirement, and in any event before any fine or penalty arises.

22.3 Indemnity and evidence of payment of taxes

The Borrowers shall fully indemnify each Creditor Party on the Agent's demand in respect of all claims, expenses, liabilities and losses incurred by any Creditor Party by reason of any failure of the Borrowers (or either of them) to make any tax deduction or by reason of any increased payment not being made on the due date for such payment in accordance with Clause 22.2 (*Grossing-up for taxes*). Within 30 days after making any tax deduction, the Borrowers or, as the case may be, the relevant Borrower shall deliver to the Agent any receipts, certificates or other documentary evidence satisfactory to the Agent that the tax had been paid to the appropriate taxation authority.

22.4 Exclusion of tax on overall net income

In this Clause 22 (*No Set-Off or Tax Deduction*) "**tax deduction**" means any deduction or withholding from any payment due under a Finance Document for or on account of any present or future tax except:

(a) tax on a Creditor Party's overall net income; and

(b) a FATCA Deduction.

22.5 FATCA Information

(a) Subject to paragraph (c) below, each Party shall, within ten Business Days of a reasonable request by another Party:

(i) confirm to that other Party whether it is:

(A) a FATCA Exempt Party; or

(B) not a FATCA Exempt Party; and

(ii) supply to that other Party such forms, documentation and other information relating to its status under FATCA as that other Party reasonably requests for the purposes of that other Party's compliance with FATCA; and

(iii) supply to that other Party such forms, documentation and other information relating to its status as that other Party reasonably requests for the purposes of that other Party's compliance with any other law, regulation or exchange of information regime.

(b) If a Party confirms to another Party pursuant to sub-paragraph (i) of paragraph (a) above that it is a FATCA Exempt Party and it subsequently becomes aware that it is not, or has ceased to be a FATCA Exempt Party, that Party shall notify that other Party reasonably promptly.

(c) Paragraph (a) above shall not oblige any Creditor Party to do anything and sub-paragraph (iii) of paragraph (a) above shall not oblige any other Party to do anything which would or might in its reasonable opinion constitute a breach of:

(i) any law or regulation;

(ii) any fiduciary duty; or

(iii) any duty of confidentiality.

(d) If a Party fails to confirm whether or not it is a FATCA Exempt Party or to supply forms, documentation or other information requested in accordance with sub-paragraphs (i) or (ii) of paragraph (a) above (including, for the avoidance of doubt, where paragraph (c) above applies), then such Party shall be treated for the purposes of the Finance Documents (and payments under them) as if it is not a FATCA Exempt Party until such time as the Party in question provides the requested confirmation, forms, documentation or other information.

(e) If a Lender knows or has reason to know that a Borrower is a US Tax Obligor, or where the Agent reasonably believes that its obligations under FATCA require it, each Lender shall, within ten Business Days of:

(i) where the Lender knows or has reason to know that a Borrower is a US Tax Obligor and the relevant Lender is a Party as at the date of this Agreement, the date of this Agreement;

(ii) where the Lender knows or has reason to know that a Borrower is a US Tax Obligor and the relevant Lender became a Party after the date of this Agreement, the date on which the relevant Transfer Certificate became effective; or

(iii) the date of a request from the Agent,

supply to the Agent:

(iv) a withholding certificate on US Internal Revenue Service Form W-8 or Form W-9 (or any successor form) (as applicable); or

(v) any withholding statement and other documentation, authorisations and waivers as the Agent may require to certify or establish the status of such Lender under FATCA.

The Agent shall provide any withholding certificate, withholding statement, documentation, authorisations and waivers it receives from a Lender pursuant to this paragraph (e) to the Borrowers, to the extent required for compliance with FATCA or any other law or regulation, and shall be entitled to rely on any such withholding certificate, withholding statement, documentation, authorisations and waivers provided without further verification. The Agent shall not be liable for any action taken by it under or in connection with this paragraph (e).

(f) Each Lender agrees that if any withholding certificate, withholding statement, documentation, authorisations and waivers provided to the Agent pursuant to paragraph (e) above is or becomes materially inaccurate or incomplete, it shall promptly update such withholding certificate, withholding statement, documentation, authorisations and waivers or promptly notify the Agent in writing of its legal inability to do so. The Agent shall provide any such updated withholding certificate, withholding statement, documentation, authorisations and waivers to the Borrowers, to the extent required for compliance with FATCA or any other law or regulation. The Agent shall not be liable for any action taken by it under or in connection with this paragraph (f).

22.6 FATCA Deduction

(a) Each Party may make any FATCA Deduction as it reasonably determines it is required to make by FATCA, and any payment required in connection with that FATCA Deduction, and no Party shall be required to increase any payment in respect of which it makes such a FATCA Deduction or otherwise compensate the recipient of the payment for that FATCA Deduction.

(b) Each Party shall promptly, upon becoming aware that it must make a FATCA Deduction (or that there is any change in the rate or the basis of such FATCA Deduction), notify the Party to whom it is making the payment and, in addition, shall notify each Borrower and the Agent and the Agent shall notify the other Creditor Parties.

23 ILLEGALITY, ETC.

23.1 Illegality

This Clause 23 (*Illegality, etc.*) applies if a Lender (the "**Notifying Lender**") notifies the Agent that it has become, or will with effect from a specified date, become:

(a) unlawful or prohibited as a result of the introduction of a new law, an amendment to an existing law or a change in the manner in which an existing law is or will be interpreted or applied; or

(b) contrary to, or inconsistent with, any regulation,

for the Notifying Lender to perform, maintain or give effect to any of its obligations under this Agreement in the manner contemplated by this Agreement or to fund or maintain the Loan.

23.2 Notification of illegality

The Agent shall promptly notify the Borrowers, the Security Parties, the Security Trustee and the other Lenders of the notice under Clause 23.1 (*Illegality*) which the Agent receives from the Notifying Lender.

23.3 Prepayment; termination of Commitment

On the Agent notifying the Borrowers under Clause 23.2 (*Notification of illegality*), the Notifying Lender's Commitment shall be immediately cancelled; and thereupon or, if later, on the date specified in the Notifying Lender's notice under Clause 23.1 (*Illegality*) as the date on which the notified event would become effective the Borrowers shall prepay the Notifying Lender's Contribution on the last day of the then current Interest Period in accordance with Clauses 8.10 (*Amounts payable on prepayment*) and 8.11(a) (*Application of partial prepayment or cancellation*).

24 INCREASED COSTS

24.1 Increased costs

This Clause 24 (*Increased Costs*) applies if a Lender (the "**Notifying Lender**") notifies the Agent that the Notifying Lender considers that as a result of:

(a) the introduction or alteration after the date of this Agreement of a law or an alteration after the date of this Agreement in the manner in which a law is interpreted or applied (disregarding any effect which relates to the application to payments under this Agreement of a tax on the Lender's overall net income); or

(b) complying with any regulation (including any which relates to capital adequacy or liquidity controls or which affects the manner in which the Notifying Lender allocates capital resources to its obligations under this Agreement) which is introduced, or altered, or the interpretation or application of which is altered, after the date of this Agreement; or

(c) the implementation or application of or compliance with the "International Convergence of Capital Measurement and Capital Standards, a Revised Framework" published by the Basel Committee on Banking Supervision in June 2004 in the form existing on the date of this Agreement (the "**Basel II Accord**") or any other law or regulation implementing the Basel II Accord or any of the approaches provided for and allowed to be used by banks under or in connection with the Basel II Accord, in each case when compared to the cost of complying with such regulations as determined by the Agent (or parent company of it) on the date of this Agreement (whether such implementation, application or compliance is by a government, regulator, supervisory authority, the Notifying Lender or its holding company); or

(d) the implementation or application of or compliance with Basel III or any law or regulation which implements or applies Basel III (regardless of the date on which it is enacted, adopted or issued and regardless of whether any such implementation, application or compliance is by a government, regulator, the Notifying Lender or any of its affiliates),

the Notifying Lender (or a parent company of it) has incurred or will incur an "**increased cost**".

24.2 Meaning of "increased cost"

In this Clause 24 (*Increased Costs*), "**increased cost**" means, in relation to a Notifying Lender:

(a) an additional or increased cost incurred as a result of, or in connection with, the Notifying Lender having entered into, or being a party to, this Agreement or a Transfer Certificate, of funding or maintaining its Commitment or Contribution or performing its obligations under this Agreement, or of having outstanding all or any part of its Contribution or other unpaid sums;

(b) a reduction in the amount of any payment to the Notifying Lender under this Agreement or in the effective return which such a payment represents to the Notifying Lender or on its capital;

(c) an additional or increased cost of funding all or maintaining all or any of the advances comprised in a class of advances formed by or including the Notifying Lender's Contribution or (as the case may require) the proportion of that cost attributable to the Contribution; or

(d) a liability to make a payment, or a return foregone, which is calculated by reference to any amounts received or receivable by the Notifying Lender under this Agreement,

but not an item attributable to a change in the rate of tax on the overall net income of the Notifying Lender (or a parent company of it) or an item covered by the indemnity for tax in Clause 21.1 (*Indemnities regarding borrowing and repayment of Loan*) or by Clause 22 (*No Set-Off or Tax Deduction*) or a FATCA Deduction required to be made by a Party.

For the purposes of this Clause 24.2 (*Meaning of "increased cost"*) the Notifying Lender may in good faith allocate or spread costs and/or losses among its assets and liabilities (or any class of its assets and liabilities) on such basis as it considers appropriate.

24.3 Notification to Borrowers of claim for increased costs

The Agent shall promptly notify the Borrowers and the Security Parties of the notice which the Agent received from the Notifying Lender under Clause 24.1 (*Increased costs*).

24.4 Payment of increased costs

The Borrowers shall pay to the Agent, within 5 days on the Agent's demand, for the account of the Notifying Lender the amounts which the Agent from time to time notifies the Borrowers that the Notifying Lender has specified to be necessary to compensate the Notifying Lender for the increased cost.

24.5 Notice of prepayment

If the Borrowers are not willing to continue to compensate the Notifying Lender for the increased cost under Clause 24.4 (*Payment of increased costs*), the Borrowers may give the Agent not less than 14 days' notice of their intention to prepay the Notifying Lender's Contribution at the end of an Interest Period.

24.6 Prepayment; termination of Commitment

A notice under Clause 24.5 (*Notice of prepayment*) shall be irrevocable; the Agent shall promptly notify the Notifying Lender of the Borrowers' notice of intended prepayment; and:

(a) on the date on which the Agent serves that notice, the Commitment of the Notifying Lender shall be cancelled; and

(b) on the date specified in its notice of intended prepayment, the Borrowers shall prepay (without premium or penalty) the Notifying Lender's Contribution, together with accrued interest thereon at the applicable rate plus the Margin and the Mandatory Cost (if any).

24.7 Application of prepayment

Clause 8 (*Repayment and Prepayment*) shall apply in relation to the prepayment.

25 SET-OFF

25.1 Application of credit balances

Each Creditor Party may without prior notice to the Borrowers but with prior notice to the Agent:

(a) apply any balance (whether or not then due) which at any time stands to the credit of any account in the name of a Borrower at any office in any country of that Creditor Party in or towards satisfaction of any sum then due from that Borrower to that Creditor Party under any of the Finance Documents; and

(b) for that purpose:

(i) break, or alter the maturity of, all or any part of a deposit of that Borrower;

(ii) convert or translate all or any part of a deposit or other credit balance into Dollars; and

(iii) enter into any other transaction or make any entry with regard to the credit balance which the Creditor Party concerned considers appropriate.

25.2 Existing rights unaffected

No Creditor Party shall be obliged to exercise any of its rights under Clause 25.1 (*Application of credit balances*); and those rights shall be without prejudice and in addition to any right of set-off, combination of accounts, charge, lien or other right or remedy to which a Creditor Party is entitled (whether under the general law or any document).

25.3 Sums deemed due to a Lender

For the purposes of this Clause 25 (*Set-Off*), a sum payable by the Borrowers to the Agent or the Security Trustee for distribution to, or for the account of, a Lender shall be treated as a sum due to that Lender; and each Lender's proportion of a sum so payable for distribution to, or for the account of, the Lenders shall be treated as a sum due to such Lender.

25.4 No Security Interest

This Clause 25 (*Set-Off*) gives the Creditor Parties a contractual right of set-off only, and does not create any equitable charge or other Security Interest over any credit balance of either Borrower.

26 TRANSFERS AND CHANGES IN LENDING OFFICES

26.1 Transfer by Borrowers

Neither Borrower may assign or transfer any of its rights, liabilities or obligations under any Finance Document.

26.2 Transfer by a Lender

(a) Subject to this Clause 26 (*Transfers and Changes in Lending Offices*), a Lender (the "**Transferor Lender**") may at any time, with the Borrowers' prior consent or approval, cause:

(i) its rights in respect of all or part of its Contribution; or

(ii) its obligations in respect of all or part of its Commitment; or

(iii) a combination of (a) and (b); or

(iv) all or part of its credit risk under this Agreement and the other Finance Documents,

to be syndicated to or (in the case of its rights) assigned, pledged or transferred to, or (in the case of its obligations) pledged or assumed by, any other bank or financial institution or to a trust, fund or other entity, provided such other entity is regularly engaged in, or established for the purpose of, making, purchasing or investing in loans, securities or other financial assets (a "**Transferee Lender**") by delivering to the Agent a completed certificate in the form set out in Schedule 5 (*Transfer Certificate*) with any modifications approved or required by the Agent (a "**Transfer Certificate**") executed by the Transferor Lender and the Transferee Lender**.**

However, any rights and obligations of the Transferor Lender in its capacity as Agent or Security Trustee will have to be dealt with separately in accordance with the Agency and Trust Agreement.

(b) The consent of the Borrowers to an assignment or transfer referred to in paragraph (a) above, shall only be required in the absence of an Event of Default and must not be unreasonably withheld or delayed. The Borrowers will be deemed to have given their consent five Business Days after the Transferor Lender has requested it unless consent is expressly refused by the Borrowers within that time.

(c) The consent of a Borrowers to an assignment or transfer must not be withheld solely because the assignment or transfer may result in an increase to any Mandatory Cost.

26.3 Transfer Certificate, delivery and notification

As soon as reasonably practicable after a Transfer Certificate is delivered to the Agent, it shall (unless it has reason to believe that the Transfer Certificate may be defective):

(a) sign the Transfer Certificate on behalf of itself, the Borrowers, the Security Parties, the Security Trustee and each of the other Lenders;

(b) on behalf of the Transferee Lender, send to each Borrower and each Security Party letters or faxes notifying them of the Transfer Certificate and attaching a copy of it; and

(c) send to the Transferee Lender copies of the letters or faxes sent under paragraph (b) above.

26.4 Effective Date of Transfer Certificate

A Transfer Certificate becomes effective on the date, if any, specified in the Transfer Certificate as its effective date **Provided that** it is signed by the Agent under Clause 26.3 (*Transfer Certificate, delivery and notification*) on or before that date.

26.5 No transfer without Transfer Certificate

Except as provided in Clause 26.17 (*Security over Lenders' rights*), no assignment or transfer of any right or obligation of a Lender under any Finance Document is binding on, or effective in relation to, either Borrower, any Security Party, the Agent or the Security Trustee unless it is effected, evidenced or perfected by a Transfer Certificate.

26.6 Lender re-organisation

However, if a Lender enters into any merger, de-merger or other reorganisation as a result of which all its rights or obligations vest in another person (the "**successor**"), the successor shall become a Lender with the same Commitment and Contribution as were held by the predecessor Lender only upon receipt by the Agent of a notice to this effect and evidence that all rights and obligations have automatically and by operation of law vested in the successor by virtue of the merger, de-merger or other reorganisation, without the need for the execution and delivery of a Transfer Certificate; the Agent shall in that event inform the Borrowers and the Security Trustee accordingly.

26.7 Effect of Transfer Certificate

A Transfer Certificate takes effect in accordance with English law as follows:

(a) to the extent specified in the Transfer Certificate, all rights and interests (present, future or contingent) which the Transferor Lender has under or by virtue of the Finance Documents are assigned to the Transferee Lender absolutely, free of any defects in the Transferor Lender's title and of any rights or equities which either Borrower or any Security Party had against the Transferor Lender;

(b) the Transferor Lender's Commitment is discharged to the extent specified in the Transfer Certificate;

(c) the Transferee Lender becomes a Lender with the Contribution previously held by the Transferor Lender and a Commitment of an amount specified in the Transfer Certificate;

(d) the Transferee Lender becomes bound by all the provisions of the Finance Documents which are applicable to the Lenders generally, including those about pro-rata sharing and the exclusion of liability on the part of, and the indemnification of, the Agent and the Security Trustee and, to the extent that the Transferee Lender becomes bound by those provisions (other than those relating to exclusion of liability), the Transferor Lender ceases to be bound by them;

(e) any part of the Loan which the Transferee Lender advances after the Transfer Certificate's effective date ranks in point of priority and security in the same way as it would have ranked had it been advanced by the transferor, assuming that any defects in the transferor's title and any rights or equities of either Borrower or any Security Party against the Transferor Lender had not existed;

(f) the Transferee Lender becomes entitled to all the rights under the Finance Documents which are applicable to the Lenders generally, including but not limited to those relating to the Majority Lenders and those under Clause 5.7 (*Market disruption*) and Clause 20 (*Fees and Expenses*), and to the extent that the Transferee Lender becomes entitled to such rights, the Transferor Lender ceases to be entitled to them; and

(g) in respect of any breach of a warranty, undertaking, condition or other provision of a Finance Document or any misrepresentation made in or in connection with a Finance Document, the Transferee Lender shall be entitled to recover damages by reference to the loss incurred by it as a result of the breach or misrepresentation, irrespective of whether the original Lender would have incurred a loss of that kind or amount.

The rights and equities of either Borrower or any Security Party referred to above include, but are not limited to, any right of set off and any other kind of cross-claim.

26.8 Maintenance of register of Lenders

During the Security Period the Agent shall maintain a register in which it shall record the name, Commitment, Contribution and administrative details (including the lending office) from time to time of each Lender holding a Transfer Certificate and the effective date (in accordance with Clause 26.4 (*Effective Date of Transfer Certificate*)) of the Transfer Certificate; and the Agent shall make the register available for inspection by any Lender, the Security Trustee and the Borrowers during normal banking hours, subject to receiving at least three Business Days' prior notice.

26.9 Reliance on register of Lenders

The entries on that register shall, in the absence of manifest error, be conclusive in determining the identities of the Lenders and the amounts of their Commitments and Contributions and the effective dates of Transfer Certificates and may be relied upon by the Agent and the other parties to the Finance Documents for all purposes relating to the Finance Documents.

26.10 Authorisation of Agent to sign Transfer Certificates

The Borrowers, the Security Trustee, each Lender irrevocably authorises the Agent to sign Transfer Certificates on its behalf. The Borrower and each Security Party irrevocably agree to the transfer procedures set out in this Clause 26 (*Transfers and Changes in Lending Offices*) and to the extent the cooperation of the Borrowers and/or any Security Party shall be required to effect any such transfer, the Borrowers and such Security Party shall take all necessary steps to afford such cooperation **Provided that** this shall not result in any additional costs to the Borrowers or such Security Party.

26.11 Registration fee

In respect of any Transfer Certificate, the Agent shall be entitled to recover a registration fee of $2,500 from the Transferor Lender or (at the Agent's option) the Transferee Lender.

26.12 Sub-participation; subrogation assignment

A Lender may sub-participate or include in a securitisation or similar transaction all or any part of its rights and/or obligations under or in connection with the Finance Documents without the Borrowers' prior consent and without serving a notice thereon; the Lenders may assign without the Borrowers' prior consent and without serving a notice thereon all or any part of the rights referred to in the preceding sentence to an insurer or surety who has become subrogated to them.

26.13 Sub-division, split, modification or re-tranching

Any Lender may, in its sole discretion, sub-divide, split, sever, modify or re-tranche its Contribution into one or more parts subject to the overall cost of its Contribution to the Borrowers remaining unchanged, if such changes are necessary in order to achieve a successful execution of a securitisation, syndication or any other capital market exit in respect of its Contribution (or any applicable part thereof).

26.14 Disclosure of information

(a) A Lender may, without the prior consent of the Borrowers, the Corporate Guarantor or any other Security Party, disclose to a potential Transferee Lender or sub participant as well as, where relevant, to rating agencies, trustees and accountants, any financial or other information which that Lender has received in relation to the Loan, the Borrowers (or either of them), the Corporate Guarantor and any other Security Party or their affairs and collateral or security provided under or in connection with any Finance Document, their financial circumstances and any other information whatsoever, as that Lender may deem reasonably necessary or appropriate in connection with the potential syndication, the assessment of the credit risk and the ongoing monitoring of the Loan by any potential Transferee Lender and that Lender shall be released from its obligation of secrecy and from banking confidentiality.

(b) In the event any such potential Transferee Lender, sub-participant, rating agency, trustee or accountant is not already bound by any legal obligation of secrecy or banking confidentiality, the Lender concerned shall require such other party to sign a confidentiality agreement. The Borrowers shall, and shall procure that the Corporate Guarantor and any other Security Party shall:

(i) provide the Creditor Parties (or any of them) with all information deemed reasonably necessary by the Creditor Parties (or any of them) for the purposes of any transfer, syndication or sub-participation to be effected pursuant to this Clause 26 (*Transfers and Changes in Lending Offices*); and

(ii) procure that the directors and officers of each Borrower, the Corporate Guarantor or any other Security Party, are available to participate in any meeting with any Transferee Lender, sub-participant, rating agency, trustee or accountant at such times and places as the Creditor Parties may reasonably request following prior notice (to be served on the Borrowers reasonably in advance) to that Borrower, the Corporate Guarantor or that Security Party.

(c) The Borrowers shall not, and shall ensure that no Security Party will, publish any details regarding the Loan or any of the Finance Documents without the Agent's prior written consent.

(d) The permission of disclosure set out in this Clause 26.14 (*Disclosure of information*) is granted for the purposes of providing relief from banking secrecy and confidentiality requirements. It is not intended as, and is no declaration of, consent in accordance with the DS GVO (EU Regulation 2016/679, General Data Protection Regulation).

26.15 Change of lending office

A Lender may change its lending office by giving notice to the Agent and the change shall become effective on the later of:

(a) the date on which the Agent receives the notice; and

(b) the date, if any, specified in the notice as the date on which the change will come into effect.

26.16 Notification

On receiving such a notice, the Agent shall notify the Borrowers and the Security Trustee; and, until the Agent receives such a notice, it shall be entitled to assume that a Lender is acting through the lending office of which the Agent last had notice.

26.17 Security over Lenders' rights

In addition to the other rights provided to Lenders under this Clause 26 (*Transfers and Changes in Lending Offices*), each Lender may without consulting with or obtaining consent from, either Borrower or any Security Party, at any time charge, assign or otherwise create a Security Interest in or over (whether by way of collateral or otherwise) all or any of its rights under any Finance Document to secure obligations of that Lender including, without limitation:

(a) any charge, assignment or other Security Interest to secure obligations to a federal reserve or central bank; and

(b) in the case of any Lender which is a fund, any charge, assignment or other Security Interest granted to any holders (or trustee or representatives of holders) of obligations owed, or securities issued, by that Lender as security for those obligations or securities;

except that no such charge, assignment or Security Interest shall:

(i) release a Lender from any of its obligations under the Finance Documents or substitute the beneficiary of the relevant charge, assignment or Security Interest for the Lender as a party to any of the Finance Documents; or

(ii) require any payments to be made by either Borrower or any Security Party or grant to any person any more extensive rights than those required to be made or granted to the relevant Lender under the Finance Documents.

26.18 Replacement of a Reference Bank

If any Reference Bank ceases to be a Lender or is unable on a continuing basis to supply quotations for the purposes of Clause 5 (*Interest*) then, unless the Borrowers, the Agent and the Majority Lenders otherwise agree, the Agent, acting on the instructions of the Majority Lenders, and after consulting the Borrowers, shall appoint another bank (whether or not a Lender) to be a replacement Reference Bank; and, when that appointment comes into effect, the first-mentioned Reference Bank's appointment shall cease to be effective.

26.19 Securitisation

Each Borrower shall, and the Borrowers shall procure that each Security Party will, assist the Agent and/or any Lender in achieving a successful securitisation (or similar transaction) in respect of the Loan and the Finance Documents and such Security Party's reasonable costs for providing such assistance shall be met by the relevant Lender. The Borrowers, if requested by the Agent, shall provide documentation evidencing the purchase price of each Ship when acquired by the relevant Borrower.

26.20 No additional costs

If a Transferor Lender assigns or transfers any of its rights or obligations under the Finance Documents and as a result of circumstances existing at the date the assignment or transfer occurs, a Borrower or a Security Party would be obliged to make a payment to the Transferee Lender under Clause 26.2 (*Transfer by a Lender*) or under that clause as incorporated by reference or in full in any other Finance Document, then the Transferee Lender is only entitled to receive payment under that clause to the same extent as the Transferor Lender would have been if the assignment or transfer had not occurred.

27 VARIATIONS AND WAIVERS

27.1 Required consents

(a) Subject to Clause 27.2 (*Exceptions*) and Clause 27.4 (*Replacement of Screen Rate*), any term of the Finance Documents may be amended or waived only with the consent of the Majority Lenders and the Borrowers and any such amendment or waiver will be binding on all Creditor Parties and the Borrowers.

(b) Any instructions given by the Majority Lenders will be binding on all the Creditor Parties.

(c) The Agent may effect:

(i) on behalf of the Borrowers and any Creditor Party, any amendment or waiver permitted by Clause 27.4 (*Replacement of Screen Rate*); and

(ii) on behalf of any Creditor Party, any amendment or waiver permitted by any other provision of this Clause 27 (*Variations and Waivers)*.

27.2 Exceptions

(a) Subject to Clause 27.4 (*Replacement of Screen Rate*), an amendment or waiver that has the effect of changing or which relates to:

(i) the definition of "Majority Lenders" or "Finance Documents" or "Screen Rate Replacement Event" or "Replacement Benchmark" in Clause 1.1 (*Definitions*);

(ii) an extension to the date of payment of any amount under the Finance Documents;

(iii) a reduction in the Margin or a reduction in the amount of any payment of principal, interest fees, commission or other amount payable under any of the Finance Documents;

(iv) an increase in or an extension of any Lender's Commitment;

(v) any provision which expressly requires the consent of all the Lenders;

(vi) Clause 3 (*Position of the Lenders*), Clause 11.5 (*Information provided to be accurate*), Clause 11.6 (*Provision of financial statements*), Clause 11.7 (*Form of financial statements*), Clause 11.16 (*Provision of Further Information*), Clause 26 (*Transfers and Changes in Lending Offices*), this Clause 27.2 (*Exceptions*) or Clause 27.4 (*Replacement of Screen Rate*);

(vii) any release of any Security Interest, guarantee, indemnities or subordination arrangement created by any Finance Document;

(viii) any change of the currency in which the Loan is provided or any amount is payable under any of the Finance Documents;

(ix) any change to the Screen Rate pursuant to Clause 27.4 (*Replacement of Screen Rate*);

(x) an extension of the Availability Period; or

(xi) a change in Clauses 16.4 (*Distribution of payment to Creditor Parties*) or 22.2 (*Grossing-up*),

may not be effected without the prior written consent of all Lenders.

(b) An amendment or waiver which relates to the rights or obligations of the Agent, the Mandated Lead Arranger or the Security Trustee may not be effected without the consent of the Agent, the Mandated Lead Arranger or the Security Trustee, as the case may be.

27.3 Exclusion of other or implied variations

Except for a document which satisfies the requirements of any of Clauses 27.1 (*Required consents*), 27.2 (*Exceptions*) and 27.4 (*Replacement of Screen Rate*), no document, no act, course of conduct, failure or neglect to act, delay or acquiescence on the part of the Creditor Parties or any of them (or any person acting on behalf of any of them) shall result in the Creditor Parties or any of them (or any person acting on behalf of any of them) being taken to have varied, waived, suspended or limited, or being precluded (permanently or temporarily) from enforcing, relying on or exercising:

(a) a provision of this Agreement or another Finance Document; or

(b) an Event of Default; or

(c) a breach by a Borrower or a Security Party of an obligation under a Finance Document or the general law; or

(d) any right or remedy conferred by any Finance Document or by the general law,

and there shall not be implied into any Finance Document any term or condition requiring any such provision to be enforced, or such right or remedy to be exercised, within a certain or reasonable time.

27.4 Replacement of Screen Rate

(a) If a Screen Rate Replacement Event has occurred in relation to the Screen Rate the Agent (acting on the instructions of all Lenders) shall be entitled to:

(i) replace the Screen Rate with a Replacement Benchmark;

(ii) adjust the pricing on the Replacement Benchmark by the amendment of the Margin or otherwise, in each case at its discretion, to reduce or eliminate, to the extent reasonably practicable, any transfer of economic value from one Party to another as a result of the application of that Replacement Benchmark (and if any adjustment or method for calculating any adjustment has been formally designated, nominated or recommended by the Relevant Nominating Body, the adjustment shall be determined on the basis of that designation, nomination or recommendation); and

(iii) amend this Agreement for the purpose of any of:

(A) providing for the use of a Replacement Benchmark;

(B) aligning any provision to the use of that Replacement Benchmark;

(C) enabling that Replacement Benchmark to be used for the calculation of interest under this Agreement (including, without limitation, any consequential changes required to enable that Replacement Benchmark to be used for the purposes of this Agreement);

(D) implementing market conventions applicable to that Replacement Benchmark;

(E) providing for appropriate fallback (and market disruption) provisions for that Replacement Benchmark; and

(F) adjusting the pricing in accordance with paragraph (ii) above.

(b) The Agent shall promptly notify the Borrowers and each Creditor Party of any replacement of the Screen Rate, any adjustment of pricing and any amendment of this Agreement made pursuant to paragraph (a) above, which shall take effect immediately as from (and including) the date specified in such notification.

(c) If required by the Agent (acting on the instructions of all Lenders), the Borrowers shall (and shall procure that each other Security Party shall) enter into such supplemental, replacement or other agreement in relation to any Finance Document as the Agent may specify to extend the effect of any of the amendments referred to in paragraph (a) above to such Finance Document.

27.5 Deemed consent

With respect to:

(a) the replacement of the Screen Rate with a Replacement Benchmark in accordance with sub-paragraph (a)(i) of Clause 27.4 (*Replacement of Screen Rate*) (and the designation of such benchmark as permitted under sub-paragraphs (b) and (c) of the definition of "Replacement Benchmark");

(b) the adjustment of pricing in accordance with sub-paragraph (a)(ii) of Clause 27.4 (*Replacement of Screen Rate*);

(c) any amendment of any Finance Document as contemplated in sub-paragraph (a)(iii) of Clause 27.4 (*Replacement of Screen Rate*); and

(d) any other amendment, variation, waiver, suspension or limit requested by a Borrower or any Security Party which requires the approval of all Lenders or the Majority Lenders (as the case may be),

the Agent shall provide each Lender with written notice of such request accompanied by such detailed background information as may be reasonably necessary (in the opinion of the Agent) to determine whether to approve such action. A Lender shall be deemed to have approved such action if such Lender fails to object to such action by written notice to the Agent within 10 days of that Lender's receipt of the Agent's notice or such other time as the Agent may state in the relevant notice as being the time available for approval of such action.

28 NOTICES

28.1 General

Unless otherwise specifically provided, any notice under or in connection with any Finance Document shall be given by letter or fax; and references in the Finance Documents to written notices, notices in writing and notices signed by particular persons shall be construed accordingly.

28.2 Addresses for communications

A notice by letter or fax shall be sent:

(a)	to the Borrowers:	c/o Castor Ships S.A. 25 Foinikos Str. 14564 Nea Kifissia, Athens, Greece Fax No: + 357 25357796
(b)	to a Lender:	At the address next to its name in Schedule 1 (*Lenders and Commitments*) or (as the case may require) in the relevant Transfer Certificate.
(c)	to the Agent and Security Trustee:	
	for general matters:	Hamburg Commercial Bank AG UB 25 Shipping Shipping Clients Domestic/International Gerhart-Hauptmann-Platz 50 20095 Hamburg Germany Attention: Minas Peramatzis Fax No: +30 210 4295-323
	for credit administrative matters:	Hamburg Commercial Bank AG Gerhart-Hauptmann-Platz 50 20095 Hamburg Germany Fax No: +49 40 3333 34167

or to such other address as the relevant Party may notify the Agent or, if the relevant Party is the Agent or the Security Trustee, the Borrowers, the Lenders and the Security Parties.

28.3 Effective date of notices

Subject to Clauses 28.4 (*Service outside business hours*) and 28.5 (*Illegible notices*):

(a) a notice which is delivered personally or posted shall be deemed to be served, and shall take effect, at the time when it is delivered; and

(b) a notice which is sent by fax shall be deemed to be served, and shall take effect, two hours after its transmission is completed.

28.4 Service outside business hours

However, if under Clause 28.3 (*Effective date of notices*) a notice would be deemed to be served:

(a) on a day which is not a business day in the place of receipt; or

(b) on such a business day, but after 5 p.m. local time,

the notice shall (subject to Clause 28.5 (*Illegible notices*)) be deemed to be served, and shall take effect, at 9 a.m. on the next day which is such a business day.

28.5 Illegible notices

Clauses 28.3 (*Effective date of notices*) and 28.4 (*Service outside business hours*) do not apply if the recipient of a notice notifies the sender within one hour after the time at which the notice would otherwise be deemed to be served that the notice has been received in a form which is illegible in a material respect.

28.6 Valid notices

A notice under or in connection with a Finance Document shall not be invalid by reason that its contents or the manner of serving it do not comply with the requirements of this Agreement or, where appropriate, any other Finance Document under which it is served if:

(a) the failure to serve it in accordance with the requirements of this Agreement or other Finance Document, as the case may be, has not caused any party to suffer any significant loss or prejudice; or

(b) in the case of incorrect and/or incomplete contents, it should have been reasonably clear to the party on which the notice was served what the correct or missing particulars should have been.

28.7 Electronic communication

(a) Any communication from the Agent or the other Creditor Parties made by electronic means will be sent unsecured and without electronic signature, however, the Borrowers may request the Agent and the other Creditor Parties at any time in writing to change the method of electronic communication from unsecured to secured electronic mail communication.

(b) The Borrowers hereby acknowledge and accept the risks associated with the use of unsecured electronic mail communication including, without limitation, risk of delay, loss of data, confidentiality breach, forgery, falsification and malicious software. The Agent and the other Creditor Parties shall not be liable in any way for any loss or damage or any other disadvantage suffered by the Borrowers resulting from such unsecured electronic mail communication.

(c) If the Borrowers (or any of them) or any other Security Party wish to cease all electronic communication, they shall give written notice to the Agent and the other Creditor Parties accordingly after receipt of which notice the Parties shall cease all electronic communication.

(d) For as long as electronic communication is an accepted form of communication, the Parties shall:

(i) notify each other in writing of their electronic mail address and/or any other information required to enable the sending and receipt of information by that means; and

(ii) notify each other of any change to their respective addresses or any other such information supplied to them; and

in case electronic communication is sent to recipients with the domain <domain with ending>, the parties shall without undue delay inform each other if there are changes to the said domain or if electronic communication shall thereafter be sent to individual e-mail addresses.

(e) Each Borrower undertakes and declares that any documents to fulfil the disclosure of the financial circumstances according to Sec. 18 of the German Banking Act (KWG) that were or are hereinafter submitted to the Hamburg Commercial Bank AG electronically or on data carriers through the Borrowers or any other Security Party or any of them or a third party are complete and correct. It further agrees and declares that:

(i) it is irrelevant whether such documents were submitted with or without signature;

(ii) documents submitted to Hamburg Commercial Bank AG electronically or on data carriers according to Sec. 18 of the German Banking Act (KWG) have the same legal significance as documents with signature in paper form; and

(iii) until written revocation, the declaration under this Clause 28.7 (*Electronic communication*) shall remain valid.

28.8 English language

Any notice under or in connection with a Finance Document shall be in English.

28.9 Meaning of "notice"

In this Clause 28 (*Notices*), "**notice**" includes any demand, consent, authorisation, approval, instruction, waiver or other communication.

29 JOINT AND SEVERAL LIABILITY

29.1 General

All liabilities and obligations of the Borrowers under this Agreement shall, whether expressed to be so or not, be several and, if and to the extent consistent with Clause 29.2 (*No impairment of Borrower's obligations*), joint.

29.2 No impairment of Borrower's obligations

The liabilities and obligations of a Borrower shall not be impaired by:

(a) this Agreement being or later becoming void, unenforceable or illegal as regards the other Borrower;

(b) any Lender or the Security Trustee entering into any rescheduling, refinancing or other arrangement of any kind with the other Borrower;

(c) any Lender or the Security Trustee releasing the other Borrower or any Security Interest created by a Finance Document; or

(d) any combination of the foregoing.

29.3 Principal debtors

Each Borrower declares that it is and will, throughout the Security Period, remain a principal debtor for all amounts owing under this Agreement and the Finance Documents and neither Borrower shall in any circumstances be construed to be a surety for the obligations of the other Borrower under this Agreement.

29.4 Subordination

Subject to Clause 29.5 (*Borrowers' required action*), during the Security Period, neither Borrower shall:

(a) claim any amount which may be due to it from the other Borrower whether in respect of a payment made, or matter arising out of, this Agreement or any Finance Document, or any matter unconnected with this Agreement or any Finance Document; or

(b) take or enforce any form of security from the other Borrower for such an amount, or in any other way seek to have recourse in respect of such an amount against any asset of the other Borrower; or

(c) set off such an amount against any sum due from it to the other Borrower; or

(d) prove or claim for such an amount in any liquidation, administration, arrangement or similar procedure involving the other Borrower or other Security Party; or

(e) exercise or assert any combination of the foregoing.

29.5 Borrowers' required action

If during the Security Period, the Agent, by notice to a Borrower, requires it to take any action referred to in paragraphs (a) to (d) of Clause 29.4 (*Subordination*), in relation to the other Borrower, that Borrower shall take that action as soon as practicable after receiving the Agent's notice.

30 SUPPLEMENTAL

30.1 Rights cumulative, non-exclusive

The rights and remedies which the Finance Documents give to each Creditor Party are:

(a) cumulative;

(b) may be exercised as often as appears expedient; and

(c) shall not, unless a Finance Document explicitly and specifically states so, be taken to exclude or limit any right or remedy conferred by any law.

30.2 Severability of provisions

If any provision of a Finance Document is or subsequently becomes void, unenforceable or illegal, that shall not affect the validity, enforceability or legality of the other provisions of that Finance Document or of the provisions of any other Finance Document.

30.3 Counterparts

A Finance Document may be executed in any number of counterparts.

30.4 Third party rights

A person who is not a Party has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce or to enjoy the benefit of any term of this Agreement.

30.5 Benefit and binding effect

The terms of this Agreement shall be binding upon, and shall enure to the benefit of, the Parties and their respective (including subsequent) successors and permitted assigns and transferees.

31 BAIL-IN

Notwithstanding any other term of any Finance Document or any other agreement, arrangement or understanding between the parties to a Finance Document, each Party acknowledges and accepts that any liability of any party to a Finance Document under or in connection with the Finance Documents may be subject to Bail-In Action by the relevant Resolution Authority and acknowledges and accepts to be bound by the effect of:

(a) any Bail-In Action in relation to any such liability, including (without limitation):

(i) a reduction, in full or in part, in the principal amount, or outstanding amount due (including any accrued but unpaid interest) in respect of any such liability;

(ii) a conversion of all, or part of, any such liability into shares or other instruments of ownership that may be issued to, or conferred on, it; and

(iii) a cancellation of any such liability; and

(b) a variation of any term of any Finance Document to the extent necessary to give effect to any Bail-In Action in relation to any such liability.

32 LAW AND JURISDICTION

32.1 English law

This Agreement and any non-contractual obligations arising out of or in connection with it shall be governed by, and construed in accordance with, English law.

32.2 Exclusive English jurisdiction

Subject to Clause 32.3 (*Choice of forum for the exclusive benefit of the Creditor Parties*), the courts of England shall have exclusive jurisdiction to settle any Dispute.

32.3 Choice of forum for the exclusive benefit of the Creditor Parties

Clause 32.2 (*Exclusive English* jurisdiction) is for the exclusive benefit of the Creditor Parties, each of which reserves the right:

(a) to commence proceedings in relation to any Dispute in the courts of any country other than England and which have or claim jurisdiction to that Dispute; and

(b) to commence such proceedings in the courts of any such country or countries concurrently with or in addition to proceedings in England or without commencing proceedings in England.

Neither Borrower shall commence any proceedings in any country other than England in relation to a Dispute.

32.4 Process agent

Each Borrower irrevocably appoints Hill Dickinson Services (London) Limited, at its registered office for the time being presently at The Broadgate Tower, 20 Primrose Street, London EC2A 2EW, England to act as its agent to receive and accept on its behalf any process or other document relating to any proceedings in the English courts which are connected with a Dispute.

32.5 Creditor Party rights unaffected

Nothing in this Clause 32 (*Law and Jurisdiction*) shall exclude or limit any right which any Creditor Party may have (whether under the law of any country, an international convention or otherwise) with regard to the bringing of proceedings, the service of process, the recognition or enforcement of a judgment or any similar or related matter in any jurisdiction.

32.6 Meaning of "proceedings" and "Dispute"

In this Clause 32 (*Law and Jurisdiction)*, "**proceedings**" means proceedings of any kind, including an application for a provisional or protective measure and a "**Dispute**" means any dispute arising out of or in connection with this Agreement (including a dispute relating to the existence, validity or termination of this Agreement) or any non-contractual obligation arising out of or in connection with this Agreement.

THIS AGREEMENT has been entered into on the date stated at the beginning of this Agreement.

SCHEDULE 1

LENDERS AND COMMITMENTS

Lender	**Lending Office**	**Commitment (US Dollars)**
Hamburg Commercial Bank AG	Gerhart-Hauptmann-Platz 50 20095 Hamburg Germany	$40,750,000

SCHEDULE 2

DRAWDOWN NOTICE

To: Hamburg Commercial Bank AG
Gerhart-Hauptmann-Platz 50
20095 Hamburg
Germany
Attention: Loans Administration

[●] 2021

DRAWDOWN NOTICE

1 We refer to the loan agreement (the "**Loan Agreement**") dated [] and made between ourselves, as joint and several Borrowers, the Lenders referred to therein, and yourselves as Agent, Mandated Lead Arranger, Security Trustee in connection with a facility of up to US$40,750,000. Terms defined in the Loan Agreement have their defined meanings when used in this Drawdown Notice.

2 We request to borrow as follows:

(a) Amount of Advance in relation to Ship [A], [B], [C] or [D]: US$[●];

(b) Drawdown Date: [●];

(c) Duration of the first Interest Period shall be [●] months; and

(d) Payment instructions: account in our name and numbered [●] with [●] of [●].

3 We represent and warrant that:

(a) the representations and warranties in Clause 10 (*Representations and Warranties*) of the Loan Agreement would remain true and not misleading if repeated on the date of this Drawdown Notice with reference to the circumstances now existing; and

(b) no Event of Default or Potential Event of Default has occurred or will result from the borrowing of that Advance.

4 This Drawdown Notice cannot be revoked without the prior consent of the Majority Lenders.

5 We authorise you to deduct the structuring and commitment fees payable pursuant to Clause 20.1(a) and (b) (*Structuring and commitment fees:*).

[Name of Signatory]

for and on behalf of
Liono Shipping Co.
Snoopy Shipping Co.
Cinderella Shipping Co. and
Luffy Shipping Co.

SCHEDULE 3

CONDITION PRECEDENT DOCUMENTS

PART A

The following are the documents referred to in Clause 9.1(a) (*Documents, fees and no default*) required before service of the Drawdown Notice.

1 A duly executed original of:

(a) this Agreement;

(b) the Corporate Guarantee;

(c) the Agency and Trust Agreement;

(d) any Subordination Agreement;

(e) any Subordinated Debt Security;

(f) the Side Letter; and

(g) the Account Pledges.

2 Copies of the certificate of incorporation and constitutional documents of each Borrower, the Corporate Guarantor and any other Security Party and any company registration documents in respect of either Borrower, the Corporate Guarantor or, any other Security Party (including, without limitation, any corporate register excerpts) required by the Agent and a list of all members of the Group.

3 Copies of resolutions of the shareholders and directors of each Borrower, the Corporate Guarantor and any other Security Party authorising the execution of each of the Finance Documents to which that Borrower, the Corporate Guarantor or that Security Party is a party and, in the case of each Borrower, authorising named officers to give the Drawdown Notice(s) and other notices under this Agreement.

4 The original of any power of attorney under which any Finance Document is executed on behalf of a Borrower, the Corporate Guarantor or any other Security Party.

5 Copies of all consents which either Borrower, the Corporate Guarantor or any other Security Party requires to enter into, or make any payment under, any Finance Document.

6 The originals of any mandates or other documents required in connection with the opening or operation of the Accounts.

7 Documentary evidence that the agent for service of process named in Clause 32 (*Law and Jurisdiction)* has accepted its appointment.

8 Copies of each Underlying Document and of all documents signed or issued by the Borrowers or any party thereto (or any of them) under or in connection with such documents together, with such documentary evidence as the Agent and its legal advisers may require in relation to the due authorisation and execution of all such documents by the parties thereto.

9 Any documents required by the Agent in respect of each Borrower, the Corporate Guarantor and any other Security Party (other than Castor Ships) to satisfy the Lenders' "know your customer" requirements.

10 Favourable legal opinions from lawyers appointed by the Agent on such matters concerning the laws of the Republic of the Marshall Islands, England and such other relevant jurisdictions as the Agent may require.

11 Documents establishing that each Ship is managed by the relevant Approved Manager on terms acceptable to the Lenders.

12 If the Agent so requires, in respect of any of the documents referred to above, a certified English translation prepared by a translator approved by the Agent at the Borrowers' expense.

PART B

The following are the documents referred to in Clause 9.1(b) (*Documents, fees and no default*) required before each Drawdown Date. In Part B of this Schedule 3 (*Condition Precedent Documents*), the following definitions have the following meanings:

(a) "**Relevant Borrower**" means the Borrower which is or is to become the owner of the Relevant Ship; and

(b) "**Relevant Ship**" means the Ship which is relevant to the Advance being borrowed on the relevant Drawdown Date.

1 A duly executed original of the Mortgage, the General Assignment and any Charterparty Assignment relating to any Assignable Charter (and of each document to be delivered by each of them) each in respect of the Relevant Ship.

2 Documentary evidence that:

(a) the Relevant Ship is definitively and permanently registered in the name of the Relevant Borrower under an Approved Flag in accordance with the laws of the applicable Approved Flag State;

(b) the Relevant Ship is in the absolute and unencumbered ownership of the Relevant Borrower save as contemplated by the Finance Documents;

(c) the Relevant Ship maintains the class specified in Clause 14.3(b) (*Repair and classification*) with a first class classification society which is a member of IACS (being one of Lloyd's Registry, American Bureau of Shipping, Det Norske Veritas, Bureau Veritas, Korean Register of Shipping, Nippon Kaiji Kyoykai or Registro Italiano Navale) as the Agent may approve free of all overdue recommendations and conditions of such classification society;

(d) the Mortgage relating to the Relevant Ship has been duly registered or recorded against the Relevant Ship as a valid first preferred or, as the case may be, priority mortgage in accordance with the laws of the applicable Approved Flag State;

(e) the Relevant Ship is insured in accordance with the provisions of this Agreement and all requirements therein in respect of insurances have been complied with; and

(f) the Relevant Ship has been delivered to the relevant charterer after the registration or recordation of the Relevant Ship's Mortgage and that any charterer has acknowledged such prior registration or recordation or has subordinated in writing all its claims against the Relevant Ship and the Relevant Borrower to the rights of the Creditor Parties.

3 In relation to an Approved Manager and the Relevant Ship:

(a) the Approved Manager's Undertaking relative thereto; and

(b) copies of the Approved Manager's Document of Compliance and of that Ship's Safety Management Certificate (together with any other details of the applicable safety management system which the Agent requires).

4 The Initial Market Value of the Relevant Ship as shown by a valuation prepared by an Approved Broker selected and appointed by the Agent and otherwise pursuant to Clause 15.3 (*Valuation of Ships*), stated to be for the purposes of this Agreement, which shows a value of the Relevant Ship in an amount which will be sufficient to satisfy the Borrowers' obligations under Clause 15.1 **Provided that** If the Borrowers do not agree with the amount of such valuation, they may request, within 14 days after the date on which the Agent notifies the Borrowers of such valuation (the "**Drawdown Request Period**"), a second valuation to be commissioned from any Approved Broker selected by the Borrowers but appointed by the Agent, such second valuation shall be also prepared in accordance with Clause 15.3 (*Valuation of Ships*), **Provided further that:**

(i) if the Borrowers request such valuation but fail to select the second Approved Broker within the Drawdown Request Period, then the Initial Market Value of the Relevant Ship shall be that shown in the sole valuation obtained by the Agent; or

(ii) if the Borrowers do select a second Approved Broker within the Drawdown Request Period, the Initial Market Value of the Relevant Ship in such circumstances shall be the arithmetic mean of both valuations **Provided even further that** if the difference between such two valuations is greater than 15 per cent., a third valuation shall be commissioned from a third Approved Broker appointed and selected by the Agent (prepared in accordance with Clause 15.3 (*Valuation of Ships*)) and the Initial Market Value of the Relevant Ship in such circumstances shall be the arithmetic mean of all three valuations.

5 Favourable legal opinions from lawyers appointed by the Agent on such matters concerning the laws of the relevant Approved Flag State and such other relevant jurisdictions as the Agent may require.

6 A favourable opinion from an independent insurance consultant acceptable to the Agent on such matters relating to the insurances for the Relevant Ship as the Agent may require.

7 Evidence satisfactory to the Agent that the Minimum Liquidity and the Additional Minimum Liquidity are each standing to the credit of the Liquidity Account pursuant to Clause 11.19 (*Minimum Liquidity and Additional Minimum Liquidity*).

8 If the Agent so requires, in respect of any of the documents referred to above, a certified English translation prepared by a translator approved by the Agent at the Borrowers' expense.

9 Evidence satisfactory to the Agent of payment of all fees due and payable in accordance with Clause 9 (*Conditions Precedent*) of this Agreement.

10 A recent survey report (or comparable inspection report satisfactory to the Agent) in respect of each Relevant Ship.

11 Copies of any memorandum of agreement in respect of a Relevant Ship (and any addenda thereto) or, as the case may be, shipbuilding contracts of a Relevant Ship.

Each of the documents specified in paragraphs 3 and 4 of Part A shall be notarised or legalised by a competent authority acceptable to the Agent and every other copy document delivered under this Schedule shall be certified as a true and up to date copy by the secretary (or equivalent officer) of the relevant Borrower.

SCHEDULE 4

MANDATORY COST FORMULA

1 The Mandatory Cost is an addition to the interest rate to compensate Lenders for the cost of compliance with (a) the requirements of the Financial Services Authority (or any other authority which replaces all or any of its functions) or (b) the requirements of the European Central Bank.

2 On the first day of each Interest Period (or as soon as possible thereafter) the Agent shall calculate, as a percentage rate, a rate (the "**Additional Cost Rate**") for each Lender, in accordance with the paragraphs set out below. The Mandatory Cost will be calculated by the Agent as a weighted average of the Lenders' Additional Cost Rates (weighted in proportion to the percentage participation of each Lender in the relevant Advance) and will be expressed as a percentage rate per annum.

3 The Additional Cost Rate for any Lender lending from a lending office in a Participating Member State will be the percentage notified by that Lender to the Agent. This percentage will be certified by that Lender in its notice to the Agent to be its reasonable determination of the cost (expressed as a percentage of that Lender's participation in all Advances made from that lending office) of complying with the minimum reserve requirements of the European Central Bank in respect of loans made from that lending office.

4 The Additional Cost Rate for any Lender lending from a lending office in the United Kingdom will be calculated by the Agent as follows:

$$\frac{E \times 0.01}{300} \text{ per cent. per annum}$$

Where:

E is designed to compensate Lenders for amounts payable under the Fees Rules and is calculated by the Agent as being the average of the most recent rates of charge supplied by the Reference Banks to the Agent pursuant to paragraph 6 below and expressed in pounds per £1,000,000.

5 For the purposes of this Schedule:

(a) "**Eligible Liabilities**" and "**Special Deposits**" have the meanings given to them from time to time under or pursuant to the Bank of England Act 1998 or (as may be appropriate) by the Bank of England;

(b) "**Fee Tariffs**" means the fee tariffs specified in the Fees Rules under the activity group A.1 Deposit acceptors (ignoring any minimum fee or zero rated fee required pursuant to the Fees Rules but taking into account any applicable discount rate);

(c) "**Fees Rules**" means the rules on periodic fees contained in the FSA Supervision Manual or such other law or regulation as may be in force from time to time in respect of the payment of fees for the acceptance of deposits;

(d) "**Participating Member State**" means any member state of the European Union that adopts or has adopted the euro as its lawful currency in accordance with legislation of the European Union relating to European Monetary Union; and

(e) "**Tariff Base**" has the meaning given to it in, and will be calculated in accordance with, the Fees Rules.

6 If requested by the Agent, the Reference Banks shall, as soon as practicable after publication by the Financial Services Authority, supply to the Agent, the rate of charge payable by the Reference Banks to the Financial Services Authority pursuant to the Fees Rules in respect of the relevant financial year of the Financial Services Authority (calculated for this purpose by the Reference Banks as being the average of the Fee Tariffs applicable to the Reference Banks for that financial year) and expressed in pounds per £1,000,000 of the Tariff Base of the Reference Banks.

7 Each Lender shall supply any information required by the Agent for the purpose of calculating its Additional Cost Rate. In particular, but without limitation, each Lender shall supply the following information in writing on or prior to the date on which it becomes a Lender:

(a) the jurisdiction of its lending office; and

(b) any other information that the Agent may reasonably require for such purpose.

Each Lender shall promptly notify the Agent in writing of any change to the information provided by it pursuant to this paragraph.

8 The rates of charge of the Reference Banks for the purpose of E above shall be determined by the Agent based upon the information supplied to it pursuant to paragraph 6 above and on the assumption that, unless a Lender notifies the Agent to the contrary, each Lender's obligations in relation to cash ratio deposits and special Deposits are the same as those of a typical bank from its jurisdiction of incorporation with a lending office in the same jurisdiction as its lending office.

9 The Agent shall have no liability to any person if such determination results in an Additional Cost Rate which over or under compensates any Lender and shall be entitled to assume that the information provided by any Lender or the Reference Banks pursuant to paragraphs 3, 6 and 7 above is true and correct in all respects.

10 The Agent shall distribute the additional amounts received as a result of the Mandatory Cost to the Lenders on the basis of the Additional Cost Rate for each Lender based on the information provided by each Lender and the Reference Banks pursuant to paragraphs 3, 6 and 7 above.

11 Any determination by the Agent pursuant to this Schedule in relation to a formula, the Mandatory Cost, an Additional Cost Rate or any amount payable to a Lender shall, in the absence of manifest error, be conclusive and binding on all parties.

12 The Agent may from time to time, after consultation with the Borrowers and the Lenders, determine and notify to all parties any amendments which are required to be made to this Schedule in order to comply with any change in law, regulation or any requirements from time to time imposed by the Financial Services Authority or the European Central Bank (or, in any case, any other authority which replaces all or any of its functions) and any such determination shall, in the absence of manifest error, be conclusive and binding on all parties.

SCHEDULE 5

TRANSFER CERTIFICATE

The Transferor and the Transferee accept exclusive responsibility for ensuring that this Certificate and the transaction to which it relates comply with all legal and regulatory requirements applicable to them respectively.

To: Hamburg Commercial Bank AG for itself and for and on behalf of each Borrower, each Security Party, the Security Trustee, each Lender, as defined in the Loan Agreement referred to below.

[●]

1 This Certificate relates to a Loan Agreement (the "**Loan Agreement**") dated [●] and made between (1) Liono Shipping Co., Snoopy Shipping Co., Cinderella Shipping Co. and Luffy Shipping Co. (together, the "**Borrowers**") as joint and several Borrowers, (2) the banks and financial institutions named therein as Lenders, (3) Hamburg Commercial Bank AG as Agent, (4) Hamburg Commercial Bank AG as Mandated Lead Arranger and (5) Hamburg Commercial Bank AG as Security Trustee for a loan facility of up to US$40,750,000.

2 In this Certificate, terms defined in the Loan Agreement shall, unless the contrary intention appears, have the same meanings and:

"**Relevant Parties**" means the Agent, each Borrower, each Security Party, the Security Trustee, each Lender;

"**Transferor**" means [full name] of [lending office]; and

"**Transferee**" means [full name] of [lending office].

3 The effective date of this Certificate is [●] **Provided that** this Certificate shall not come into effect unless it is signed by the Agent on or before that date.

4 [The Transferor assigns to the Transferee absolutely all rights and interests (present, future or contingent) which the Transferor has as Lender under or by virtue of the Loan Agreement and every other Finance Document in relation to [●] per cent. of its Contribution, which percentage represents $[●].

5 [By virtue of this Certificate and Clause 26 (*Transfers and Changes in Lending Offices*) of the Loan Agreement, the Transferor is discharged [entirely from its Commitment which amounts to $[●]] [from [●] per cent. of its Commitment, which percentage represents $[●]] and, subject to Clause 26.7 (*Effect of Transfer Certificate*) of the Loan Agreement, from all obligations connected therewith, the Transferee acquires a Commitment of $[●].]

6 The Transferee undertakes with the Transferor and each of the Relevant Parties that the Transferee will observe and perform all the obligations under the Finance Documents which Clause 26 (*Transfers and Changes in Lending Offices*) of the Loan Agreement provides will become binding on it upon this Certificate taking effect.

7 The Agent, at the request of the Transferee (which request is hereby made) accepts, for the Agent itself and for and on behalf of every other Relevant Party, this Certificate as a Transfer Certificate taking effect in accordance with Clause 26 (*Transfers and Changes in Lending Offices*) of the Loan Agreement.

8 The Transferor:

(a) warrants to the Transferee and each Relevant Party that:

(i) the Transferor has full capacity to enter into this transaction and has taken all corporate action and obtained all consents which are in connection with this transaction; and

(ii) this Certificate is valid and binding as regards the Transferor;

(b) warrants to the Transferee that the Transferor is absolutely entitled, free of encumbrances, to all the rights and interests covered by the assignment in paragraph 4 above; and

(c) undertakes with the Transferee that the Transferor will, at its own expense, execute any documents which the Transferee reasonably requests for perfecting in any relevant jurisdiction the Transferee's title under this Certificate or for a similar purpose.

9 The Transferee:

(a) confirms that it has received a copy of the Loan Agreement and each of the other Finance Documents;

(b) agrees that it will have no rights of recourse on any ground against either the Transferor, the Agent, the Mandated Lead Arranger, the Security Trustee, any Lender in the event that:

(i) any of the Finance Documents prove to be invalid or ineffective;

(ii) either Borrower or any Security Party fails to observe or perform its obligations, or to discharge its liabilities, under any of the Finance Documents;

(iii) it proves impossible to realise any asset covered by a Security Interest created by a Finance Document, or the proceeds of such assets are insufficient to discharge the liabilities of the Borrowers or any Security Party under the Finance Documents;

(c) agrees that it will have no rights of recourse on any ground against the Agent, the Mandated Lead Arranger, the Security Trustee, any Lender in the event that this Certificate proves to be invalid or ineffective;

(d) warrants to the Transferor and each Relevant Party that:

(i) it has full capacity to enter into this transaction and has taken all corporate action and obtained all consents which it needs to take or obtain in connection with this transaction; and

(ii) this Certificate is valid and binding as regards the Transferee; and

(e) confirms the accuracy of the administrative details set out below regarding the Transferee.

10 The Transferor and the Transferee each undertake with the Agent, the Mandated Lead Arranger and the Security Trustee severally, on demand, fully to indemnify the Agent and/or the Security Trustee and/or the Mandated Lead Arranger in respect of any claim, proceeding, liability or expense (including all legal expenses) which they or either of them may incur in connection with this Certificate or any matter arising out of it, except such as are shown to have been mainly and directly caused by the gross and culpable negligence or dishonesty of the Agent's, the Mandated Lead Arranger's or the Security Trustee's own officers or employees.

11 The Transferee shall repay to the Transferor on demand so much of any sum paid by the Transferor under paragraph 10 as exceeds one-half of the amount demanded by the Agent, the Mandated Lead Arranger or the Security Trustee in respect of a claim, proceeding, liability or expense which was not reasonably foreseeable at the date of this Certificate; but nothing in this paragraph shall affect the liability of each of the Transferor and the Transferee to the Agent, the Mandated Lead Arranger or the Security Trustee for the full amount demanded by it.

[Name of Transferor]

By:

Date:

[Name of Transferee]

By:

Date:

Agent

Signed for itself and for and on behalf of itself
as Agent and for every other Relevant Party

Hamburg Commercial Bank AG

By:

Date:

Administrative Details of Transferee

Name of Transferee:

Lending Office:

Contact Person

(Loan Administration Department):

Telephone:

Fax:

Contact Person

(Credit Administration Department):

Telephone:

Fax:

Account for payments:

Notes:

This Transfer Certificate alone may not be sufficient to transfer a proportionate share of the Transferor's interest in the security constituted by the Finance Documents in the Transferor's or Transferee's jurisdiction. It is the responsibility of each Lender to ascertain whether any other documents are required for this purpose.

Paragraph 4 deals with assignment of rights and can be used together with paragraph 5 if the parties have agreed to a combination of assignment of rights and transfer of obligations.

Paragraph 5 deals with transfer of obligations and should be removed if the parties have agreed to an assignment only.

SCHEDULE 6

POWER OF ATTORNEY

Know all men by these presents that [Liono Shipping Co.] [Snoopy Shipping Co.] [Cinderella Shipping Co.] [Luffy Shipping Co.] (the "**Company**"), a corporation incorporated in the Republic of the Marshall Islands and having its registered address at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960 irrevocably and by way of security appoints Hamburg Commercial Bank AG (the "**Attorney**") of Gerhart-Hauptmann-Platz 50, D-20095 Hamburg, Germany its attorney, to act in the name of the Company and to exercise any right, entitlement or power of the Company in relation to [name of classification society] (the "**Classification Society**") and/or to the classification records of any vessel owned, controlled or operated by the Company including, without limitation, such powers or entitlement as the Company may have to inspect the class records and any files held by the Classification Society in relation to any such vessel and to require the Classification Society to provide to the Attorney or to any of its nominees any information, document or file which the Attorney may request

Ratification of actions of attorney. For the avoidance of doubt and without limiting the generality of the above, it is confirmed that the Company hereby ratifies any action which the Attorney takes or purports to take under this Power of Attorney and the Classification Society shall be entitled to rely hereon without further enquiry.

Delegation. The Attorney may exercise its powers hereunder through any officer or through any nominee and/or may sub-delegate to any person or persons (including a receiver and persons designated by him) all or any of the powers (including the discretions) conferred on the Attorney hereunder, and may do so on terms authorising successive sub-delegations.

This Power of Attorney was executed by the Company as a Deed on [***date***].

EXECUTED as a **DEED** by)
[Liono] [Snoopy] [Cinderella] [Luffy] Shipping Co.)
acting by President or Secretary)
)

In the presence of:

SCHEDULE 7

FORM OF COMPLIANCE CERTIFICATE

To: Hamburg Commercial Bank AG
Gerhart-Hauptmann-Platz 50
D-20095 Hamburg
Germany

[●] 2021

Dear Sirs

We refer to a loan agreement dated [●] (the "**Loan Agreement**") made between (amongst others) yourselves and ourselves in relation to a term loan facility of up to $40,750,000.

Words and expressions defined in the Loan Agreement shall have the same meaning when used in this compliance certificate.

Each Borrower represents that no Event of Default or Potential Event of Default has occurred as at the date of this certificate [except for the following matter or event [set out all material details of matter or event]]. In addition as of [●], each Borrower confirms compliance with the minimum liquidity requirements set out in Clause 11.19 (*Minimum Liquidity and Additional Minimum Liquidity*) [,] [and] the minimum security cover requirement set out in Clause 15.1 (*Minimum required security cover*) [and][list here any other financial covenants which are applicable to the relevant transaction], of the Loan Agreement for the [6-month] period ending on the date of this certificate.

We now certify that, as at [●]:

(a) the aggregate of the Minimum Liquidity standing to the credit of the Liquidity Account is $[●];

(b) the Security Cover Ratio is above 130 per cent.; and

This certificate shall be governed by, and construed in accordance with, English law.

Name: [●]

Title: [*senior officer*]

LIONO SHIPPING CO.
SNOOPY SHIPPING CO.
CINDERELLA SHIPPING CO.
LUFFY SHIPPING CO.

BORROWERS

SIGNED by	)
	)
Its attorney-in-fact	)
for and on behalf of	)
LIONO SHIPPING CO.	)
in the presence of:	)
SIGNED by	)
	)
Its attorney-in-fact	)
for and on behalf of	)
SNOOPY SHIPPING CO.	)
in the presence of:	)
SIGNED by	)
	)
Its attorney-in-fact	)
for and on behalf of	)
CINDERELLA SHIPPING CO.	)
in the presence of:	)
SIGNED by	)
	)
Its attorney-in-fact	)
for and on behalf of	)
LUFFY SHIPPING CO.	)
in the presence of:	)

LENDERS

SIGNED by	)
	)
for and on behalf of	)
HAMBURG COMMERCIAL BANK AG	)
in the presence of:	)

AGENT

SIGNED by)
)
for and on behalf of)
HAMBURG COMMERCIAL BANK AG)
in the presence of:)

MANDATED LEAD ARRANGER

SIGNED by)
)
for and on behalf of)
HAMBURG COMMERCIAL BANK AG)
in the presence of:)

SECURITY TRUSTEE

SIGNED by)
)
for and on behalf of)
HAMBURG COMMERCIAL BANK AG)
in the presence of:)

Exhibit 4.19

Dated _____ November 2021

$23,150,000

TERM LOAN FACILITY

BAGHEERA SHIPPING CO.
GARFIELD SHIPPING CO.
as joint and several Borrowers

and

CASTOR MARITIME INC.
as Corporate Guarantor

and

CHAILEASE INTERNATIONAL FINANCIAL SERVICES (SINGAPORE) PTE. LTD.
as Lender

FACILITY AGREEMENT

relating to
the financing of m.vs "MAGIC RAINBOW"
and "MAGIC PHOENIX"

Index

THIS AGREEMENT is made on _____ November 2021

PARTIES

(1) **BAGHEERA SHIPPING CO.**, a corporation incorporated in the Republic of the Marshall Islands whose registered address is at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960 as borrower ("**Borrower A**")

(2) **GARFIELD SHIPPING CO.**, a corporation incorporated in the Republic of the Marshall Islands whose registered address is at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960 as borrower ("**Borrower B**")

(3) **CASTOR MARITIME INC.**, a corporation incorporated in the Republic of the Marshall Islands whose registered address is at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960 (the "**Corporate Guarantor**")

(4) **THE FINANCIAL INSTITUTION** listed in Part B of Schedule 1 (*The Parties*) as Lender (the "**Original Lender**")

BACKGROUND

The Lender has agreed to make available to the Borrowers a secured term loan facility in an aggregate amount of $23,150,000, in up to two Tranches, for the purpose of financing the Ships.

OPERATIVE PROVISIONS

SECTION 1

INTERPRETATION

1 DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Agreement:

"**Account Bank**" means Joh. Berenberg, Gossler & Co. KG acting through its office at Neuer Jungfernstieg 20, 20354 Hamburg, Germany or any replacement bank or other financial institution as may be approved by the Lender.

"**Account Security**" means a document creating Security over an Earnings Account in agreed form.

"**Advance**" means a borrowing of all or part of a Tranche under this Agreement.

"**Affiliate**" means, in relation to any person, a Subsidiary of that person or a Holding Company of that person or any other Subsidiary of that Holding Company.

"**Approved Brokers**" means any firm or firms of insurance brokers approved in writing by the Lender.

"**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 4 (*Details of the Ships*) with the relevant Approved Classification Society or the equivalent classification with another Approved Classification Society.

"**Approved Classification Society**" means in relation to a Ship, as at the date of this Agreement, the classification society in relation to that Ship specified in Schedule 4 (*Details of the Ships*) or any other classification society approved in writing by the Lender and which is a member of the International Association of Classification Societies.

"**Approved Flag**" means, in relation to a Ship, as at the date of this Agreement, the flag in relation to that Ship specified in Schedule 4 (*Details of the Ships*) or such other flag approved in writing by the Lender.

"**Approved Manager**" means, in relation to each Ship, as at the date of this Agreement, Castor Ships S.A., a corporation incorporated in the Republic of the Marshall Islands whose registered address is at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960 as the commercial manager, Pavimar S.A. a corporation incorporated in the Republic of the Marshall Islands whose registered address is at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960 as the technical manager or any other person approved in writing by the Lender as the commercial and/or technical manager of a Ship such approval not to be unreasonably withheld or delayed.

"**Approved Valuer**" means any firm or firms of independent sale and purchase shipbrokers approved in writing by the Lender and acceptable by the Borrowers.

"**Authorisation**" means an authorisation, consent, approval, resolution, licence, exemption, filing, notarisation, legalisation or registration.

"**Availability Period**" means the period from and including the date of this Agreement to and including (a) in respect of Tranche A, 30 November 2021 and (b) in respect of Tranche B, 15 December 2021.

"**Available Facility**" means the Commitment minus:

(a) the amount of the outstanding Loan; and

(b) in relation to any proposed Utilisation, the amount of the Loan that is due to be made on or before the proposed Utilisation Date.

"**Borrower**" means Borrower A or Borrower B.

"**Break Costs**" means the amount (if any) by which:

(a) the interest which the Lender should have received for the period from the date of receipt of all or any part of the Loan or an Unpaid Sum to the last day of the current Interest Period in relation to the Loan, the relevant part of the Loan or that Unpaid Sum, had the principal amount or Unpaid Sum received been paid on the last day of that Interest Period;

exceeds

(b) the amount which the Lender would be able to obtain by placing an amount equal to the principal amount or Unpaid Sum received by it on deposit with a leading bank in the Relevant Interbank Market for a period starting on the Business Day following receipt or recovery and ending on the last day of the current Interest Period.

"**Business Day**" means a day (other than a Saturday or Sunday) on which banks are open for general business in London, Hamburg, New York, Taiwan, Athens and Singapore.

"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 and, including for the avoidance of doubt, an Initial Charter.

"**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.

"**Commitment**" means the amount specified in Clause 2 (*The Facility*) and Clause 5.3 (*Currency and amount*), to the extent not cancelled or reduced under this Agreement.

"**Confidential Information**" means all information relating to any Transaction Obligor, the Group, the Finance Documents or the Facility of which the Lender becomes aware in its capacity as, or for the purpose of becoming, the Lender or which is received by the Lender in relation to, or for the purpose of becoming the Lender under, the Finance Documents or the Facility 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:

(a) information that:

(i) is or becomes public information other than as a direct or indirect result of any breach by the Lender of Clause 40 (*Confidential Information*);

(ii) is identified in writing at the time of delivery as non-confidential by any member of the Group or any of its advisers; or

(iii) is known by the Lender before the date the information is disclosed to it by any member of the Group or any of its advisers or is lawfully obtained by the Lender after that date, from a source which is, as far as the Lender is aware, unconnected with the Group and which, in either case, as far as the Lender is aware, has not been obtained in breach of, and is not otherwise subject to, any obligation of confidentiality; and

(b) any Funding Rate.

"**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 Lender.

"**Co-Assured's Undertaking**" means the letter of undertaking by any company, corporation or other person named as co-assured under the Insurances subordinating the rights of that co-assured against a Ship and a Borrower to the rights of the Lender in agreed form.

"**Default**" means an Event of Default or a Potential Event of Default.

"**Delegate**" means any delegate, agent, attorney or co-trustee appointed by the Lender.

"**Disruption Event**" means either or both of:

(a) a material disruption to those payment or communications systems or to those financial markets which are, in each case, required to operate in order for payments to be made in connection with the Facility (or otherwise in order for the transactions contemplated by the Finance Documents to be carried out) which disruption is not caused by, and is beyond the control of, any of the Parties or, 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.

"**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 Lender 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 Lender, pooled or shared with any other person:

(i) all freight, hire and passage moneys including, without limitation, all moneys payable under, arising out of or in connection with a Charter or a Charter Guarantee;

(ii) the proceeds of the exercise of any lien on sub-freights;

(iii) compensation payable to a Borrower or the Lender in the event of requisition of that Ship for hire or use;

(iv) remuneration for salvage and towage services;

(v) demurrage and detention moneys;

(vi) without prejudice to the generality of sub-paragraph (i) above, damages for breach (or payments for variation or termination) of any charterparty or other contract for the employment of that Ship;

(vii) all moneys which are at any time payable under any Insurances in relation to loss of hire;

(viii) all monies which are at any time payable to a Borrower in relation to general average contribution; and

(b) if and whenever that Ship is employed on terms whereby any moneys falling within sub-paragraphs (i) to (viii) of paragraph (a) above are pooled or shared with any other person, that proportion of the net receipts of the relevant pooling or sharing arrangement which is attributable to that Ship.

"**Earnings Account**" means:

(a) an account in the name of Borrower A with the Account Bank designated "Bagheera Shipping Co. - Earnings Account";

(b) an account in the name of Borrower B with the Account Bank designated "Garfield Shipping Co. - Earnings Account";

(c) any other account in the name of a Borrower with the Account Bank which may, with the prior written consent of the Lender, be opened in the place of the account referred to in paragraph (a) or (b) above (as the case may be), irrespective of the number or designation of such replacement account; or

(d) any sub-account of any account referred to in paragraphs (a) or (c) above.

"**Environmental Approval**" means any present or future permit, ruling, variance or other Authorisation required under Environmental Law.

"**Environmental Claim**" means any claim by any governmental, judicial or regulatory authority or any other person which arises out of an Environmental Incident or an alleged Environmental Incident or which relates to any Environmental Law and, for this purpose, "**claim**" includes a claim for damages, compensation, contribution, injury, fines, losses and penalties or any other payment of any kind, including in relation to clean-up and removal, whether or not similar to the foregoing; an order or direction to take, or not to take, certain action or to desist from or suspend certain action; and any form of enforcement or regulatory action, including the arrest or attachment of any asset.

"**Environmental Incident**" means:

(a) any release, emission, spill or discharge of Environmentally Sensitive Material whether within a Ship or from a Ship into any other vessel or into or upon the air, water, land or soils (including the seabed) or surface water that has an assessed cost $500,000 or higher; 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 liable to be arrested, attached, detained or injuncted and/or a Ship and/or any Transaction Obligor and/or any operator or manager of a Ship is at fault or allegedly at fault or otherwise liable to any legal or administrative action that has an assessed cost $500,000 or higher; or

(c) any other incident that has an assessed cost $500,000 or higher 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 liable to be arrested and/or where any Transaction Obligor and/or any operator or manager of a Ship is at fault or allegedly at fault or otherwise liable to any legal or administrative action other than in accordance with an Environmental Approval.

"**Environmental Law**" means any present or future law relating to pollution or protection of human health or the environment, to conditions in the workplace, to the carriage, generation, handling, storage, use, release or spillage of Environmentally Sensitive Material or to actual or threatened releases of Environmentally Sensitive Material.

"**Environmentally Sensitive Material**" means and includes all contaminants, oil, oil products, toxic substances and any other substance (including any chemical, gas or other hazardous or noxious substance) which is (or is capable of being or becoming) polluting, toxic or hazardous.

"**Event of Default**" means any event or circumstance specified as such in Clause 27 (*Events of Default*).

"**Facility**" means the term loan facility made available under this Agreement as described in Clause 2 (*The Facility*).

"**Facility Office**" means the office or offices through which the Lender will perform its obligations under this Agreement.

"**FATCA**" means:

(a) sections 1471 to 1474 of the Code or any associated regulations;

(b) any treaty, law or regulation of any other jurisdiction, or relating to an intergovernmental agreement between the US and any other jurisdiction, which (in either case) facilitates the implementation of any law or regulation referred to in paragraph (a) above; or

(c) any agreement pursuant to the implementation of any treaty, law or regulation referred to in paragraphs (a) or (b) above with the US Internal Revenue Service, the US government or any governmental or taxation authority in any other jurisdiction.

"**FATCA Deduction**" means a deduction or withholding from a payment under a Finance Document required by FATCA.

"**FATCA Exempt Party**" means a Party that is entitled to receive payments free from any FATCA Deduction.

"**Finance Document**" means:

(a) this Agreement;

(b) each Utilisation Request;

(c) any Security Document;

(d) any Manager's Undertaking;

(e) any Subordination Agreement;

(f) any other document which is executed for the purpose of establishing any priority or subordination arrangement in relation to the Secured Liabilities; or

(g) any other document designated as such by the Lender and the Borrowers.

"**Financial Indebtedness**" means any indebtedness for or in relation to:

(a) moneys borrowed;

(b) any amount raised by acceptance under any acceptance credit facility or dematerialised equivalent;

(c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;

(d) the amount of any liability in relation to any lease or hire purchase contract which would, in accordance with GAAP, be treated as a balance sheet liability (other than any liability in respect of a lease or hire purchase contract which would, in accordance with GAAP in force prior to 1 January 2019, have been treated as an operating lease);

(e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);

(f) any amount raised under any other transaction (including any forward sale or purchase agreement) of a type not referred to in any other paragraph of this definition having the commercial effect of a borrowing;

(g) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value (or, if any actual amount is due as a result of the termination or close-out of that derivative transaction, that amount) shall be taken into account);

(h) any counter-indemnity obligation in relation to a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and

(i) the amount of any liability in relation to any guarantee or indemnity for any of the items referred to in paragraphs (a) to (h) above.

"**Funding Rate**" means any individual rate notified by the Lender to an Obligor pursuant to any Finance Document.

"**GAAP**" means generally accepted accounting principles in the US.

"**General and Charter Assignment**" means, in relation to a Ship, the general and time charter assignment executed by the relevant Borrower creating Security over:

(a) the Earnings, the Insurances and any Requisition Compensation; and

(b) any Charter and any Charter Guarantee,

in agreed form.

"**Group**" means the Corporate Guarantor and its Subsidiaries at any relevant time and "**member of the Group**" shall be construed accordingly.

"**Holding Company**" means, in relation to a person, any other person in relation to which it is a Subsidiary.

"**Indemnified Person**" has the meaning given to it in Clause 14.2 (*Other indemnities*).

"**Initial Charter**" means:

(a) in relation to Ship A, a time charterparty evidenced by a recapitulation email dated 16 June 2021 and entered into by and between Borrower A, as owner and D'Amico Dry DAC, as charterer; and

(b) in relation to Ship B, a time charterparty evidenced by a recapitulation email dated 25 October 2021 and entered into by and between Borrower B, as owner and Oldendorff Carriers GmbH & Co. KG, as charterer.

"**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, the Earnings or otherwise in relation to that Ship whether before, on or after the date of this Agreement; and

(b) all rights and other assets relating to, or derived from, any of such policies, contracts or entries, including any rights to a return of premium and any rights in relation to any claim whether or not the relevant policy, contract of insurance or entry has expired on or before the date of this Agreement.

"**Interest Payment Date**" has the meaning given to it in paragraph (a) of Clause 8.2 (*Payment of interest*).

"**Interest Period**" means, in relation to in relation to an Advance, the Loan or any part of the Loan, each period determined in accordance with Clause 9 (*Interest Periods*) and, in relation to an Unpaid Sum, each period determined in accordance with Clause 8.3 (*Default interest*).

"**Interpolated Screen Rate**" means, in relation to the Loan or any part of the Loan, the rate (rounded to the same number of decimal places as the two relevant Screen Rates) which results from interpolating on a linear basis between:

(a) the applicable Screen Rate for the longest period (for which that Screen Rate is available) which is less than the Interest Period of the Loan or that part of the Loan; and

(b) the applicable Screen Rate for the shortest period (for which that Screen Rate is available) which exceeds the Interest Period of the Loan or that part of the Loan,

each as of the Specified Time for dollars.

"**ISM Code**" means the International Safety Management Code for the Safe Operation of Ships and for Pollution Prevention (including the guidelines on its implementation), adopted by the International Maritime Organisation, as the same may be amended or supplemented from time to time.

"**ISPS Code**" means the International Ship and Port Facility Security (ISPS) Code as adopted by the International Maritime Organization's (IMO) Diplomatic Conference of December 2002, as the same may be amended or supplemented from time to time.

"**ISSC**" means an International Ship Security Certificate issued under the ISPS Code.

"**Lender**" means:

(a) the Original Lender; and

(b) any bank, financial institution, trust, fund or other entity which has become the Lender in accordance with Clause 28 (*Changes to the Lender*),

which in each case has not ceased to be a Party in accordance with this Agreement.

"**LIBOR**" means, in relation to an Advance, the Loan or any part of the Loan:

(a) the applicable Screen Rate as of the Specified Time for dollars and for a period of one Month; or

(b) as otherwise determined pursuant to Clause 10.1 (*Unavailability of Screen Rate*),

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

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

"**Loan**" means the loan to be made available under the Facility or the aggregate principal amount outstanding for the time being of the borrowings under the Facility and a "**part of the Loan**" means any part of the Loan as the context may require.

"**Major Casualty**" means, 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 the lesser of (a) an amount equal to ten per cent. of the Loan outstanding and (b) $500,000, or the equivalent in any other currency.

"**Management Agreement**" means the agreement entered into between a Borrower and the relevant Approved Manager regarding the management of a Ship.

"**Manager's Undertaking**" means, in relation to a Ship, the letter of undertaking from the relevant Approved Manager subordinating the rights of that Approved Manager against that Ship and the relevant Borrower to the Lender, in agreed form.

"**Margin**" means 4.00 per cent. per annum.

"**Market Value**" means, in relation to a Ship or any other vessel, at any date, an amount determined by the Lender as being an amount equal to the market value of that Ship or vessel shown by a valuation prepared, or if required by the Borrowers by taking the arithmetic mean of two valuations each prepared:

(a) as at a date not more than 14 days previously;

(b) by an Approved Valuer (selected by the Lender and acceptable to the Borrowers and if the Borrowers have requested two valuations to be obtained, the second Approved Valuer selected by the Borrowers and acceptable to the Lender);

(c) with or without physical inspection of that Ship or vessel (as the Lender may require); and

(d) on the basis of a sale for prompt delivery for cash on normal arm's length commercial terms as between a willing seller and a willing buyer, free of any Charter,

"**Material Adverse Effect**" means in the reasonable opinion of the Lender a material adverse effect on:

(a) the business, operations, property, condition (financial or otherwise) or prospects of the Corporate Guarantor or the Group as a whole; or

(b) the ability of any Transaction 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 the Lender under any of the Finance Documents.

"**Minimum Liquidity Account**" means an account in the name of the Lender with the Minimum Liquidity Account Bank account no.: 069-007-069551 and with swift code: BKTWTWTP238.

"**Minimum Liquidity Account Bank**" means Bank of Taiwan, Taipei Branch.

"**Minimum Liquidity Amount**" means:

(a) in respect of Tranche A, the amount of $406,000; and

(b) in respect of Tranche B, the amount of $520,000,

in each case such amount to be credited to the Minimum Liquidity Account as at the relevant Utilisation Date.

"**Month**" means a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month, except that:

(a) (subject to paragraph (c) below) if the numerically corresponding day is not a Business Day, that period shall end on the next Business Day in that calendar month in which that period is to end if there is one, or if there is not, on the immediately preceding Business Day;

(b) if there is no numerically corresponding day in the calendar month in which that period is to end, that period shall end on the last Business Day in that calendar month; and

(c) if an Interest Period begins on the last Business Day of a calendar month, that Interest Period shall end on the last Business Day in the calendar month in which that Interest Period is to end.

The above rules will only apply to the last Month of any period.

"**Mortgage**" means, in relation to a Ship, a first preferred Marshall Islands ship mortgage on that Ship in agreed form.

"**Obligor**" means a Borrower or the Corporate Guarantor.

"**Original Financial Statements**" means the audited consolidated financial statements of the Group for its financial year ended 31 December 2020 provided by the Corporate Guarantor.

"**Original Jurisdiction**" means, in relation to a Transaction Obligor, the jurisdiction under whose laws that Transaction Obligor is incorporated as at the date of this Agreement.

"**Overseas Regulations**" means the Overseas Companies Regulations 2009 (SI 2009/1801).

"**Participating Member State**" means any member state of the European Union that has the euro as its lawful currency in accordance with legislation of the European Union relating to Economic and Monetary Union.

"**Party**" means a party to this Agreement.

"**Permitted Charter**" means, in relation to a Ship, a Charter:

(a) which is a time, voyage or consecutive voyage charter;

(b) the duration of which does not exceed and is not capable of exceeding, by virtue of any optional extensions, 12 months plus a redelivery allowance of not more than 30 days;

(c) which is entered into on bona fide arm's length terms at the time at which that Ship is fixed; and

(d) in relation to which not more than two months' hire is payable in advance,

and any other Charter which is approved in writing by the Lender.

"**Permitted Financial Indebtedness**" means:

(a) any Financial Indebtedness incurred under the Finance Documents; and

(b) any Financial Indebtedness that is subordinated to all Financial Indebtedness incurred under the Finance Documents pursuant to a Subordination Agreement or otherwise and which is, in the case of any such Financial Indebtedness of a Borrower, the subject of Subordinated Debt Security.

"**Permitted Security**" means:

(a) Security created by the Finance Documents;

(b) liens for unpaid master's and crew's wages in accordance with first class ship ownership and management practice and not being enforced through arrest;

(c) liens for salvage;

(d) liens for master's disbursements incurred in the ordinary course of trading in accordance with first class ship ownership and management practice and not being enforced through arrest; and

(e) any other lien arising by operation of law or otherwise in the ordinary course of the operation, repair or maintenance of any Ship:

(i) not as a result of any default or omission by either 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 liens do 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).

"**Potential Event of Default**" means any event or circumstance specified in Clause 27 (*Events of Default*) which would (with the expiry of a grace period, the giving of notice, the making of any determination under the Finance Documents or any combination of any of the foregoing) be an Event of Default.

"**Prohibited Person**" means any person (whether designated by name or by reason of being included in a class of persons) against whom Sanctions are directed.

"**Quotation Day**" means, in relation to any period for which an interest rate is to be determined, the first day of that period unless market practice differs in the Relevant Interbank Market in which case the Quotation Day will be determined by the Lender in accordance with market practice in the Relevant Interbank Market (and if quotations would normally be given by leading banks in the Relevant Interbank Market on more than one day, the Quotation Day will be the last of those days).

"**Receiver**" means a receiver or receiver and manager or administrative receiver of the whole or any part of the Security Assets.

"**Related Fund**" in relation to a fund (the "first fund"), means a fund which is managed or advised by the same investment manager or investment adviser as the first fund or, if it is managed by a different investment manager or investment adviser, a fund whose investment manager or investment adviser is an Affiliate of the investment manager or investment adviser of the first fund.

"**Relevant Interbank Market**" means the London interbank market.

"**Relevant Jurisdiction**" means, in relation to a Transaction Obligor:

(a) its Original Jurisdiction;

(b) any jurisdiction where any asset subject to, or intended to be subject to, any of the Transaction Security created, or intended to be created, by it is situated;

(c) any jurisdiction where it conducts its business; and

(d) the jurisdiction whose laws govern the perfection of any of the Security Documents entered into by it.

"**Relevant Nominating Body**" means any applicable central bank, regulator or other supervisory authority or a group of them, or any working group or committee sponsored or chaired by, or constituted at the request of, any of them or the Financial Stability Board.

"**Repayment Date**" means each date on which a Repayment Instalment is required to be paid under Clause 6.1 (*Repayment of Loan*).

"**Repayment Instalment**" has the meaning given to it in Clause 6.1 (*Repayment of Loan*).

"**Repeating Representation**" means each of the representations set out in Clause 19 (*Representations*) except Clause 19.10 (*Insolvency*), Clause 19.11 (*No filing or stamp taxes*) and Clause 19.12 (*Deduction of Tax*) and any representation of any Transaction Obligor made in any other Finance Document that is expressed to be a "Repeating Representation" or is otherwise expressed to be repeated.

"**Replacement Benchmark**" means a benchmark rate which is:

(a) formally designated, nominated or recommended as the replacement for a Screen Rate by:

(i) the administrator of that Screen Rate (provided that the market or economic reality that such benchmark rate measures is the same as that measured by that Screen Rate); or

(ii) any Relevant Nominating Body,

and if replacements have, at the relevant time, been formally designated, nominated or recommended under both paragraphs, the "Replacement Benchmark" will be the replacement under paragraph (ii) above;

(b) in the opinion of the Lender and the Borrowers, generally accepted in the international or any relevant domestic syndicated loan markets as the appropriate successor to a Screen Rate; or

(c) in the opinion of the Lender and the Borrowers, an appropriate successor to a Screen Rate.

"**Representative**" means any delegate, agent, manager, administrator, nominee, attorney, trustee or custodian.

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

(a) any expropriation, confiscation, requisition (excluding a requisition for hire or use which does not involve a requisition for title) or acquisition of that Ship, whether for full consideration, a consideration less than its proper value, a nominal consideration or without any consideration, which is effected (whether *de jure* or *de facto*) by any government or official authority or by any person or persons claiming to be or to represent a government or official authority; 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.

"**Safety Management Certificate**" has the meaning given to it in the ISM Code.

"**Safety Management System**" has the meaning given to it in the ISM Code.

"**Sanctions**" means any sanctions, embargoes, freezing provisions, prohibitions or other restrictions relating to trading, doing business, investment, exporting, financing or making assets available (or other activities similar to or connected with any of the foregoing):

(a) imposed by law or regulation of the United Kingdom, the Council of the European Union, the United Nations or its Security Council or the United States of America regardless of whether the same is or is not binding on any Transaction Obligor; or

(b) otherwise imposed by any law or regulation binding on a Transaction Obligor or to which a Transaction Obligor is subject (which shall include without limitation, any extra-territorial sanctions imposed by law or regulation of the United States of America).

"**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 on page LIBOR01 of the Thomson Reuters screen (or any replacement Thomson Reuters page which displays that rate) or on the appropriate page of such other information service which publishes that rate from time to time in place of Thomson Reuters. If such page or service ceases to be available, the Lender may specify another page or service displaying the relevant rate after consultation with the Borrowers.

"**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 the Lender under or in connection with each Finance Document.

"**Security**" means a mortgage, pledge, lien, charge, assignment, hypothecation or security interest or any other agreement or arrangement having the effect of conferring security.

"**Security Assets**" means all of the assets of the Transaction Obligors which from time to time are, or are expressed to be, the subject of the Transaction Security.

"**Security Document**" means:

(a) any Shares Security;

(b) any Mortgage;

(c) any General and Charter Assignment;

(d) any Account Security;

(e) any Subordinated Debt Security;

(f) any other document (whether or not it creates Security) which is executed as security for the Secured Liabilities; or

(g) any other document designated as such by the Lender and the Borrowers.

"**Security Period**" means the period starting on the date of this Agreement and ending on the date on which the Lender is satisfied that there is no outstanding Commitment in force and that the Secured Liabilities have been irrevocably and unconditionally paid and discharged in full.

"**Security Property**" means:

(a) the Transaction Security expressed to be granted in favour of the Lender and all proceeds of that Transaction Security;

(b) all obligations expressed to be undertaken by a Transaction Obligor to pay amounts in relation to the Secured Liabilities to the Lender and secured by the Transaction Security together with all representations and warranties expressed to be given by a Transaction Obligor or any other person in favour of the Lender; and

(c) the Lender's interest in any turnover trust created under the Finance Documents.

"**Selection Notice**" means a notice substantially in the form set out in Part B of Schedule 3 (*Requests*) given in accordance with Clause 9 (*Interest Periods*).

"**Shareholder**" means the Corporate Guarantor, in its capacity as holder of all shares in a Borrower.

"**Shares Security**" means, in relation to a Borrower, a document creating Security over the shares in that Borrower in agreed form.

"**Ship**" means Ship A or Ship B.

"**Ship A**" means m.v. "MAGIC RAINBOW", details of which are set out opposite its name in Schedule 4 (*Details of the Ships*).

"**Ship B**" means m.v. "MAGIC PHOENIX", details of which are set out opposite its name in Schedule 4 (*Details of the Ships*).

"**Specified Time**" means a day or time determined in accordance with Schedule 5 (*Timetables*).

"**Subordinated Creditor**" means:

(a) a Transaction Obligor; or

(b) any other person who becomes a Subordinated Creditor in accordance with this Agreement.

"**Subordinated Debt Security**" means a Security over Subordinated Liabilities entered into or to be entered into by a Subordinated Creditor in favour of the Lender in an agreed form.

"**Subordinated Finance Document**" means:

(a) a Subordinated Loan Agreement; or

(b) any other document relating to or evidencing Subordinated Liabilities.

"**Subordinated Liabilities**" means all indebtedness owed or expressed to be owed by the Borrowers to a Subordinated Creditor whether under the Subordinated Finance Documents or otherwise.

"**Subordinated Loan Agreement**" means a loan agreement made or to be made between (i) a Borrower and (ii) Subordinated Creditor.

"**Subordination Agreement**" means a subordination agreement entered into or to be entered into by each Subordinated Creditor and the Lender in agreed form.

"**Subsidiary**" means a subsidiary within the meaning of section 1159 of the Companies Act 2006.

"**Tax**" means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same).

"**Tax Credit**" has the meaning given to it in Clause 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*).

"**Termination Date**" means, in relation to each Tranche, the date falling 60 Months from the Utilisation Date of that Tranche.

"**Third Parties Act**" has the meaning given to it in Clause 1.5 (*Third party rights*).

"**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 the Ship unless the Ship is returned to the full control of the relevant Borrower within 30 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 a Ship, the date on which it occurred or, if that is unknown, the date when a Ship was last heard of;

(b) in the case of a constructive, compromised, agreed or arranged total loss of a 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 a Borrower with its 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 Lender that the event constituting the total loss occurred.

"**Tranche**" means Tranche A or Tranche B.

"**Tranche A**" means that part of the Loan made or to be made available to the Borrowers to finance Ship A in the principal amount of $10,150,000.

"**Tranche B**" means that part of the Loan made or to be made available to the Borrowers to finance Ship B in the principal amount of $13,000,000.

"**Transaction Document**" means:

(a) a Finance Document;

(b) a Subordinated Finance Document;

(c) any Charter; or

(d) any other document designated as such by the Lender and a Borrower and/or a Transaction Obligor.

"**Transaction Obligor**" means an Obligor, the Shareholder, 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.

"**UK Establishment**" means a UK establishment as defined in the Overseas Regulations.

"**Unpaid Sum**" means any sum due and payable but unpaid by a Transaction Obligor under the Finance Documents.

"**US**" means the United States of America.

"**US Tax Obligor**" means:

(a) a person which is resident for tax purposes in the US; or

(b) a person some or all of whose payments under the Finance Documents are from sources within the US for US federal income tax purposes.

"**Utilisation**" means a utilisation of the Facility.

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

"**Utilisation Request**" means a notice substantially in the form set out in Part A of Schedule 3 (*Requests*).

"**VAT**" means:

(a) any value added tax imposed by the Value Added Tax Act 1994;

(b) any tax imposed in compliance with the Council Directive of 28 November 2006 on the common system of value added tax (EC Directive 2006/112); and

(c) any other tax of a similar nature, whether imposed in the United Kingdom or a member state of the European Union in substitution for, or levied in addition to, such tax referred to in paragraph (a) or (b) above, or imposed elsewhere.

1.2 Construction

(a) Unless a contrary indication appears, a reference in this Agreement to:

(i) the "**Account Bank**", "**Lender**", any "**Obligor**", any "**Party**", any "**Transaction Obligor**" or any other person shall be construed so as to include its successors in title and permitted assigns;

(ii) "**assets**" includes present and future properties, revenues and rights of every description;

(iii) a liability which is "**contingent**" means a liability which is not certain to arise and/or the amount of which remains unascertained;

(iv) "**document**" includes a deed and also a letter, fax, email or telex;

(v) "**expense**" means any kind of cost, charge or expense (including all legal costs, charges and expenses) and any applicable Tax including VAT;

(vi) a "**Finance Document**", a "**Security Document**" or "**Transaction Document**" or any other agreement or instrument is a reference to that Finance Document, Security Document or Transaction Document or other agreement or instrument as amended, replaced, novated, supplemented, extended or restated;

(vii) "**indebtedness**" includes any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent;

(viii) "**law**" includes any order or decree, any form of delegated legislation, any treaty or international convention and any regulation or resolution of the Council of the European Union, the European Commission, the United Nations or its Security Council;

(ix) "**proceedings**" means, in relation to any enforcement provision of a Finance Document, proceedings of any kind, including an application for a provisional or protective measure;

(x) a "**person**" includes any individual, firm, company, corporation, government, state or agency of a state or any association, trust, joint venture, consortium, partnership or other entity (whether or not having separate legal personality);

(xi) a "**regulation**" includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;

(xii) a provision of law is a reference to that provision as amended or re-enacted from time to time;

(xiii) a time of day is a reference to London time;

(xiv) any English legal term for any action, remedy, method of judicial proceeding, legal document, legal status, court, official or any legal concept or thing shall, in respect of a jurisdiction other than England, be deemed to include that which most nearly approximates in that jurisdiction to the English legal term;

(xv) words denoting the singular number shall include the plural and vice versa; and

(xvi) "**including**" and "**in particular**" (and other similar expressions) shall be construed as not limiting any general words or expressions in connection with which they are used.

(b) The determination of the extent to which a rate is "**for a period equal in length**" to an Interest Period shall disregard any inconsistency arising from the last day of that Interest Period being determined pursuant to the terms of this Agreement.

(c) Section, Clause and Schedule headings are for ease of reference only and are not to be used for the purposes of construction or interpretation of the Finance Documents.

(d) Unless a contrary indication appears, a term used in any other Finance Document or in any notice given under, or in connection with, any Finance Document has the same meaning in that Finance Document or notice as in this Agreement.

(e) A Potential Event of Default is "**continuing**" if it has not been remedied or waived and an Event of Default is "**continuing**" if it has not been waived.

1.3 Construction of insurance terms

In this Agreement:

"**approved**" means, for the purposes of Clause 23 (*Insurance Undertakings*), approved in writing by the Lender.

"**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 either Borrower is obliged to effect, under Clause 23 (*Insurance Undertakings*) or any other provision of this Agreement or of another Finance Document.

"**policy**" includes a slip, cover note, certificate of entry or other document evidencing the contract of insurance or its terms.

"**protection and indemnity risks**" means the usual risks covered by a protection and indemnity association, which shall be a member of the International Group of Protection and Indemnity Associations, including pollution risks and the proportion (if any) of any sums payable to any other person or persons in case of collision which are not recoverable under the hull and machinery policies by reason of the incorporation in them of clause 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 Lender); or

(b) in any other form agreed in writing between each Borrower and the Lender.

1.5 Third party rights

(a) Unless expressly provided to the contrary in a Finance Document, a person who is not a Party has no right under the Contracts (Rights of Third Parties) Act 1999 (the "**Third Parties Act**") to enforce or to enjoy the benefit of any term of this Agreement.

(b) Notwithstanding any term of any Finance Document, the consent of any person who is not a Party is not required to rescind or vary this Agreement at any time.

(c) Any Affiliate, Receiver or Delegate or any other person described in paragraph (f) of Clause 14.2 (*Other indemnities*) may, subject to this Clause 1.5 (*Third party rights*) and the Third Parties Act, rely on any Clause of this Agreement which expressly confers rights on it.

SECTION 2

THE FACILITY

2 THE FACILITY

2.1 The Facility

Subject to the terms of this Agreement, the Lender makes available to the Borrowers a dollar term loan facility in the aggregate amount of $23,150,000, in up to two Tranches.

2.2 Borrowers' Agent

(a) Each Borrower by its execution of this Agreement irrevocably appoints the Corporate Guarantor to act on its behalf as its agent in relation to the Finance Documents and irrevocably authorises:

(i) the Corporate Guarantor on its behalf to supply all information concerning itself contemplated by this Agreement to the Lender and to give all notices and instructions (including the Utilisation Request), to make such agreements and to effect the relevant amendments, supplements and variations capable of being given, made or effected by either Borrower notwithstanding that they may affect the Borrower, without further reference to or the consent of that Borrower; and

(ii) the Lender to give any notice, demand or other communication to that Borrower pursuant to the Finance Documents to the Corporate Guarantor,

and in each case each Borrower shall be bound as though such Borrower itself had given the notices and instructions (including, without limitation, the Utilisation Request) or executed or made the agreements or effected the amendments, supplements or variations, or received the relevant notice, demand or other communication.

(b) Every act, omission, agreement, undertaking, settlement, waiver, amendment, supplement, variation, notice or other communication given or made by the Corporate Guarantor or given to the Corporate Guarantor under any Finance Document on behalf of a Borrower or in connection with any Finance Document (whether or not known to either 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 Corporate Guarantor and either Borrower, those of the Corporate Guarantor shall prevail.

3 PURPOSE

3.1 Purpose

Each Borrower shall apply all amounts borrowed by it under the Facility only for the purpose stated in the preamble (*Background*) to this Agreement.

3.2 Monitoring

The Lender is not bound to monitor or verify the application of any amount borrowed pursuant to this Agreement.

4 CONDITIONS OF UTILISATION

4.1 Initial conditions precedent

The Borrowers may not deliver a Utilisation Request unless the Lender 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 Lender.

4.2 Further conditions precedent

The Lender will only be obliged to comply with Clause 5 (*Utilisation*) if:

(a) on the date of a Utilisation Request and on the proposed Utilisation Date and before the 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) no event described in paragraph (a) of Clause 7.2 (*Change of control*) has occurred;

(iv) in the case of an Advance under any Tranche, the Ship in respect of which such Advance is to be made has neither been sold nor become a Total Loss;

(v) no event has occurred which would give rise to the provisions of Clause 10.3 (*Cost of funds*); and

(vi) no event or circumstance has occurred which would have a material adverse effect in the financial condition of a Transaction Obligor; and

(b) on or before each Utilisation Date, the Lender has received or is satisfied it will receive when the Advance in respect of a Tranche is made available, all of the documents and other evidence listed in Part A of Schedule 2 (*Conditions Precedent*) in form and substance satisfactory to the Lender.

4.3 Notification of satisfaction of conditions precedent

The Lender shall notify the Borrowers promptly upon being satisfied as to the satisfaction of the conditions precedent referred to in Clause 4.1 (*Initial conditions precedent*) and Clause 4.2 (*Further conditions precedent*).

4.4 Waiver of conditions precedent

If the Lender, at its discretion, permits an Advance to be borrowed before any of the conditions precedent referred to in Clause 4.1 (*Initial conditions precedent*) or Clause 4.2 (*Further conditions precedent*) has been satisfied, the Borrowers shall ensure that that condition is satisfied within five Business Days after the relevant Utilisation Date or such later date as the Lender may agree in writing with the Borrowers.

SECTION 3

UTILISATION

5 UTILISATION

5.1 Delivery of a Utilisation Request

(a) The Borrowers may utilise the Facility by delivery to the Lender of a duly completed Utilisation Request not later than the Specified Time.

(b) The Borrowers may not deliver more than one Utilisation Request under each Tranche.

5.2 Completion of the Utilisation Request

The Utilisation Request is irrevocable and will not be regarded as having been duly completed unless:

(a) the proposed Utilisation Date is a Business Day within the Availability Period;

(b) the currency and amount of 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 a Utilisation Request must be dollars.

(b) The amount of the proposed Advance must be an amount which:

(i) in respect of the Advance under Tranche A is equal to $10,150,000; and

(ii) in respect of the Advance under Tranche B is equal to $13,000,000.

5.4 Advances

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

5.5 Cancellation of Commitment

The Commitment in respect of any Tranche which is 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 Lender:

(a) to deduct from the proceeds of the relevant Advance any items listed as deductible items in the relevant Utilisation Request (including, without limitation, the Minimum Liquidity Amount) and to apply them in payment of the items to which they relate; and

(b) on each 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 relevant Advance.

5.7 Disbursement of a Tranche to third party

Payment by the Lender under Clause 5.6 (*Retentions and payment to third parties*) to a person other than a Borrower shall constitute the making of the relevant Tranche and the Borrowers shall at that time become indebted, as principal and direct obligor, to the Lender in an amount equal to that Advance under that Tranche.

SECTION 4

REPAYMENT, PREPAYMENT AND CANCELLATION

6 REPAYMENT

6.1 Repayment of Loan

The Borrowers shall repay each Tranche by 60 consecutive monthly instalments (together the "**Repayment Instalments**" and each a "**Repayment Instalment**") as follows:

(a) Tranche A by:

60 consecutive monthly instalments, the first to eighteenth (inclusive) Repayment Instalment each in an amount equal to $200,000, the nineteenth to fifty ninth (inclusive) Repayment Instalment each in an amount equal to $80,000 and the sixtieth Repayment Instalment in an amount of $3,270,000, the first of which shall be repaid on the date falling 1 Month after the Utilisation Date applicable to Tranche A and the last on the Termination Date applicable to Tranche A; and

(b) Tranche B by:

60 consecutive monthly instalments, the first to eighteenth (inclusive) Repayment Instalment each in an amount equal to $211,500, the nineteenth to fifty ninth (inclusive) Repayment Instalment each in an amount equal to $103,700 and the sixtieth Repayment Instalment in an amount of $4,941,300, the first of which shall be repaid on the date falling 1 Month after the Utilisation Date applicable to Tranche B and the last on the Termination Date applicable to Tranche B.

6.2 Appointment of nominee for repayment

Due to the anti-money laundering and "know your customer" procedures required by the governmental authority applicable to the Lender, the Borrowers may nominate another person as paying entity to pay a Repayment Instalment, such nomination to be made not less than 30 days prior to the relevant Repayment Date and provided that:

(a) the Lender shall have consented to the same (such consent not to be unreasonably withheld); and

(b) the Lender shall have received from the Borrowers such documents as it may require for the purposes of carrying out its anti-money laundering and "know your customer" procedures, in a form and substance satisfactory to the Lender for such purpose.

6.3 Reduction of Repayment Instalments

If any part of a Tranche is cancelled or prepaid in accordance with Clause 7.5 (*Mandatory prepayment on sale, arrest or Total Loss*), the amounts of the Repayment Instalments in respect of that Tranche falling after that cancellation or prepayment shall be reduced at the Lender's sole discretion by the amount cancelled or prepaid.

6.4 Termination Date

On the final Termination Date, the Borrowers shall additionally pay to the Lender all other sums then accrued and owing under the Finance Documents.

6.5 Reborrowing

Neither Borrower may reborrow any part of the Facility which is repaid.

7 PREPAYMENT AND CANCELLATION

7.1 Illegality

If it becomes unlawful in any applicable jurisdiction for the Lender to perform any of its obligations as contemplated by this Agreement or to fund or maintain all or any part of either Advance or the Loan or it becomes unlawful for any Affiliate of the Lender for the Lender to do so:

(a) the Lender shall promptly notify the Borrowers upon becoming aware of that event and the Available Facility will be immediately cancelled; and

(b) the Borrowers shall prepay the Loan on the last day of the Interest Period for the Loan occurring after the Lender has notified the Borrowers or, if earlier, the date specified by the Lender in the notice delivered to the Borrowers (being no earlier than the last day of any applicable grace period permitted by law) and the Commitment shall be cancelled.

7.2 Change of control

If the Shareholder ceases to directly own 100 per cent. of the shares in either Borrower:

(a) the Borrowers shall promptly notify the Lender upon becoming aware of that event; and

(b) the Lender may, by not less than 10 days' notice to the Borrowers, cancel the Facility and declare the Loan, together with accrued interest, and all other amounts accrued under the Finance Documents immediately due and payable, whereupon the Facility will be cancelled and the Loan and all such outstanding interest and other amounts will become immediately due and payable.

7.3 Voluntary and automatic cancellation

(a) The Borrowers may, if they give the Lender not less than 7 Business Days' (or such shorter period as the Lender may agree) prior notice, cancel the whole or any part (being a minimum amount of $1,000,000 and thereafter in integral multiples of $100,000) of the Available Facility.

(b) The unutilised Commitment (if any) shall be automatically cancelled at close of business on the relevant Utilisation Date or, as the case may be, at the end of the Availability Period.

7.4 Voluntary prepayment of Loan

(a) The Borrowers may, if they give the Lender not less than 30 days (or such shorter period as the Lender may agree) prior notice, prepay the whole or any part of a Tranche (but, if in part, being an amount that reduces the amount of such Tranche by a minimum amount of $1,000,000 (and thereafter in integral multiples of $100,000)) after the last day of the Availability Period in respect of that Tranche, provided that such notice may not be served within 12 months from the last Utilisation to occur.

(b) Any partial prepayment under this Clause 7.4 (*Voluntary prepayment of Loan*) shall reduce *pro rata* the amount of each Repayment Instalment falling after that prepayment by the amount prepaid.

7.5 Mandatory prepayment on sale, arrest or Total Loss

If a Ship is sold (subject to Lender's consent, such consent not to be unreasonably withheld or delayed) (without prejudice to paragraph (a) of Clause 22.12 (*Disposals*)), becomes a Total Loss or in the event of an arrest of that Ship, the Borrowers shall on the Relevant Date repay the Tranche relevant to the Ship which is being sold or has become a Total Loss or arrested together with accrued interest, and all other amounts accrued under the Finance Documents.

(a) In this Clause 7.5 (*Mandatory prepayment on sale, arrest or Total Loss*):

"**Relevant Date**" means:

(a) in the case of a sale of a Ship, on or before the date on which the sale is completed by delivery of that Ship to the buyer of that Ship; or

(b) in the case of a Total Loss of a Ship, on the earlier of (i) the date falling 30 days after the Total Loss Date and (ii) the date of receipt by the Lender of the proceeds of insurance relating to such Total Loss; or

(c) in the case of an arrest of a Ship or its detention in the exercise or the purported exercise of any lien or claim unless it is redelivered to the full control of the relevant Borrower within 30 days of such arrest or detention.

7.6 Restrictions

(a) Any notice of cancellation or prepayment given by any Party under this Clause 7 (*Prepayment and Cancellation*) shall be irrevocable and, unless a contrary indication appears in this Agreement, shall specify the date or dates upon which the relevant cancellation or prepayment is to be made and the amount of that cancellation or prepayment.

(b) Any prepayment under this Agreement shall be made together with accrued interest on the amount prepaid and subject to the fee provided for in Clause 11.3 (*Prepayment and Cancellation Fee*) and any Break Costs, without premium or penalty.

(c) Neither Borrower may reborrow any part of the Facility which is prepaid.

(d) Neither Borrower shall repay or prepay all or any part of the Loan or cancel all or any part of the Commitment except at the times and in the manner expressly provided for in this Agreement.

(e) No amount of the Commitment cancelled under this Agreement may be subsequently reinstated.

SECTION 5

COSTS OF UTILISATION

8 INTEREST

8.1 Calculation of interest

The rate of interest on the Loan or any part of the Loan for each Interest Period is the percentage rate per annum which is the aggregate of:

(a) the Margin; and

(b) LIBOR.

8.2 Payment of interest

(a) The Borrowers shall pay accrued interest on each Tranche on the last day of each Interest Period relating to that Tranche (each an "**Interest Payment Date**").

(b) If an Interest Period is longer than one Month, the Borrowers shall also pay interest then accrued on the Loan or the relevant part of the Loan on the dates falling at one Monthly interval after the first day of the Interest Period.

8.3 Default interest

(a) If a Transaction Obligor fails to pay any amount payable by it under a Finance Document on its due date, interest shall accrue on the Unpaid Sum from the due date up to the date of actual payment (both before and after judgment) at a rate which, subject to paragraph (b) below, is 2.0 per cent. per annum higher than the rate which would have been payable if the Unpaid Sum had, during the period of non-payment, constituted part of the Loan in the currency of the Unpaid Sum for successive Interest Periods, each of a duration selected by the Lender. Any interest accruing under this Clause 8.3 (*Default interest*) shall be immediately payable by the Obligors on demand by the Lender.

(b) If an Unpaid Sum consists of all or part of the Loan which became due on a day which was not the last day of an Interest Period relating to the Loan or that part of the Loan:

(i) the first Interest Period for that Unpaid Sum shall have a duration equal to the unexpired portion of the current Interest Period relating to the Loan or that part of the Loan; and

(ii) the rate of interest applying to that Unpaid Sum during that first Interest Period shall be 2.0 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

The Lender shall promptly notify the Borrowers of the determination of a rate of interest under this Agreement.

9 INTEREST PERIODS

9.1 Selection of Interest Periods

(a) Each Interest Period will be one Month.

(b) Subject to this Clause 9 (*Interest Periods*), the Borrowers may select an Interest Period agreed between the Borrowers and the Lender and described accordingly in a Selection Notice.

(c) Each Selection Notice is irrevocable and must be delivered to the Lender by the Borrowers not later than the Specified Time.

(d) An Interest Period in respect of a Tranche shall not extend beyond the Termination Date.

(e) The first Interest Period for the Loan shall start on the first Utilisation Date and, subject to paragraph (f) below, each subsequent Interest Period shall start on the last day of the preceding Interest Period.

(f) The first Interest Period for the second and each subsequent Advance shall start on the Utilisation Date of such Advance and end on the last day of the Interest Period applicable to the Loan on the date on which such Advance is made.

(g) Except for the purposes of paragraph (f) above, the Loan shall have one Interest Period only at any time.

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

(a) *Interpolated Screen Rate*: If no Screen Rate is available for LIBOR for the Interest Period of the Loan or any part of the Loan, the applicable LIBOR shall be the Interpolated Screen Rate for a period equal in length to the Interest Period of the Loan or that part of the Loan.

(b) *Cost of funds*: If no Screen Rate is available for LIBOR for:

(i) dollars; or

(ii) the Interest Period of the Loan or any part of the Loan and it is not possible to calculate the Interpolated Screen Rate,

there shall be no LIBOR for the Loan or that part of the Loan (as applicable) and Clause 10.3 (*Cost of funds*) shall apply to the Loan or that part of the Loan for that Interest Period.

10.2 Market disruption

If before close of business in London on the Quotation Day for the relevant Interest Period the Lender notifies the Borrowers that the cost to it of funding the Loan or the relevant part of the Loan from the wholesale market for dollars would be in excess of LIBOR then Clause 10.3 (*Cost of funds*) shall apply to the Loan or that part of the Loan (as applicable) for the relevant Interest Period.

10.3 Cost of funds

(a) If this Clause 10.3 (*Cost of funds*) applies, the rate of interest on the Loan or the relevant part of the Loan for the relevant Interest Period shall be the percentage rate per annum which is the sum of:

(i) the Margin; and

(ii) the rate notified by the Lender to the Borrowers as soon as practicable and in any event before interest is due to be paid in respect of that Interest Period to be that which expresses as a percentage rate per annum the cost to the Lender of funding the Loan or that part of the Loan from whatever source it may reasonably select or, if such rate is less than zero, such rate shall be deemed to be zero.

(b) If this Clause 10.3 (*Cost of funds*) applies and the Lender or the Borrowers so require, the Lender 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) Any substitute or alternative basis agreed pursuant to paragraph (b) above shall, be binding on all Parties.

10.4 Break Costs

The Borrowers shall, within three Business Days of demand by the Lender, pay to the Lender its Break Costs attributable to all or any part of the Loan or an Unpaid Sum being paid by a Borrower on a day other than the last day of an Interest Period for the Loan, the relevant part of the Loan or that Unpaid Sum.

11 FEES

11.1 Facility fee

A non-refundable facility fee of $231,500 (representing 1.00 per cent. of the Commitment) shall be paid by the Borrowers to the Lender within 5 Business Days from the first Utilisation Date to occur.

11.2 Commitment fee

A non-refundable commitment fee of $26,875 has been paid by the Corporate Guarantor to the Lender on 29 October 2021.

11.3 Prepayment and Cancellation Fee

(a) If the Borrowers request to prepay or cancel the whole or any part of the Loan within 24 months from the last Utilisation to occur, they must pay to the Lender a prepayment fee in an amount equal to 1 per cent. of the amount prepaid or canceled on the date of such prepayment or cancellation, as applicable, of all or part of the Loan.

(b) This Clause 11.3 (*Prepayment and Cancellation Fee*) shall not apply in the case of a prepayment made pursuant to Clause 7.1 (*Illegality*) and Clause 28.1 (*Assignment by the Lender*).

SECTION 6

ADDITIONAL PAYMENT OBLIGATIONS

12 TAX GROSS UP AND INDEMNITIES

12.1 Definitions

(a) In this Agreement:

"**Tax Credit**" means a credit against, relief or remission for, or repayment of any Tax.

"**Tax Deduction**" means a deduction or withholding for or on account of Tax from a payment under a Finance Document, other than a FATCA Deduction.

"**Tax Payment**" means either the increase in a payment made by an Obligor to the Lender under Clause 12.2 (*Tax gross-up*) or a payment under Clause 12.3 (*Tax indemnity*).

(b) Unless a contrary indication appears, in this Clause 12 (*Tax Gross Up and Indemnities*) reference to "**determines**" or "**determined**" means a determination made in the absolute discretion of the person making the determination.

12.2 Tax gross-up

(a) Each Obligor shall make all payments to be made by it without any Tax Deduction, unless a Tax Deduction is required by law.

(b) The 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 Lender accordingly. Similarly, the Lender shall notify the Borrowers and that Obligor on becoming so aware in respect of a payment payable to the Lender.

(c) If a Tax Deduction is required by law to be made by an Obligor, the amount of the payment due from that Obligor shall be increased to an amount which (after making any Tax Deduction) leaves an amount equal to the payment which would have been due if no Tax Deduction had been required.

(d) If an Obligor is required to make a Tax Deduction, that Obligor shall make that Tax Deduction and any payment required in connection with that Tax Deduction within the time allowed and in the minimum amount required by law.

(e) Within 30 days of making either a Tax Deduction or any payment required in connection with that Tax Deduction, the Obligor making that Tax Deduction shall deliver to the Lender evidence reasonably satisfactory to the Lender that the Tax Deduction has been made or (as applicable) any appropriate payment paid to the relevant taxing authority.

12.3 Tax indemnity

(a) The Obligors shall (within three Business Days of demand by the Lender) pay to the Lender an amount equal to the loss, liability or cost which the Lender determines will be or has been (directly or indirectly) suffered for or on account of Tax by the Lender in respect of a Finance Document.

(b) Paragraph (a) above shall not apply:

(i) with respect to any Tax assessed on the Lender:

(A) under the law of the jurisdiction in which the Lender is incorporated or, if different, the jurisdiction (or jurisdictions) in which the Lender is treated as resident for tax purposes; or

(B) under the law of the jurisdiction in which the Lender's Facility Office is located in respect of amounts received or receivable in that jurisdiction,

if that Tax is imposed on or calculated by reference to the net income received or receivable (but not any sum deemed to be received or receivable) by the Lender; or

(ii) to the extent a loss, liability or cost:

(A) is compensated for by an increased payment under Clause 12.2 (*Tax gross-up*); or

(B) relates to a FATCA Deduction required to be made by a Party.

(c) The Lender shall, if making, or intending to make, a claim under paragraph (a) above, promptly notify the Obligors of the event which will give, or has given, rise to the claim.

12.4 Tax Credit

If an Obligor makes a Tax Payment and the Lender determines that:

(a) a Tax Credit is attributable to an increased payment of which that Tax Payment forms part, to that Tax Payment or to a Tax Deduction in consequence of which that Tax Payment was received; and

(b) the Lender has obtained and utilised that Tax Credit,

the Lender shall pay an amount to the Obligor which the Lender determines will leave it (after that payment) in the same after-Tax position as it would have been in had the Tax Payment not been required to be made by the Obligor.

12.5 Stamp taxes

The Obligors shall pay and, within three Business Days of demand, indemnify the Lender against any cost, loss or liability which the Lender incurs in relation to all stamp duty, registration and other similar Taxes payable in respect of any Finance Document.

12.6 VAT

(a) All amounts expressed to be payable under a Finance Document by any Party to the Lender which (in whole or in part) constitute the consideration for any supply for VAT purposes are deemed to be exclusive of any VAT which is chargeable on that supply, and accordingly, if VAT is or becomes chargeable on any supply made by the Lender to any Party under a Finance Document and the Lender is required to account to the relevant tax authority for the VAT, that Party must pay to the Lender (in addition to and at the same time as paying any other consideration for such supply) an amount equal to the amount of the VAT (and the Lender must promptly provide an appropriate VAT invoice to that Party).

(b) Where a Finance Document requires any Party to reimburse or indemnify the Lender for any cost or expense, that Party shall reimburse or indemnify (as the case may be) the Lender for the full amount of such cost or expense, including such part of it as represents VAT, save to the extent that the Lender reasonably determines that it is entitled to credit or repayment in respect of such VAT from the relevant tax authority.

(c) Any reference in this Clause 12.6 (*VAT*) to any Party shall, at any time when that Party is treated as a member of a group or unity (or fiscal unity) for VAT purposes, include (where appropriate and unless the context otherwise requires) a reference to the person who is treated at that time as making the supply, or (as appropriate) receiving the supply, under the grouping rules provided for in Article 11 of Council Directive 2006/112/EC (or as implemented by the relevant member state of the European Union or equivalent provisions imposed elsewhere) so that a reference to a Party shall be construed as a reference to that Party or the relevant group or unity (or fiscal unity) of which that Party is a member for VAT purposes at the relevant time or the relevant representative member (or representative or head) of that group or unity at the relevant time (as the case may be).

(d) In relation to any supply made by the Lender to any Party under a Finance Document, if reasonably requested by the Lender, that Party must promptly provide the Lender with details of that Party's VAT registration and such other information as is reasonably requested in connection with the Lender's VAT reporting requirements in relation to such supply.

12.7 FATCA Information

(a) Subject to paragraph (c) below, each Party shall, within ten Business Days of a reasonable request by another Party:

(i) confirm to that other Party whether it is:

(A) a FATCA Exempt Party; or

(B) not a FATCA Exempt Party; and

(ii) supply to that other Party such forms, documentation and other information relating to its status under FATCA as that other Party reasonably requests for the purposes of that other Party's compliance with FATCA; and

(iii) supply to that other Party such forms, documentation and other information relating to its status as that other Party reasonably requests for the purposes of that other Party's compliance with any other law, regulation or exchange of information regime.

(b) If a Party confirms to another Party pursuant to sub-paragraph (i) of paragraph (a) above that it is a FATCA Exempt Party and it subsequently becomes aware that it is not, or has ceased to be a FATCA Exempt Party, that Party shall notify that other Party reasonably promptly.

(c) Paragraph (a) above shall not oblige the Lender to do anything and sub-paragraph (iii) of paragraph (a) above shall not oblige any other Party to do anything which would or might in its reasonable opinion constitute a breach of:

(i) any law or regulation;

(ii) any fiduciary duty; or

(iii) any duty of confidentiality.

(d) If a Party fails to confirm whether or not it is a FATCA Exempt Party or to supply forms, documentation or other information requested in accordance with sub-paragraphs (i) or (ii) of paragraph (a) above (including, for the avoidance of doubt, where paragraph (c) above applies), then such Party shall be treated for the purposes of the Finance Documents (and payments under them) as if it is not a FATCA Exempt Party until such time as the Party in question provides the requested confirmation, forms, documentation or other information.

12.8 FATCA Deduction

(a) Each Party may make any FATCA Deduction it is required to make by FATCA, and any payment required in connection with that FATCA Deduction, and no Party shall be required to increase any payment in respect of which it makes such a FATCA Deduction or otherwise compensate the recipient of the payment for that FATCA Deduction.

(b) Each Party shall promptly, upon becoming aware that it must make a FATCA Deduction (or that there is any change in the rate or the basis of such FATCA Deduction), notify the Party to whom it is making the payment.

13 INCREASED COSTS

13.1 Increased costs

(a) Subject to Clause 13.3 (*Exceptions*), the Borrowers shall, within five Business Days of a demand by the Lender, pay for the account of the Lender the amount of any Increased Costs incurred by the Lender or any of its Affiliates as a result of:

(i) the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation; or

(ii) compliance with any law or regulation made,

in each case after the date of this Agreement; or

(iii) the implementation, application of or compliance with Basel III or CRD IV or any law or regulation that implements or applies Basel III or CRD IV.

(b) In this Agreement:

(i) "**Basel III**" means:

(A) the agreements on capital requirements, a leverage ratio and liquidity standards contained in "Basel III: A global regulatory framework for more resilient banks and banking systems", "Basel III: International framework for liquidity risk measurement, standards and monitoring" and "Guidance for national authorities operating the countercyclical capital buffer" published by the Basel Committee on Banking Supervision in December 2010, each as amended, supplemented or restated;

(B) the rules for global systemically important banks contained in "Global systemically important banks: assessment methodology and the additional loss absorbency requirement - Rules text" published by the Basel Committee on Banking Supervision in November 2011, as amended, supplemented or restated; and

(C) any further guidance or standards published by the Basel Committee on Banking Supervision relating to "Basel III".

(ii) "**CRD IV**" means:

(A) Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending regulation (EU) No. 648/2012, as amended by Regulation (EU) 2019/876;

(B) Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC, as amended by Directive (EU) 2019/878; and

(C) any other law or regulation which implements Basel III.

(iii) "**Increased Costs**" means:

(A) a reduction in the rate of return from the Facility or on the Lender's (or its Affiliate's) overall capital;

(B) an additional or increased cost; or

(C) a reduction of any amount due and payable under any Finance Document,

which is incurred or suffered by the Lender or any of its Affiliates to the extent that it is attributable to the Lender having entered into the Commitment or funding or performing its obligations under any Finance Document.

13.2 Increased cost claims

If the Lender intends to make a claim pursuant to Clause 13.1 (*Increased costs*) it shall notify the Borrowers.

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); or

(d) attributable to the wilful breach by the Lender or its Affiliates of any law or regulation.

14 OTHER INDEMNITIES

14.1 Currency indemnity

(a) If any sum due from an Obligor under the Finance Documents (a "**Sum**"), or any order, judgment or award given or made in relation to a Sum, has to be converted from the currency (the "**First Currency**") in which that Sum is payable into another currency (the "**Second Currency**") for the purpose of:

(i) making or filing a claim or proof against that Obligor; or

(ii) obtaining or enforcing an order, judgment or award in relation to any litigation or arbitration proceedings,

that Obligor shall, as an independent obligation, on demand, indemnify the Lender against any cost, loss or liability arising out of or as a result of the conversion including any discrepancy between (A) the rate of exchange used to convert that Sum from the First Currency into the Second Currency and (B) the rate or rates of exchange available to that person at the time of its receipt of that Sum.

(b) Each Obligor waives any right it may have in any jurisdiction to pay any amount under the Finance Documents in a currency or currency unit other than that in which it is expressed to be payable.

14.2 Other indemnities

(a) Each Obligor shall, on demand, indemnify the Lender and any Receiver and Delegate against:

(i) any cost, loss or liability incurred by it as a result of:

(A) the occurrence of any Event of Default;

(B) a failure by a Transaction Obligor to pay any amount due under a Finance Document on its due date;

(C) funding, or making arrangements to fund, 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 the Lender alone); or

(D) the Loan (or part of the Loan) not being prepaid in accordance with a notice of prepayment given by the Borrowers; or

(E) investigating any event which it reasonably believes is a Default; and

(ii) any cost, loss or liability (including, without limitation, for negligence or any other category of liability whatsoever) incurred by the Lender (otherwise than by reason of the Lender's gross negligence or wilful misconduct) or, in the case of any cost, loss or liability pursuant to Clause 30.8 (*Disruption to Payment Systems etc.*) notwithstanding the Lender's negligence, gross negligence or any other category of liability whatsoever but not including any claim based on the fraud of the Lender in acting as Lender under the Finance Documents.

(b) Each Obligor shall, on demand, indemnify the Lender, each Affiliate of the Lender and any Receiver and Delegate and each officer or employee of the Lender or its Affiliate or any Receiver or Delegate (as applicable) (each such person for the purposes of this Clause 14.2 (*Other indemnities*) an "**Indemnified Person**"), against any cost, loss or liability (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) No Party other than the Lender or the Receiver or Delegate (as applicable) may take any proceedings against any officer, employee or agent of the Lender or the Receiver or Delegate (as applicable) in respect of any claim it might have against the Lender or the Receiver or Delegate or in respect of any act or omission of any kind by that officer, employee or agent in relation to any Transaction Document or any Security Property.

(d) Without limiting, but subject to any limitations set out in paragraph (b) above, the indemnity in paragraph (b) above shall cover any cost, loss or liability incurred by each Indemnified Person in any jurisdiction:

(i) arising or asserted under or in connection with any law relating to safety at sea, the ISM Code, any Environmental Law or any Sanctions; or

(ii) in connection with any Environmental Claim.

(e) Each Obligor shall, on demand, indemnify the Lender 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 the Borrowers to comply with their 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 Lender 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) which otherwise relates to any of the Security Property or the performance of the terms of this Agreement or the other Finance Documents (otherwise, in each case, than by reason of the Lender's or Receiver's or Delegate's gross negligence or wilful misconduct).

(f) Any Affiliate or Receiver or Delegate or any officer or employee of the Lender, or of any of its Affiliates or any Receiver or Delegate (as applicable) may rely on this Clause 14.2 (*Other indemnities*) and the provisions of the Third Parties Act, subject to Clause 1.5 (*Third party rights*) and the provisions of the Third Parties Act.

15 MITIGATION BY THE LENDER

15.1 Mitigation

(a) The Lender shall, in consultation with the 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*) including (but not limited to) assigning its rights 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 the Lender for all costs and expenses reasonably incurred by the Lender as a result of steps taken by it under Clause 15.1 (*Mitigation*).

(b) The Lender is not obliged to take any steps under Clause 15.1 (*Mitigation*) if either:

(i) a Default has occurred and is continuing; *or*

(ii) in the opinion of the Lender (acting reasonably), to do so might be prejudicial to it.

16 COSTS AND EXPENSES

16.1 Transaction expenses

The Obligors shall, on demand, pay the Lender or directly the relevant law firm appointed as the Lender's legal counsel, the amount of all costs and expenses (including legal fees) reasonably incurred by it in connection with the negotiation, preparation, printing, execution and perfection of:

(a) this Agreement and any other documents referred to in this Agreement or in a Security Document; and

(b) any other Finance Documents executed after the date of this Agreement.

16.2 Amendment costs

If:

(a) a Transaction Obligor requests an amendment, waiver or consent;

(b) an amendment is required either pursuant to Clause 30.6 (*Change of currency*) or to address the fact that the Screen Rate is not or is likely not to be available for dollars; or

(c) a Transaction Obligor requests, and the Lender agrees to, the release of all or any part of the Security Assets from the Transaction Security,

the Obligors shall, on demand, reimburse the Lender for the amount of all costs and expenses (including legal fees) reasonably incurred by the Lender in responding to, evaluating, negotiating or complying with that request or requirement.

16.3 Enforcement and preservation costs

The Obligors shall, on demand, pay to the Lender the amount of all costs and expenses (including legal fees) incurred by the Lender in connection with the enforcement of, or the preservation of any rights under, any Finance Document or the Transaction Security and with any proceedings instituted by or against the Lender as a consequence of it entering into a Finance Document, taking or holding the Transaction Security, or enforcing those rights.

SECTION 7

GUARANTEES AND JOINT AND SEVERAL LIABILITY OF BORROWERS

17 GUARANTEE AND INDEMNITY

17.1 Guarantee and indemnity

The Corporate Guarantor irrevocably and unconditionally:

(a) guarantees to the Lender punctual performance by each Borrower of all that Borrower's obligations under the Finance Documents;

(b) undertakes with the Lender that whenever Borrower does not pay any amount when due under or in connection with any Finance Document, the Corporate Guarantor shall immediately on demand pay that amount as if it were the principal obligor; and

(c) agrees with the Lender that if any obligation guaranteed by it is or becomes unenforceable, invalid or illegal, it will, as an independent and primary obligation, indemnify the Lender immediately on demand against any cost, loss or liability it incurs as a result of a Borrower not paying any amount which would, but for such unenforceability, invalidity or illegality, have been payable by it under any Finance Document on the date when it would have been due. The amount payable by the Corporate Guarantor under this indemnity will not exceed the amount it would have had to pay under this Clause 17 (*Guarantee and Indemnity*) if the amount claimed had been recoverable on the basis of a guarantee.

17.2 Continuing guarantee

This guarantee is a continuing guarantee and will extend to the ultimate balance of sums payable by each Borrower under the Finance Documents, regardless of any intermediate payment or discharge in whole or in part

17.3 Reinstatement

If any discharge, release or arrangement (whether in respect of the obligations of any Transaction Obligor or any security for those obligations or otherwise) is made by the Lender in whole or in part on the basis of any payment, security or other disposition which is avoided or must be restored in insolvency, liquidation, administration or otherwise, without limitation, then the liability of the Corporate Guarantor under this Clause 17 (*Guarantee and Indemnity*) will continue or be reinstated as if the discharge, release or arrangement had not occurred.

17.4 Waiver of defences

The obligations of the Corporate Guarantor under this Clause 17 (*Guarantee and Indemnity*) and in respect of any Transaction Security will not be affected or discharged by an act, omission, matter or thing which, but for this Clause 17.4 (*Waiver of defences*), would reduce, release or prejudice any of its obligations under this Clause 17 (*Guarantee and Indemnity*) or in respect of any Transaction Security (without limitation and whether or not known to it or the Lender) including:

(a) any time, waiver or consent granted to, or composition with, any Transaction Obligor or other person;

(b) the release of any other Transaction Obligor or any other person under the terms of any composition or arrangement with any creditor of any member of the Group;

(c) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect or delay in perfecting, or refusal or neglect to take up or enforce, or delay in taking or enforcing any rights against, or security over assets of, any Transaction Obligor or other person or any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any security;

(d) any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of 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 Corporate Guarantor waives any right it may have of first requiring the Lender (or any trustee or agent on its behalf) to proceed against or enforce any other rights or security or claim payment from any person (including without limitation to commence any proceedings under any Finance Document or to enforce any Transaction Security) before claiming or commencing proceedings under this Clause 17 (*Guarantee and Indemnity*). This waiver applies irrespective of any law or any provision of a Finance Document to the contrary.

17.6 Appropriations

Until all amounts which may be or become payable by the Borrowers under or in connection with the Finance Documents have been irrevocably paid in full, the Lender (or any trustee or agent on its behalf) may:

(a) refrain from applying or enforcing any other moneys, security or rights held or received by the Lender (or any trustee or agent on its behalf) in respect of those amounts, or apply and enforce the same in such manner and order as it sees fit (whether against those amounts or otherwise) and the Corporate 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 Corporate Guarantor or on account of the Corporate Guarantor's liability under this Clause 17 (*Guarantee and Indemnity*).

17.7 Deferral of Corporate Guarantor's rights

All rights which the Corporate Guarantor at any time has (whether in respect of this guarantee, a mortgage or any other transaction) against either Borrower, any other Transaction Obligor or their respective assets shall be fully subordinated to the rights of the Lender under the Finance Documents and until the end of the Security Period and unless the Lender otherwise directs, the Corporate Guarantor will not exercise any rights which it may have (whether in respect of any Finance Document to which it is a Party or any other transaction) by reason of performance by it of its obligations under the Finance Documents or by reason of any amount being payable, or liability arising, under this Clause 17 (*Guarantee and Indemnity*):

(a) to be indemnified by a Transaction Obligor;

(b) to claim any contribution from any third party providing security for, or any other guarantor of, any Transaction Obligor's obligations under the Finance Documents;

(c) to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Lender under the Finance Documents or of any other guarantee or security taken pursuant to, or in connection with, the Finance Documents by the Lender;

(d) to bring legal or other proceedings for an order requiring any Transaction Obligor to make any payment, or perform any obligation, in respect of which the Corporate Guarantor has given a guarantee, undertaking or indemnity under Clause 17.1 (*Guarantee and indemnity*);

(e) to exercise any right of set-off against any Transaction Obligor; and/or

(f) to claim or prove as a creditor of any Transaction Obligor in competition with the Lender.

If the Corporate Guarantor receives any benefit, payment or distribution in relation to such rights it shall hold that benefit, payment or distribution to the extent necessary to enable all amounts which may be or become payable to the Lender by the Transaction Obligors under or in connection with the Finance Documents to be repaid in full on trust for the Lender and shall promptly pay or transfer the same to the Lender or as the Lender may direct for application in accordance with Clause 30 (*Payment Mechanics*).

17.8 Additional security

This guarantee and any other Security given by the Corporate Guarantor is in addition to and is not in any way prejudiced by, and shall not prejudice, any other guarantee or Security or any other right of recourse now or subsequently held by the Lender or any right of set-off or netting or right to combine accounts in connection with the Finance Documents.

17.9 Applicability of provisions of Guarantee to other Security

Clauses 17.2 (*Continuing guarantee*), 17.3 (*Reinstatement*), 17.4 (*Waiver of defences*), 17.5 (*Immediate recourse*), 17.6 (*Appropriations*), 17.7 (*Deferral of Corporate Guarantor's rights*) and 17.8 (*Additional security*) shall apply, with any necessary modifications, to any Security which the Corporate 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 the other Borrower;

(b) the Lender entering into any rescheduling, refinancing or other arrangement of any kind with the other Borrower;

(c) the Lender releasing the other Borrower or any Security created by a Finance Document;

(d) any time, waiver or consent granted to, or composition with the other Borrower or other person;

(e) the release of the 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, the 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 the 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 neither Borrower shall, in any circumstances, be construed to be a surety for the obligations of the other Borrower under this Agreement.

18.4 Borrower restrictions

(a) Subject to paragraph (b) below, during the Security Period neither Borrower shall:

(i) claim any amount which may be due to it from the other Borrower whether in respect of a payment made under, or matter arising out of, this Agreement or any Finance Document, or any matter unconnected with this Agreement or any Finance Document;

(ii) take or enforce any form of security from the other Borrower for such an amount, or in any way seek to have recourse in respect of such an amount against any asset of the other Borrower;

(iii) set off such an amount against any sum due from it to the other Borrower;

(iv) prove or claim for such an amount in any liquidation, administration, arrangement or similar procedure involving the other Borrower; or

(v) exercise or assert any combination of the foregoing.

(b) If during the Security Period, the Lender, by notice to a Borrower, requires it to take any action referred to in paragraph (a) above in relation to the other Borrower, that Borrower shall take that action as soon as practicable after receiving the Lender'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 Lender otherwise directs, neither 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 the other Borrower; or

(b) to claim any contribution from the other Borrower in relation to any payment made by it under the Finance Documents.

SECTION 8

REPRESENTATIONS, UNDERTAKINGS AND EVENTS OF DEFAULT

19 REPRESENTATIONS

19.1 General

Each Obligor makes the representations and warranties set out in this Clause 19 (*Representations*) to the Lender on the date of this Agreement.

19.2 Status

(a) It and each other Transaction Obligor is a corporation, duly incorporated and validly existing in good standing under the law of its Original Jurisdiction.

(b) It and each other Transaction Obligor has the power to own its assets and carry on its business as it is being conducted.

19.3 Share capital and ownership

(a) Each Borrower is authorised to issue 500 registered shares with no par value.

(b) The legal title to and beneficial interest in the shares in each Borrower is held by the Shareholder free of any Security (other than Permitted Security) or any other claim.

(c) None of the shares in either Borrower is subject to any option to purchase, pre-emption rights or similar rights.

19.4 Binding obligations

The obligations expressed to be assumed by each Transaction Obligor in each Transaction Document to which it is a party are such Transaction Obligor is a party are legal, valid, binding, and enforceable obligations.

19.5 Validity, effectiveness and ranking of Security

(a) Each Finance Document to which each Transaction Obligor is a party does now or, as the case may be, will upon execution and delivery create the Security it purports to create over any assets to which such Security, by its terms, relates, and such Security will, when created or intended to be created, be valid and effective.

(b) No third party has or will have any Security (except for Permitted Security) over any assets that are the subject of any Transaction Security granted by each Transaction Obligor.

(c) The Transaction Security granted by each Transaction Obligor to the Lender has or will when created or intended to be created have first ranking priority or such other priority it is expressed to have in the Finance Documents and is not subject to any prior ranking or *pari passu* ranking Security.

(d) No concurrence, consent or authorisation of any person is required for the creation of or otherwise in connection with any Transaction Security.

19.6 Non-conflict with other obligations

The entry into and performance by each Transaction Obligor of, and the transactions contemplated by, each Transaction Document to which it is a party do not and will not conflict with:

(a) any law or regulation applicable to it;

(b) its constitutional documents, if applicable; or

(c) any agreement or instrument binding upon it or any of its assets or constitute a default or termination event (however described) under any such agreement or instrument.

19.7 Power and authority

(a) Each Transaction Obligor has the power to enter into, perform and deliver, and has taken all necessary action to authorise:

(i) its entry into, performance and delivery of, each Transaction Document to which it is or will be a party and the transactions contemplated by those Transaction Documents; and

(ii) in the case of a Borrower, its registration of its Ship under the Approved Flag.

(b) No limit on its powers will be exceeded as a result of the borrowing, granting of security or giving of guarantees or indemnities contemplated by the Transaction Documents to which each corporate Transaction Obligor is a party.

19.8 Validity and admissibility in evidence

All Authorisations required or desirable:

(a) to enable each Transaction Obligor lawfully to enter into, exercise its rights and comply with its obligations in the Transaction Documents to which it is a party; and

(b) to make the Transaction Documents to which it is a party admissible in evidence in its Relevant Jurisdictions,

have been obtained or effected and are in full force and effect.

19.9 Governing law and enforcement

(a) The choice of governing law of each Transaction Document to which each Transaction Obligor is a party will be recognised and enforced in its Relevant Jurisdictions.

(b) Any judgment obtained in relation to a Transaction Document to which each Transaction Obligor is a party in the jurisdiction of the governing law of that Transaction Document will be recognised and enforced in its Relevant Jurisdictions.

19.10 Insolvency

No:

(a) corporate action, legal proceeding or other procedure or step described in paragraph (a) of Clause 27.8 (*Insolvency proceedings*); or

(b) creditors' process described in Clause 27.9 (*Creditors' process*),

has been taken or, to its knowledge, threatened in relation to a member of the Group; and none of the circumstances described in Clause 27.7 (*Insolvency*) applies to a member of the Group.

19.11 No filing or stamp taxes

Under the laws of its Relevant Jurisdictions it is not necessary that the Finance Documents to which each Transaction Obligor 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 each Transaction Obligor is a party or the transactions contemplated by those Finance Documents except the registration of the Mortgages under the relevant Approved Flag which registration, filings and any related taxes and fees will be made and paid promptly after the date of the relevant Finance Documents.

19.12 Deduction of Tax

Each Transaction Obligor is not required to make any Tax Deduction from any payment it may make under any Finance Document to which it is a party.

19.13 No default

(a) No Event of Default and, on the date of this Agreement and on each Utilisation Date, no Default is continuing or might reasonably be expected to result from the making of a Utilisation or the entry into, the performance of, or any transaction contemplated by, any Transaction Document.

(b) No other event or circumstance is outstanding which constitutes a default or a termination event (however described) under any other agreement or instrument which is binding on it or to which its assets are subject.

19.14 No misleading information

(a) Any factual information provided by any member of the Group for the purposes of this Agreement was true and accurate in all material respects as at the date it was provided or as at the date (if any) at which it is stated.

(b) The financial projections contained in any such information have been prepared on the basis of recent historical information and on the basis of reasonable assumptions.

(c) Nothing has occurred or been omitted from any such information and no information has been given or withheld that results in any such information being untrue or misleading in any material respect.

19.15 Financial Statements

(a) The Original Financial Statements were prepared in accordance with GAAP consistently applied.

(b) The Original Financial Statements give a true and fair view of the Group's 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 Corporate 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 Corporate Guarantor) since 31 December 2020.

(d) Its most recent financial statements delivered pursuant to Clause 20.2 (*Financial statements*):

(i) have been prepared in accordance with Clause 20.3 (*Requirements as to financial statements*); and

(ii) give a true and fair view of (if audited) or fairly represent (if unaudited) 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 Corporate Guarantor).

(e) Since the date of the most recent financial statements delivered pursuant to Clause 20.2 (*Financial statements*) there has been no material adverse change in its business, assets or financial condition (or the business or consolidated financial condition of the Group, in the case of the Corporate Guarantor).

19.16 Pari passu ranking

Each Transaction Obligor's payment obligations under the Finance Documents to which it is a party rank at least *pari passu* with the claims of all its other unsecured and unsubordinated creditors, except for obligations mandatorily preferred by law applying to companies generally.

19.17 No proceedings pending or threatened

(a) No material litigation, arbitration or administrative proceedings or investigations (including proceedings or investigations relating to any alleged or actual breach of the ISM Code or of the ISPS Code) of or before any court, arbitral body or agency have (to the best of its knowledge and belief (having made due and careful enquiry)) been started or threatened against it or any other Transaction Obligor.

(b) No judgment or order of a court, arbitral tribunal or other tribunal or any order or sanction of any governmental or other regulatory body has (to the best of its knowledge and belief (having made due and careful enquiry)) been made against it or any other Transaction Obligor.

19.18 Valuations

(a) All information supplied by it or on its behalf to an Approved Valuer for the purposes of a valuation delivered to the Lender in accordance with this Agreement was true and accurate as at the date it was supplied or (if appropriate) as at the date (if any) at which it is stated to be given.

(b) It has not omitted to supply any information to an Approved Valuer which, if disclosed, would adversely affect any valuation prepared by such Approved Valuer.

(c) There has been no change to the factual information provided pursuant to paragraph (a) above in relation to any valuation between the date such information was provided and the date of that valuation which, in either case, renders that information untrue or misleading in any material respect.

19.19 No breach of laws

It has not (and no other member of the Group has) breached any law or regulation.

19.20 No Charter

No Ship is subject to any Charter other than a Permitted Charter.

19.21 Compliance with Environmental Laws

All Environmental Laws relating to the ownership, operation and management of each Ship and the business of each member of the Group (as now conducted and as reasonably anticipated to be conducted in the future) and the terms of all Environmental Approvals have been complied with.

19.22 No Environmental Claim

No Environmental Claim has been made or threatened against any member of the Group or any Ship.

19.23 No Environmental Incident

No Environmental Incident has occurred and no person has claimed that an Environmental Incident has occurred.

19.24 ISM and ISPS Code compliance

All requirements of the ISM Code and the ISPS Code as they relate to each Borrower each Approved Manager and each Ship have been complied with.

19.25 Taxes paid

(a) It is not and no other member of the Group is materially overdue in the filing of any Tax returns and it is not (and no other member of the Group is) 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 (or any other member of the Group) with respect to Taxes.

19.26 Financial Indebtedness

Neither Borrower has any Financial Indebtedness outstanding other than Permitted Financial Indebtedness.

19.27 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 Lender sufficient details to enable an accurate search against it to be undertaken by the Lender at the Companies Registry.

19.28 Good title to assets

Each Transaction Obligor has good, valid and marketable title to, or valid leases or licences of, and all appropriate Authorisations to use, the assets necessary to carry on its business as presently conducted.

19.29 Ownership

(a) Borrower A is the sole legal and beneficial owner of Ship A, its Earnings and its Insurances.

(b) Borrower B is the sole legal and beneficial owner of Ship B, its Earnings and its Insurances.

(c) 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.

(d) 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.

19.30 Centre of main interests and establishments

For the purposes of The Council of the European Union Regulation No. 2015/848 on Insolvency Proceedings (recast) (the "**Regulation**"), its centre of main interest (as that term is used in Article 3(1) of the Regulation) is not situated in the United Kingdom or the US and it has no "establishment" (as that term is used in Article 2(10) of the Regulation) in any other jurisdiction.

19.31 Place of business

No Transaction Obligor has a place of business in any country other than Greece and the head office functions of each Transaction Obligor are carried out care of the Approved Manager in Athens, Greece.

19.32 No employee or pension arrangements

No Obligor has any employees or any liabilities under any pension scheme.

19.33 Sanctions

(a) No Transaction Obligor:

(i) is a Prohibited Person;

(ii) is owned or controlled by or acting directly or indirectly on behalf of or for the benefit of, a Prohibited Person;

(iii) owns or controls a Prohibited Person; or

(iv) has a Prohibited Person serving as a director, officer or, to the best of its knowledge, employee.

(b) No proceeds of the Loan or any part of the Loan shall be made available, directly or indirectly, to or for the benefit of a Prohibited Person nor shall they be otherwise directly or indirectly, applied in a manner or for a purpose prohibited by Sanctions.

19.34 US Tax Obligor

No Transaction Obligor is a US Tax Obligor.

19.35 Repetition

The Repeating Representations are deemed to be made by each Obligor by reference to the facts and circumstances then existing on the date of each Utilisation Request, on each Utilisation Date and on the first day of each Interest Period.

20 INFORMATION UNDERTAKINGS

20.1 General

The undertakings in this Clause 20 (*Information Undertakings*) remain in force throughout the Security Period unless the Lender otherwise permits.

20.2 Financial statements

Each of the Borrowers and the Corporate Guarantor shall supply to the Lender:

(a) in the case of the Borrowers, if available, but in any event within 120 days after the end of each of their respective financial years their respective unaudited non consolidated financial statements for that financial year (or any financial statements in the form satisfactory to the Lender);

(b) in the case of the Corporate Guarantor, as soon as they same become available, but in any event within 120 days after the end of each of its financial years, the Corporate Guarantor's audited consolidated financial statements for that financial year (or any financial statements in the form satisfactory to the Lender); and

(c) as soon as they become available, but in any event within 90 days after the end of each half of each financial year of the Corporate Guarantor, the Corporate Guarantor's unaudited consolidated financial statements for that financial half year (or any financial statements in the form satisfactory to the Lender).

20.3 Requirements as to financial statements

(a) Each set of financial statements delivered by a Borrower or the Corporate Guarantor (as the case may be) pursuant to Clause 20.2 (*Financial statements*) shall be certified by a senior officer of the relevant company as giving a true and fair view (if audited) or fairly representing (if unaudited) its financial condition and operations as at the date as at which those financial statements were drawn up.

(b) The Borrowers shall procure that each set of financial statements delivered pursuant to Clause 20.2 (*Financial statements*) is prepared using GAAP.

(c) Each set of financial statements delivered by a Borrower or the Corporate Guarantor (as the case may be) pursuant to paragraphs (a) and (b) of Clause 20.2 (*Financial statements*) shall not contain any qualification by an auditor.

20.4 Information: miscellaneous

Each Obligor shall and shall procure that each other Transaction Obligor shall supply to the Lender:

(a) 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 material litigation, arbitration or administrative proceedings or investigations (including proceedings or investigations relating to any alleged or actual breach of the ISM Code or of the ISPS Code) which are current, threatened or pending against any member of the Group;

(c) promptly upon becoming aware of them, the details of any judgment or order of a court, arbitral body or agency which is made against any member of the Group;

(d) promptly, its constitutional documents where these have been amended or varied;

(e) promptly, such further information and/or documents regarding:

(i) each Ship, goods transported on each Ship, its Earnings and its Insurances;

(ii) the Security Assets;

(iii) compliance of the Transaction Obligors with the terms of the Finance Documents;

(iv) the financial condition, business and operations of the Obligors,

as the Lender may reasonably request; and

(f) promptly, such further information and/or documents as the Lender may reasonably request so as to enable the Lender to comply with any laws applicable to it or as may be required by any regulatory authority.

20.5 Notification of Default

(a) Each Obligor shall, and shall procure that each other Transaction Obligor shall, notify the Lender of any Default (and the steps, if any, being taken to remedy it) promptly upon becoming aware of its occurrence.

(b) Promptly upon a request by the Lender, each Borrower shall supply to the Lender a certificate signed by two of its senior officers (or, as the case may be, by its sole senior officer) on its behalf certifying that no Default is continuing (or if a Default is continuing, specifying the Default and the steps, if any, being taken to remedy it).

20.6 "Know your customer" checks

If:

(a) the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation made after the date of this Agreement;

(b) any change in the status of a Transaction Obligor (or the Holding Company of a Transaction Obligor) (including, without limitation, a change of ownership of a Transaction Obligor or the Holding Company of a Transaction Obligor) after the date of this Agreement; or

(c) a proposed assignment by the Lender of any of its rights under this Agreement,

obliges the Lender (or, in the case of paragraph (c) above, any prospective assignee) to comply with "know your customer" or similar identification procedures in circumstances where the necessary information is not already available to it, each Obligor shall, or shall procure that the relevant Transaction Obligor will, promptly upon the request of the Lender supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Lender (for itself or, in the case of the event described in paragraph (c) above, on behalf of any prospective assignee) in order for the Lender or, in the case of the event described in paragraph (c) above, any prospective assignee to carry out and be satisfied it has complied with all necessary "know your customer" or other similar checks under all applicable laws and regulations pursuant to the transactions contemplated in the Finance Documents.

21 FINANCIAL COVENANTS

21.1 Minimum Liquidity Amount

Each Borrower shall ensure that on and from the first Utilisation Date and throughout the Security Period, there is standing to the credit of the Minimum Liquidity Account a credit balance in an amount of not less than the Minimum Liquidity Amount to be held by the Lender on behalf of each Borrower as a custodian and as security for the Secured Liabilities under this Agreement.

21.2 Application of Minimum Liquidity Amount in the case of Mandatory Prepayment and Event of Default

If, at any time throughout the Security Period, a Borrower is obliged to make a mandatory prepayment pursuant to the provisions of this Agreement or repay the Loan as a result of the occurrence of an Event of Default, the Lender may release and apply the Minimum Liquidity Amount towards such amount payable, including any outstanding principal, interest, costs or fees owing to the Lender in connection with this Agreement or any of the Finance Documents.

21.3 Release of Minimum Liquidity Amount

At the end of the Security Period, the Lender will return to the Borrowers' nominated account the Minimum Liquidity Amount standing to the credit of the Minimum Liquidity Account at the relevant time or the Borrowers may, at their discretion, set off the amount of the sixtieth (60th) Repayment Instalment due in respect of the Tranche to be drawn last against the Minimum Liquidity Amount standing to the credit of the Minimum Liquidity Account at the time of repayment of such Repayment Instalment.

21.4 Minimum Liquidity Amount in the case of insolvency of the Lender

In the event that any corporate action, legal proceedings or other similar legal procedure or similar legal step is taken in relation to:

(a) 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 the Lender and/or the Minimum Liquidity Account Bank;

(b) the appointment of a liquidator, receiver, administrator, administrative receiver, compulsory manager or other similar officer in respect of the Lender and/or the Minimum Liquidity Account Bank or any of its assets; or

(c) enforcement of any Security over any assets of the Lender and/or the Minimum Liquidity Account Bank,

or any analogous procedure or step is taken in any jurisdiction against the Lender and/or the Minimum Liquidity Account Bank and the Minimum Liquidity Amount is blocked in the Minimum Liquidity Account and cannot be released and/or transferred to the Borrowers' nominated account in accordance with the provisions of this Agreement, the Minimum Liquidity Amount standing to the credit of the Minimum Liquidity Account shall be automatically set off against the Loan and the Loan shall be reduced accordingly.

22 GENERAL UNDERTAKINGS

22.1 General

The undertakings in this Clause 22 (*General Undertakings*) remain in force throughout the Security Period except as the Lender may otherwise permit.

22.2 Authorisations

Each Obligor shall, and shall procure that each other Transaction Obligor will, promptly:

(a) obtain, comply with and do all that is necessary to maintain in full force and effect; and

(b) supply certified copies to the Lender of, any Authorisation required under any law or regulation of a Relevant Jurisdiction or the state of the Approved Flag at any time of each Ship to enable it to:

(i) perform its obligations under the Transaction Documents to which it is a party;

(ii) ensure the legality, validity, enforceability or admissibility in evidence in any Relevant Jurisdiction or in the state of the Approved Flag at any time of each Ship of any Transaction Document to which it is a party; and

(iii) own and operate each Ship (in the case of the Borrowers).

22.3 Compliance with laws

Each Obligor shall, and shall procure that each other Transaction Obligor will, comply in all respects with all laws and regulations to which it may be subject.

22.4 Environmental compliance

Each Obligor shall, and shall procure that each other Transaction Obligor will:

(a) comply with all Environmental Laws;

(b) obtain, maintain and ensure compliance with all requisite Environmental Approvals; and

(c) implement procedures to monitor compliance with and to prevent liability under any Environmental Law.

22.5 Environmental Claims

Each Obligor shall, and shall procure that each other Transaction Obligor will, (through the Corporate Guarantor) promptly upon becoming aware of the same, inform the Lender in writing of:

(a) any Environmental Claim against any Obligor which is current, pending or threatened and is expected to exceed $500,000; and

(b) any facts or circumstances which are reasonably likely to result in any Environmental Claim being commenced or threatened against any Obligor where such claim is expected to exceed $500,000 or any member of the Group and which Environmental Claim is reasonably likely to result in a Material Adverse Effect.

22.6 Taxation

(a) Each Obligor shall, and shall procure that each other Transaction Obligor will pay and discharge all Taxes imposed upon it or its assets within the time period allowed without incurring penalties unless and only to the extent that:

(i) such payment is being contested in good faith;

(ii) adequate reserves are maintained for those Taxes and the costs required to contest them and both have been disclosed in its latest financial statements delivered to the Lender under Clause 20.2 (*Financial statements*); and

(iii) such payment can be lawfully withheld.

(b) No Obligor shall and the Obligors shall procure that no other Transaction Obligor will, change its residence for Tax purposes.

22.7 Overseas companies

Each Obligor shall, and shall procure that each other Transaction Obligor will, promptly inform the Lender if it delivers to the Registrar particulars required under the Overseas Regulations of any UK Establishment and it shall comply with any directions given to it by the Lender regarding the recording of any Transaction Security on the register which it is required to maintain under The Overseas Companies (Execution of Documents and Registration of Charges) Regulations 2009.

22.8 No change to centre of main interests

No Obligor shall and shall procure that no other Transaction Obligor shall, change the location of its centre of main interest (as that term is used in Article 3(1) of the Regulation) from that stated in relation to it in Clause 19.30 (*Centre of main interests and establishments*) and it will create no "**establishment**" (as that term is used in Article 2(10) of the Regulation) in any other jurisdiction.

22.9 Pari passu ranking

Each Obligor shall, and shall procure that each other Transaction Obligor will, ensure that at all times any unsecured and unsubordinated claims of the Lender against it under the Finance Documents rank at least *pari passu* with the claims of all its other unsecured and unsubordinated creditors except those creditors whose claims are mandatorily preferred by laws of general application to companies.

22.10 Title

(a) Borrower A shall hold the legal title to, and own the entire beneficial interest in Ship A, its Earnings and its Insurances.

(b) Borrower B shall hold the legal title to, and own the entire beneficial interest in Ship B, its Earnings and its Insurances.

(c) With effect on and from its creation or intended creation, each Transaction 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 that Transaction Obligor.

22.11 Negative pledge

(a) Neither Borrower shall, and the Borrowers 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 the Transaction Obligors other than the Borrowers, the subject of the Security created or intended to be created by the Finance Documents.

(b) Neither Borrower shall:

(i) sell, transfer or otherwise dispose of any of its assets on terms whereby they are or may be leased to or re-acquired by a Transaction Obligor;

(ii) sell, transfer or otherwise dispose of any of its receivables on recourse terms;

(iii) enter into any arrangement under which money or the benefit of a bank or other account may be applied, set-off or made subject to a combination of accounts; or

(iv) enter into any other preferential arrangement having a similar effect,

in circumstances where the arrangement or transaction is entered into primarily as a method of raising Financial Indebtedness or of financing the acquisition of an asset.

(c) Paragraphs (a) and (b) above do not apply to any Permitted Security.

22.12 Disposals

(a) Neither 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:

(i) any Charter as all Charters are subject to Clause 24.16 (*Restrictions on chartering, appointment of managers etc.*); and

(ii) any sale in respect of a Ship **provided that** the proceeds of such sale are sufficient to pay any amounts payable pursuant to Clause 7.5 (*Mandatory prepayment on sale, arrest or Total Loss*).

22.13 Merger

(a) No Obligor shall, and the Obligors shall procure that no other Transaction Obligor will, enter into any amalgamation, demerger, merger, consolidation, or corporate reconstruction.

(b) Paragraph (a) of this Clause 22.13 (*Merger*) shall not be applicable to any Transaction Obligor (other than the Borrowers) if in the case of such amalgamation, demerger, merger, consolidation, or corporate reconstruction between that Transaction Obligor and another entity, that Transaction Obligor remains the surviving entity of that amalgamation, demerger, merger, consolidation, or corporate reconstruction and as long as, no Event of Default has occurred and is continuing.

22.14 Change of business

(a) The Obligors shall procure that no substantial change is made to the general nature of their business from that carried on at the date of this Agreement.

(b) Neither Borrower shall engage in any business other than the ownership and operation of its Ship.

22.15 Financial Indebtedness

Neither Borrower will incur or permit to be outstanding any Financial Indebtedness except Permitted Financial Indebtedness.

22.16 Expenditure

Neither Borrower shall incur any expenditure, except for expenditure reasonably incurred in the ordinary course of owning, operating, maintaining and repairing its Ship.

22.17 Share capital

Neither Borrower shall:

(a) purchase, cancel or redeem any of its shares;

(b) increase or reduce its authorised shares;

(c) issue any further shares except to the Shareholders 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 Lender 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).

22.18 Dividends

Neither Borrower shall following the occurrence of a Potential Event of Default or where any of the following would result in the occurrence of an Event of Default:

(a) declare, make or pay any dividend, charge, fee or other distribution (or interest on any unpaid dividend, charge, fee or other distribution) (whether in cash or in kind) on or in respect of its shares (or any class of its shares);

(b) repay or distribute any dividend or share premium reserve;

(c) pay any management, advisory or other fee to or to the order of any of its shareholders; or

(d) redeem, repurchase, defease, retire or repay any of its shares or resolve to do so.

22.19 Other transactions

Neither Borrower shall:

(a) be the creditor in respect of any loan or any form of credit to any person other than another Transaction Obligor or a member of the Group 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; and

(d) enter into any transaction on terms which are, in any respect, less favourable to that Borrower than those which it could obtain in a bargain made at arms' length; or

(e) acquire any shares or other securities other than US or UK Treasury bills and certificates of deposit issued by major North American or European banks.

22.20 Unlawfulness, invalidity and ranking; Security imperilled

No Obligor shall, 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.

22.21 Insurance

Without prejudice to Clause 23 (*Insurance Undertakings*), each Borrower shall, and shall procure that each other Transaction Obligor will, maintain insurances on and in relation to its business and assets with reputable underwriters or insurance companies against those risks usually insured against by prudent companies carrying on a similar business to that Borrower or that Transaction Obligor (as applicable).

22.22 Further assurance

(a) Each Obligor shall, and shall procure that each other Transaction Obligor will promptly, and in any event within the reasonable time period specified by the Lender do all such acts (including procuring or arranging any registration, notarisation or authentication or the giving of any notice) or execute or procure execution of all such documents (including assignments, transfers, mortgages, charges, notices, instructions, acknowledgments, proxies and powers of attorney), as the Lender may specify (and in such form as the Lender may require in favour of the Lender or its nominee(s)):

(i) to create, perfect, vest in favour of the Lender or protect the priority of the Security or any right of any kind created or intended to be created under or evidenced by the Finance Documents (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 the Lender or any Receiver or Delegate provided by or pursuant to the Finance Documents or by law;

(ii) to confer on the Lender Security over any property and assets of that Transaction Obligor located in any jurisdiction equivalent or similar to the Security intended to be conferred by or pursuant to the Finance Documents;

(iii) to facilitate or expedite the realisation and/or sale of, the transfer of title to or the grant of, any interest in or right relating to the assets which are, or are intended to be, the subject of the Transaction Security or to exercise any power specified in any Finance Document in respect of which the Security has become enforceable; and/or

(iv) to enable or assist the Lender to enter into any transaction to commence, defend or conduct any proceedings and/or to take any other action relating to any item of the Security Property.

(b) Each Obligor shall, and shall procure that each other Transaction Obligor will take all such action as is available to it (including making all filings and registrations) as may be necessary for the purpose of the creation, perfection, protection or maintenance of any Security conferred or intended to be conferred on the Lender by or pursuant to the Finance Documents.

(c) At the same time as an Obligor delivers to the Lender any document executed by itself or another Transaction Obligor pursuant to this Clause 22.22 (*Further assurance*).

(d) That Obligor shall deliver, or shall procure that such other Transaction Obligor will deliver, to the Lender a certificate signed by one of that Obligor's or Transaction Obligor's officers which shall:

(i) set out the text of a resolution of that Obligor's or Transaction Obligor's directors specifically authorising the execution of the document specified by the Lender; and

(ii) state that either the resolution was duly passed at a meeting of the directors 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 officers and is valid under that Obligor's or that Transaction Obligor's articles of association or other constitutional documents.

23 INSURANCE UNDERTAKINGS

23.1 General

The undertakings in this Clause 23 (*Insurance Undertakings*) remain in force from the date of this Agreement throughout the rest of the Security Period except as the Lender may otherwise permit.

23.2 Maintenance of obligatory insurances

Each Borrower shall keep the Ship owned by it insured at its expense against:

(a) fire and usual marine risks (including hull and machinery and excess risks);

(b) war risks;

(c) protection and indemnity risks; and

(d) any other risks against which the Lender 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 Lender by notice to that Borrower.

23.3 Terms of obligatory insurances

Each Borrower shall effect such insurances:

(a) in dollars;

(b) in the case of hull and machinery, fire and usual marine risks and war risks, in an amount on an agreed value basis at least the greater of:

(i) an amount which equals 120 per cent. the Tranche relevant to such Ship; 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 but in any case no less than $1,000,000,000;

(d) in the case of protection and indemnity risks, in respect of the full tonnage of its Ship;

(e) on approved terms; and

(f) through Approved Brokers and with approved insurance companies and/or underwriters or, in the case of war risks and protection and indemnity risks, in approved war risks and protection and indemnity risks associations.

23.4 Further protections for the Lender

In addition to the terms set out in Clause 23.3 (*Terms of obligatory insurances*), each Borrower shall procure that the obligatory insurances effected by it shall:

(a) subject always to paragraph (b), name that Borrower as the sole named insured unless the interest of every other named insured is limited:

(i) in respect of any obligatory insurances for hull and machinery and war risks;

(A) to any provable out-of-pocket expenses that it has incurred and which form part of any recoverable claim on underwriters; and

(B) to any third party liability claims where cover for such claims is provided by the policy (and then only in respect of discharge of any claims made against it); and

(ii) in respect of any obligatory insurances for protection and indemnity risks, to any recoveries it is entitled to make by way of reimbursement following discharge of any third party liability claims made specifically against it;

and every other named insured has undertaken in writing to the Lender (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 Lender to collect or recover any moneys which at any time become payable in respect of the obligatory insurances;

(b) whenever the Lender requires, name (or be amended to name) the Lender as additional named insured for its rights and interests, warranted no operational interest and with full waiver of rights of subrogation against the Lender, but without the Lender being liable to pay (but having the right to pay) premiums, calls or other assessments in respect of such insurance;

(c) name the Lender as loss payee with such directions for payment as the Lender may specify;

(d) provide that all payments by or on behalf of the insurers under the obligatory insurances to the Lender shall be made without set off, counterclaim or deductions or condition whatsoever;

(e) provide that the obligatory insurances shall be primary without right of contribution from other insurances which may be carried by the Lender; and

(f) provide that the Lender may make proof of loss if that Borrower fails to do so.

23.5 Renewal of obligatory insurances

Each Borrower shall:

(a) at least 21 days before the expiry of any obligatory insurance effected by it:

(i) notify the Lender 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 Lender's 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 Lender's approval pursuant to paragraph (a) above; and

(c) procure that the Approved Brokers and/or the approved war risks and protection and indemnity associations with which such a renewal is effected shall promptly after the renewal notify the Lender in writing of the terms and conditions of the renewal.

23.6 Copies of policies; letters of undertaking

Each Borrower shall ensure that the Approved Brokers provide the Lender with:

(a) *pro forma* copies of all policies relating to the obligatory insurances which they are to effect or renew; and

(b) a letter or letters of undertaking in a form required by the Lender and including undertakings by the Approved Brokers that:

(i) they will have endorsed on each policy, immediately upon issue, a loss payable clause and a notice of assignment complying with the provisions of Clause 23.4 (*Further protections for the Lender*);

(ii) they will hold such policies, and the benefit of such insurances, to the order of the Lender in accordance with such loss payable clause;

(iii) they will advise the Lender immediately of any material change to the terms of the obligatory insurances;

(iv) they will, if they have not received notice of renewal instructions from the relevant Borrower or its agents, notify the Lender not less than 14 days before the expiry of the obligatory insurances;

(v) if they receive instructions to renew the obligatory insurances, they will promptly notify the Lender of the terms of the instructions;

(vi) they will not set off against any sum recoverable in respect of a claim relating to the Ship 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 Lender.

23.7 Copies of certificates of entry

Each Borrower shall ensure that any protection and indemnity and/or war risks associations in which the Ship owned by it is entered provide the Lender 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 Lender; and

(c) a certified copy of each certificate of financial responsibility for pollution by oil or other Environmentally Sensitive Material issued by the relevant certifying authority in relation to that Ship.

23.8 Deposit of original policies

Each Borrower shall ensure that all policies relating to obligatory insurances effected by it are deposited with the Approved Brokers through which the insurances are effected or renewed.

23.9 Payment of premiums

Each Borrower shall punctually pay all premiums or other sums payable in respect of the obligatory insurances effected by it and produce all relevant receipts when so required by the Lender.

23.10 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.

23.11 Compliance with terms of insurances

(a) Neither Borrower shall do or omit to do (nor permit to be done or not to be done) any act or thing which would or might render any obligatory insurance invalid, void, voidable or unenforceable or render any sum payable under an obligatory insurance repayable in whole or in part.

(b) Without limiting paragraph (a) above, each Borrower shall:

(i) take all necessary action and comply with all requirements which may from time to time be applicable to the obligatory insurances, and (without limiting the obligation contained in sub-paragraph (iii) of paragraph (b) of Clause 23.6 (*Copies of policies; letters of undertaking*)) ensure that the obligatory insurances are not made subject to any exclusions or qualifications to which the Lender has not given its prior approval;

(ii) not make any changes relating to the classification or classification society or manager or operator of the Ship owned by it approved by the underwriters of the obligatory insurances;

(iii) make (and promptly supply copies to the Lender of) all quarterly or other voyage declarations which may be required by the protection and indemnity risks association in which the Ship owned by it is entered to maintain cover for trading to the United States of America and Exclusive Economic Zone (as defined in the United States Oil Pollution Act 1990 or any other applicable legislation); and

(iv) not employ the Ship owned by it, nor allow it to be employed, otherwise than in conformity with the terms and conditions of the obligatory insurances, without first obtaining the consent of the insurers and complying with any requirements (as to extra premium or otherwise) which the insurers specify.

23.12 Alteration to terms of insurances

Neither Borrower shall make or agree to any alteration to the terms of any obligatory insurance or waive any right relating to any obligatory insurance.

23.13 Settlement of claims

Each Borrower shall:

(a) not settle, compromise or abandon any claim under any obligatory insurance for Total Loss, Requisition or for a Major Casualty; and

(b) do all things necessary and provide all documents, evidence and information to enable the Lender to collect or recover any moneys which at any time become payable in respect of the obligatory insurances.

23.14 Provision of copies of communications

Each Borrower shall provide the Lender, 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.

23.15 Provision of information

Each Borrower shall promptly provide the Lender (or any persons which it may designate) with any information which the Lender (or any such designated person) requests for the purpose of:

(a) obtaining or preparing any report from an independent marine insurance broker as to the adequacy of the obligatory insurances effected or proposed to be effected; and/or

(b) effecting, maintaining or renewing any such insurances as are referred to in Clause 23.16 (*Mortgagee's interest and additional perils insurances*) or dealing with or considering any matters relating to any such insurances,

and the Borrowers shall, forthwith upon demand, indemnify the Lender in respect of all fees and other expenses incurred by or for the account of the Lender in connection with any such report as is referred to in paragraph (a) above.

23.16 Mortgagee's interest and additional perils insurances

(a) The Lender shall be entitled from time to time to effect, maintain and renew a mortgagee's interest marine insurance in an amount of not less than 120 per cent. of the Loan and mortgagee's additional perils insurance in an amount acceptable to the Lender, on such terms, through such insurers and generally in such manner as the Lender may from time to time consider appropriate.

(b) The Borrowers shall upon demand fully indemnify the Lender in respect of all premiums and other expenses which are incurred in connection with or with a view to effecting, maintaining or renewing any insurance referred to in paragraph (a) above or dealing with, or considering, any matter arising out of any such insurance.

24 GENERAL SHIP UNDERTAKINGS

24.1 General

The undertakings in this Clause 24 (*General Ship Undertakings*) remain in force on and from the date of this Agreement and throughout the rest of the Security Period except as the Lender 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 the relevant Borrower's name under the Approved Flag from time to time at its port of registration;

(b) not do or allow to be done anything as a result of which such registration might be suspended, cancelled or imperilled;

(c) not enter into any dual flagging arrangement in respect of that Ship; and

(d) not change the name of that Ship,

provided that any change of flag of a Ship shall be subject to:

(i) the Lender's prior written consent;

(ii) that Ship remaining subject to Security securing the Secured Liabilities created by a first priority or preferred ship mortgage on that Ship and, if appropriate, a first priority deed of covenant collateral to that mortgage (or equivalent first priority Security) on substantially the same terms as the Mortgage on that Ship and on such other terms and in such other form as the Lender shall approve or require; and

(iii) the execution of such other documentation amending and supplementing the Finance Documents as the Lender shall approve or require.

24.3 Repair and classification

Each Borrower shall keep the Ship owned by it in a good and safe condition and state of repair:

(a) consistent with first class ship ownership and management practice; and

(b) so as to maintain the Approved Classification free of overdue recommendations and conditions affecting that Ship's class.

24.4 Classification society undertaking

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 Lender):

(a) to send to the Lender, following receipt of a written request from the Lender, certified true copies of all original class records held by the Approved Classification Society in relation to that Ship;

(b) to allow the Lender (or its agents), at any time and from time to time, to inspect the original class and related records of that Borrower and that Ship at the offices of the Approved Classification Society and to take copies of them;

(c) to notify the Lender immediately in writing if the Approved Classification Society:

(i) receives notification from that Borrower or any person that that Ship's Approved Classification Society is to be changed (such change to be subject to the Lender's prior written consent); 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 Lender:

(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 that Borrower 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 Lender in reasonable detail the facts and circumstances of such default, the consequences of such default, and any remedy period agreed or allowed by the Approved Classification Society.

24.5 Modifications

Neither 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, neither 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 Lender; and

(iii) the replacement part or item becomes, on installation on that Ship, the property of that Borrower and subject to the security constituted by the Mortgage on that Ship.

(b) A Borrower may install equipment owned by a third party if the equipment can be removed without any risk of damage to the Ship owned by that Borrower.

24.7 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 Lender, provide the Lender, with copies of all survey reports.

24.8 Inspection

Each Borrower shall permit the Lender (acting through surveyors or other persons appointed by it for that purpose) to board the Ship owned by it at all reasonable times to inspect its condition or to satisfy themselves about proposed or executed repairs and shall afford all proper facilities for such inspections.

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, 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 and shall procure that each Approved Manager which is a member of the Group shall:

(a) comply, or procure compliance with all laws or regulations:

(i) relating to its business generally; and

(ii) relating to the Ship owned or operated 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 or operated 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 and shall procure that each Approved Manager which is a member of the Group shall:

(a) procure that the Ship owned or operated by it and the company responsible for that Ship's compliance with the ISPS Code comply with the ISPS Code;

(b) maintain an ISSC for that Ship; and

(c) notify the Lender immediately 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 and shall procure that each Approved Manager which is a member of the Group shall procure:

(a) that the Ship owned or operated by it shall not be used by or for the benefit of a Prohibited Person;

(b) that such Ship shall not be used in trading in any manner contrary to Sanctions (or which could be contrary to Sanctions if Sanctions were binding on each Transaction Obligor);

(c) that such Ship shall not be traded in any manner which would trigger the operation of any sanctions limitation or exclusion clause (or similar) in the Insurances; and

(d) that each charterparty in respect of that Ship shall contain, for the benefit of that Borrower, language which gives effect to the provisions of paragraph (c) of Clause 24.10 (*Compliance with laws etc.*) as regards Sanctions and of this Clause 24.12 (*Sanctions and Ship trading*) and which permits refusal of employment or voyage orders if compliance would result in a breach of Sanctions (or which could be contrary to Sanctions if Sanctions were binding on each Transaction Obligor).

24.13 Trading in war zones or excluded areas

Neither 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 Lender has been given; and

(b) that Borrower has (at its expense) effected any special, additional or modified insurance cover which the Lender may require.

24.14 Provision of information

Without prejudice to Clause 20.4 (*Information: miscellaneous*) each Borrower shall, in respect of the Ship owned by it, promptly provide the Lender with any information which it requests regarding:

(a) that Ship, its employment, position and engagements;

(b) the Earnings and payments and amounts due to its master and crew;

(c) any expenditure incurred, or likely to be incurred, in connection with the operation, maintenance or repair of that Ship and any payments made by it in respect of that Ship;

(d) any towages and salvages; and

(e) its compliance, each Approved Manager's compliance and the compliance of that Ship with the ISM Code and the ISPS Code,

and, upon the Lender'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, immediately notify the Lender 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 a Ship;

(d) any requirement or recommendation made in relation to that Ship by any insurer or classification society or by any competent authority which is not complied with within the time frame imposed;

(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, an Approved Manager 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 Lender advised in writing on a regular basis and in such detail as the Lender 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.

Neither Borrower shall, in relation to the Ship owned by it:

(a) let that Ship on demise charter for any period;

(b) enter into any time, voyage or consecutive voyage charter in respect of that Ship other than a Permitted Charter;

(c) amend, supplement or terminate a Management Agreement;

(d) appoint a manager of that Ship other than an Approved Manager or agree to any alteration to the terms of an Approved Manager's appointment;

(e) de activate or lay up that Ship; or

(f) put that Ship into the possession of any person for the purpose of work being done upon it in an amount exceeding or likely to exceed the lesser of (a) an amount equal to ten per cent. of the Loan outstanding and (b) $500,000 (or the equivalent in any other currency) unless that person has first given to the Lender and in terms satisfactory to it a written undertaking not to exercise any lien on that Ship or its Earnings for the cost of such work or for any other reason.

24.17 Notice of Mortgage

Each Borrower shall keep the relevant Mortgage registered against the Ship owned by it as a valid first preferred mortgage, carry on board that Ship a certified copy of the relevant Mortgage and place and maintain in a conspicuous place in the navigation room and the master's cabin of that Ship a framed printed notice stating that that Ship is mortgaged by that Borrower to the Lender.

24.18 Sharing of Earnings

Neither Borrower shall enter into any agreement or arrangement for the sharing of any Earnings.

24.19 Notification of compliance

Each Borrower shall, and shall procure that each Approved Manager shall, promptly provide the Lender from time to time with evidence (in such form as the Lender requires) that it is complying with this Clause 24 (*General Ship Undertakings*).

24.20 Charter Assignment

If a Borrower enters into any Charter (other than an Initial Charter) of a duration exceeding or capable of exceeding 12 months, that Borrower shall, at the request of the Lender, execute in favour of the Lender an assignment of such Charter, and shall deliver to the Lender such other documents equivalent to those referred to at paragraphs 1, 4 and 5 of Part A and 2 of Part B of Schedule 2 hereof as the Lender may require.

25 ACCOUNTS AND APPLICATION OF EARNINGS

25.1 Accounts

The Borrowers may not, without the prior consent of the Lender, maintain any bank account in relation to the Earnings other than the Earnings Accounts.

25.2 Application of Earnings

The Borrowers undertake with the Lender that money from time to time credited to, or for the time being standing to the credit of, the Earnings Accounts shall (i) unless and until an Event of Default shall have occurred (whereupon the provisions of Clause 30.2 (*Application of receipts; partial payments*) shall be and become applicable) or (ii) unless otherwise agreed in writing between the Borrowers and the Lender, be available for application in the following manner:

(a) in or towards making payments of all amounts due and payable by the Borrowers under this Agreement (other than payments of principal and interest);

(b) in or towards satisfaction of all amounts of interest or default interest payable to the Lender under the Finance Documents;

(c) in or towards satisfaction of the Loan;

(d) in or towards making payments of all fees due to an Approved Manager and thereafter meeting the costs and expenses from time to time incurred by or on behalf of the Borrowers in connection with the operation of a Ship directly or via the member of the Group designated as cash manager, Castor Maritime SCR Corp.; and

(e) as to any surplus from time to time arising on an Earnings Account following application as aforesaid, to be paid to the relevant Borrower or to whomsoever it may direct including the cash manager, Castor Maritime SCR Corp.

25.3 Payment of Earnings

Each Borrower shall ensure that, subject only to the provisions of the respective General and Charter Assignment, all the Earnings of each Borrower are paid in to its Earnings Account.

25.4 Location of Accounts

Each Borrower shall promptly:

(a) comply with any requirement of the Lender as to the location or relocation of its Earnings Account; and

(b) execute any documents which the Lender specifies to create or maintain in favour of the Lender Security over (and/or rights of set-off, consolidation or other rights in relation to) its Earnings Account.

26 VALUATION

26.1 Provision of information

(a) Each Borrower shall promptly provide the Lender and any shipbroker providing a Market Value any information which the Lender 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 Lender considers prudent.

26.2 Provision of valuations

Each Borrower shall provide the Lender at its cost with a valuation of the Ship owned by it from an Approved Valuer, addressed to the Lender, to enable the Lender to determine the Market Value of that Ship on one occasion in each year provided that if an Event of Default occurs, the Lender may request such valuation at any time in its absolute discretion.

27 EVENTS OF DEFAULT

27.1 General

Each of the events or circumstances set out in this Clause 27 (*Events of Default*) is an Event of Default except for Clause 27.17 (*Acceleration*) and Clause 27.18 (*Enforcement of security*).

27.2 Non-payment

A Transaction Obligor does not pay on the due date any amount payable pursuant to a Finance Document at the place at and in the currency in which it is expressed to be payable unless:

(a) its failure to pay is caused by:

(i) administrative or technical error; or

(ii) a Disruption Event; and

(b) payment is made within 5 Business Days of its due date.

27.3 Specific obligations

A breach occurs of Clause 4.4 (*Waiver of conditions precedent*), Clause 21 (*Financial Covenants*), Clause 22.10 (*Title*), Clause 22.11 (*Negative pledge*), Clause 22.20 (*Unlawfulness, invalidity and ranking; Security imperilled*), Clause 23.2 (*Maintenance of obligatory insurances*), Clause 23.3 (*Terms of obligatory insurances*), Clause 23.5 (*Renewal of obligatory insurances*) or, save to the extent such breach is a failure to pay and therefore subject to Clause 27.2 (*Non-payment*).

27.4 Other obligations

(a) A Transaction Obligor does not comply with any provision of the Finance Documents (other than those referred to in Clause 27.2 (*Non-payment*) and Clause 27.3 (*Specific obligations*)).

(b) No Event of Default under paragraph (a) above will occur if the failure to comply is capable of remedy and is remedied within 10 Business Days of the Lender giving notice to the Borrowers or (if earlier) any Transaction Obligor becoming aware of the failure to comply.

27.5 Misrepresentation

Any representation or statement made or deemed to be made by a Transaction Obligor in the Finance Documents or any other document delivered by or on behalf of any Transaction Obligor under or in connection with any Finance Document is or proves to have been incorrect or misleading when made or deemed to be made.

27.6 Cross default

(a) Any Financial Indebtedness of any Obligor is not paid when due nor within any originally applicable grace period.

(b) Any Financial Indebtedness of any Obligor is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described).

(c) Any commitment for any Financial Indebtedness of any Obligor is cancelled or suspended by a creditor of any Obligor as a result of an event of default (however described).

(d) Any creditor of any Obligor becomes entitled to declare any Financial Indebtedness of any Obligor due and payable prior to its specified maturity as a result of an event of default (however described).

(e) No Event of Default will occur under paragraphs (a) to (d) above if the aggregate amount of Financial Indebtedness or commitment for Financial Indebtedness in respect of the Corporate Guarantor falling under paragraphs (a) to (d) above is $2,000,000 or less (or the equivalent in any other currency or currencies) in aggregate at any relevant time.

27.7 Insolvency

(a) A Transaction Obligor:

(i) is unable or admits inability to pay its debts as they fall due;

(ii) is deemed to, or is declared to, be unable to pay its debts under applicable law;

(iii) suspends or threatens to suspend making payments on any of its debts; or

(iv) by reason of actual or anticipated financial difficulties, commences negotiations with one or more of its creditors (excluding the Lender in its capacity as such) with a view to rescheduling any of its indebtedness.

(b) The value of the assets of any Transaction Obligor is less than its liabilities (taking into account contingent and prospective liabilities).

(c) A moratorium is declared in respect of any indebtedness of any Transaction Obligor. If a moratorium occurs, the ending of the moratorium will not remedy any Event of Default caused by that moratorium.

(d) No Event of Default under paragraphs (a) to (c) above will occur if another Approved Manager is appointed by the Borrowers and such Approved Manager providing a duly executed Manager's Undertaking to the Lender within 30 days of the Lender giving notice to the Borrowers or (if earlier) any Transaction Obligor becoming aware of such events described above.

27.8 Insolvency proceedings

(a) Any corporate action, legal proceedings or other procedure or step is taken in relation to:

(i) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of any Transaction Obligor;

(ii) a composition, compromise, assignment or arrangement with any creditor of any Transaction Obligor;

(iii) the appointment of a liquidator, receiver, administrator, administrative receiver, compulsory manager or other similar officer in respect of any Transaction Obligor or any of its assets; or

(iv) enforcement of any Security over any assets of any Transaction 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.

27.9 Creditors' process

Any expropriation, attachment, sequestration, distress or execution (or any analogous process in any jurisdiction) affects any asset or assets of a Transaction Obligor (other than an arrest or detention of a Ship referred to in paragraph (c) of Clause 7.5 (*Mandatory prepayment on sale, arrest or Total Loss*)) and is not discharged within 14 days.

27.10 Unlawfulness, invalidity and ranking

(a) It is or becomes unlawful for a Transaction Obligor to perform any of its obligations under the Finance Documents.

(b) Any obligation of a Transaction Obligor under the Finance Documents is 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 the Lender) to be ineffective.

(d) Any Transaction Security proves to have ranked after, or loses its priority to, any other Security.

27.11 Security imperilled

Any Security created or intended to be created by a Finance Document is in any way imperilled or in jeopardy.

27.12 Cessation of business

(a) Any Transaction Obligor suspends or ceases to carry on (or threatens to suspend or cease to carry on) all or a material part of its business.

(b) No Event of Default under paragraph (a) above will occur if another Approved Manager is appointed by the Borrowers and such Approved Manager providing a duly executed Manager's Undertaking to the Lender within 30 days of the Lender giving notice to the Borrowers or (if earlier) any Transaction Obligor becoming aware of such event described above.

27.13 Expropriation

The authority or ability of an Obligor to conduct its business is limited or wholly or substantially curtailed by any seizure, expropriation, nationalisation, intervention, restriction or other action by or on behalf of any governmental, regulatory or other authority or other person in relation to an Obligor or any of its assets other than:

(a) an arrest or detention of a Ship referred to in paragraph (c) of Clause 7.5 (*Mandatory prepayment on sale, arrest or Total Loss*); or

(b) any Requisition.

27.14 Repudiation and rescission of agreements

A Transaction Obligor (or any other relevant party) rescinds or purports to rescind or repudiates or purports to repudiate a Transaction Document or any of the Transaction Security or evidences an intention to rescind or repudiate a Transaction Document or any Transaction Security or a Transaction Document or any of the Transaction Security otherwise ceases to remain in full force and effect for any reason.

27.15 Litigation

Any material litigation, arbitration or administrative proceedings or investigations of, or before, any court, arbitral body or agency are started or threatened, or any judgment or order of a court, arbitral body or agency is made, in relation to any of the Transaction Documents or the transactions contemplated in any of the Transaction Documents or against any Obligor or its assets.

27.16 Material adverse change

Any event or circumstance occurs which has or is reasonably likely to have a Material Adverse Effect.

27.17 Acceleration

On and at any time after the occurrence of an Event of Default the Lender may by notice to the Borrowers:

(a) cancel the Commitment, whereupon it shall immediately be cancelled;

(b) declare that all or part of the Loan, together with accrued interest, and all other amounts accrued or outstanding under the Finance Documents be immediately due and payable, whereupon it shall become immediately due and payable; and/or

(c) declare that all or part of the Loan be payable on demand, whereupon it shall immediately become payable on demand by the Lender,

and the Lender may serve notices under paragraphs (a), (b) and (c) above simultaneously or on different dates and the Lender may take any action referred to in Clause 27.18 (*Enforcement of security*) simultaneously with or at any time after the service of any of such notice.

27.18 Enforcement of security

On and at any time after the occurrence of an Event of Default the Lender may take any action which, as a result of the Event of Default or any notice served under Clause 27.17 (*Acceleration*), the Lender is entitled to take under any Finance Document or any applicable law or regulation.

SECTION 9

THE LENDER AND THE OBLIGORS

28 CHANGES TO THE LENDER

28.1 Assignment by the Lender

Subject to this Clause 28 (*Changes to the Lender*), the Lender (the "**Existing Lender**") may assign all (but not part) of its rights under the Finance Documents to another bank or financial institution or to a trust, fund or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities or other financial assets (the "**New Lender**") without the consent of either Borrower **provided that** the Existing Lender provides the Borrowers with 15 days prior written notice of such assignment and the Borrowers shall have the option to prepay the Loan without any prepayment fee.

28.2 Conditions of assignment

(a) If:

(i) the Existing Lender assigns any of its rights or obligations under the Finance Documents or changes its Facility Office; and

(ii) as a result of circumstances existing at the date the assignment or change occurs, a Transaction Obligor would be obliged to make a payment to the New Lender or the Existing Lender acting through its new Facility Office under Clause 12 (*Tax Gross Up and Indemnities*) or under that Clause as incorporated by reference or in full in any other Finance Document or Clause 13 (*Increased Costs*),

then the New Lender or the Existing Lender acting through its new Facility Office is only entitled to receive payment under those Clauses to the same extent as the Existing Lender would have been if the assignment or change had not occurred.

(b) Each Obligor on behalf of itself and each Transaction Obligor agrees that all rights and interests (present, future or contingent) which the Existing Lender has under or by virtue of the Finance Documents are assigned to the New Lender absolutely, free of any defects in the Existing Lender's title and of any rights or equities which the Borrowers or any other Transaction Obligor had against the Existing Lender.

28.3 Security over Lender's rights

In addition to the other rights provided to the Lender under this Clause 28 (*Changes to the Lender*), the 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 the Lender including, without limitation:

(a) any charge, assignment or other Security to secure obligations to a federal reserve or central bank; and

(b) if the Lender is a fund, any charge, assignment or other Security granted to any holders (or trustee or representatives of holders) of obligations owed, or securities issued, by the Lender as security for those obligations or securities, except that no such charge, assignment or Security shall:

(i) release the Lender from any of its obligations under the Finance Documents or substitute the beneficiary of the relevant charge, assignment or Security for the Lender as a party to any of the Finance Documents; or

(ii) require any payments to be made by a Transaction Obligor other than or in excess of, or grant to any person any more extensive rights than, those required to be made or granted to the Lender under the Finance Documents.

29 CHANGES TO THE TRANSACTION OBLIGORS

29.1 Assignment or transfer by Transaction Obligors

No Transaction Obligor may assign any of its rights or transfer any of its rights or obligations under the Finance Documents.

29.2 Additional Subordinated Creditors

(a) The Borrowers may request that any person becomes a Subordinated Creditor, with the prior approval of the Lender, by delivering to the Lender:

(i) a duly executed Subordination Agreement;

(ii) a duly executed Subordinated Debt Security; and

(iii) such constitutional documents, corporate authorisations and other documents and matters as the Lender may reasonably require, in form and substance satisfactory to the Lender, to verify that the person's obligations are legally binding, valid and enforceable and to satisfy any applicable legal and regulatory requirements.

(b) A person referred to in paragraph (a) above will become a Subordinated Creditor on the date the Lender enters into the Subordination Agreement and the Subordinated Debt Security delivered under paragraph (a) above.

SECTION 10

ADMINISTRATION

30 PAYMENT MECHANICS

30.1 Payments to the Lender

(a) On each date on which an Obligor is required to make a payment under a Finance Document, that Obligor shall make an amount equal to such payment available to the Lender (unless a contrary indication appears in a Finance Document) for value on the due date at the time and in such funds specified by the Lender as being customary at the time for settlement of transactions in the relevant currency in the place of payment.

(b) Payment shall be made to such account in the principal financial centre of the country of that currency (or, in relation to euro, in a principal financial centre in such Participating Member State or London, as specified by the Lender) and with such bank as the Lender, in each case, specifies.

30.2 Application of receipts; partial payments

(a) If the Lender receives a payment that is insufficient to discharge all the amounts then due and payable by an Obligor under the Finance Documents, the Lender may apply that payment towards the obligations of that Obligor under the Finance Documents in any manner it may decide.

(b) Paragraph (a) above will override any appropriation made by an Obligor.

30.3 No set-off by Obligors

All payments to be made by an Obligor under the Finance Documents shall be calculated and be made without (and free and clear of any deduction for) set-off or counterclaim.

30.4 Business Days

(a) Any payment under the Finance Documents which is due to be made on a day that is not a Business Day shall be made on the next Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is not).

(b) During any extension of the due date for payment of any principal or an Unpaid Sum under this Agreement interest is payable on the principal or Unpaid Sum at the rate payable on the original due date.

30.5 Currency of account

(a) Subject to paragraphs (b) and (c) below, dollars is the currency of account and payment for any sum due from an Obligor under any Finance Document.

(b) Each payment in respect of costs, expenses or Taxes shall be made in the currency in which the costs, expenses or Taxes are incurred.

(c) Any amount expressed to be payable in a currency other than dollars shall be paid in that other currency.

30.6 Change of currency

(a) Unless otherwise prohibited by law, if more than one currency or currency unit are at the same time recognised by the central bank of any country as the lawful currency of that country, then:

(i) any reference in the Finance Documents to, and any obligations arising under the Finance Documents in, the currency of that country shall be translated into, or paid in, the currency or currency unit of that country designated by the Lender (after consultation with the 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 Lender (acting reasonably).

(b) If a change in any currency of a country occurs, this Agreement will, to the extent the Lender (acting reasonably and after consultation with the 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.

30.7 Currency conversion

The obligations of any Obligor to pay in the due currency shall only be satisfied to the extent of the amount of the due currency purchased after deducting the costs of conversion.

30.8 Disruption to Payment Systems etc.

If either the Lender determines (in its discretion) that a Disruption Event has occurred or the Lender is notified by a Borrower that a Disruption Event has occurred:

(a) the Lender 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 Lender may deem necessary in the circumstances;

(b) the Lender 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) any such changes agreed upon by the Lender and the Borrowers shall (whether or not it is finally determined that a Disruption Event has occurred) be binding upon the Parties and any Obligors as an amendment to (or, as the case may be, waiver of) the terms of the Finance Documents;

(d) the Lender shall not be liable for any damages, costs or losses to any person, any diminution in value or any liability whatsoever (including, without limitation for negligence, gross negligence or any other category of liability whatsoever but not including any claim based on the fraud of the Lender) arising as a result of its taking, or failing to take, any actions pursuant to or in connection with this Clause 30.8 (*Disruption to Payment Systems etc.*).

31 SET-OFF

The Lender may set off any matured obligation due from an Obligor under the Finance Documents (to the extent beneficially owned by the Lender) against any matured obligation owed by the Lender to that Obligor, regardless of the place of payment, booking branch or currency of either obligation. If the obligations are in different currencies, the Lender may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off.

32 CONDUCT OF BUSINESS BY THE LENDER

No provision of this Agreement will:

(a) interfere with the right of the Lender to arrange its affairs (tax or otherwise) in whatever manner it thinks fit;

(b) oblige the Lender to investigate or claim any credit, relief, remission or repayment available to it or the extent, order and manner of any claim; or

(c) oblige the Lender to disclose any information relating to its affairs (tax or otherwise) or any computations in respect of Tax.

33 NOTICES

33.1 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.

33.2 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*); and

(b) in the case of any other Obligor or the Lender, that specified in Schedule 1 (*The Parties*) or, if it becomes a Party after the date of this Agreement, that notified in writing to the Lender on or before the date on which it becomes a Party;

or any substitute address, fax number or department or officer as an Obligor may notify to the Lender (or the Lender may notify to the other Parties, if a change is made by the Lender) by not less than five Business Days' notice.

33.3 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 33.2 (*Addresses*), if addressed to that department or officer.

(b) Any communication or document to be made or delivered to the Lender will be effective only when actually received by it and then only if it is expressly marked for the attention of the department or officer of the Lender specified in Schedule 1 (*The Parties*) (or any substitute department or officer as the Lender shall specify for this purpose).

(c) Any communication or document made or delivered to the Borrowers in accordance with this Clause will be deemed to have been made or delivered to each of the Transaction Obligors.

(d) Any communication or document which becomes effective, in accordance with paragraphs (a) to (c) above, after 5.00 p.m. in the place of receipt shall be deemed only to become effective on the following day.

33.4 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 the Lender may only be made in that way to the extent that those two Parties agree that, unless and until notified to the contrary, this is to be an accepted from 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 Lender only if it is addressed in such a manner as the Lender 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 33.4 (*Electronic communication*).

33.5 English language

(a) Any notice given under or in connection with any Finance Document must be in English.

(b) All other documents provided under or in connection with any Finance Document must be:

(i) in English; or

(ii) if not in English, and if so required by the Lender, accompanied by a certified English translation prepared by a translator approved by the Lender and, in this case, the English translation will prevail unless the document is a constitutional, statutory or other official document.

34 CALCULATIONS AND CERTIFICATES

34.1 Accounts

In any litigation or arbitration proceedings arising out of or in connection with a Finance Document, the entries made in the accounts maintained by the Lender are *prima facie* evidence of the matters to which they relate.

34.2 Certificates and determinations

Any certification or determination by the Lender of a rate or amount under any Finance Document is, in the absence of manifest error, conclusive evidence of the matters to which it relates.

34.3 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.

35 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.

36 REMEDIES AND WAIVERS

(a) No failure to exercise, nor any delay in exercising, on the part of the Lender or any Receiver or Delegate, any right or remedy under a Finance Document shall operate as a waiver of any such right or remedy or constitute an election to affirm any Finance Document. No election to affirm any Finance Document on the part of the Lender or any Receiver or Delegate shall be effective unless it is in writing. No single or partial exercise of any right or remedy shall prevent any further or other exercise or the exercise of any other right or remedy. The rights and remedies provided in each Finance Document are cumulative and not exclusive of any rights or remedies provided by law.

(b) No variation or amendment of a Finance Document shall be valid unless in writing and signed by the Lender.

37 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.

38 SETTLEMENT OR DISCHARGE CONDITIONAL

Any settlement or discharge under any Finance Document between the Lender and any Transaction Obligor shall be conditional upon no security or payment to the Lender by any Transaction Obligor or any other person being set aside, adjusted or ordered to be repaid, whether under any insolvency law or otherwise.

39 IRREVOCABLE PAYMENT

If the Lender considers that an amount paid or discharged by, or on behalf of, a Transaction Obligor or by any other person in purported payment or discharge of an obligation of that Transaction Obligor to the Lender under the Finance Documents is capable of being avoided or otherwise set aside on the liquidation or administration of that Transaction Obligor or otherwise, then that amount shall not be considered to have been unconditionally and irrevocably paid or discharged for the purposes of the Finance Documents.

40 CONFIDENTIAL INFORMATION

40.1 Confidentiality

The Lender agrees to keep all Confidential Information confidential and not to disclose it to anyone, save to the extent permitted by Clause 40.2 (*Disclosure of Confidential Information*) and to ensure that all Confidential Information is protected with security measures and a degree of care that would apply to its own confidential information.

40.2 Disclosure of Confidential Information

The Lender may disclose:

(a) to any of its Affiliates and Related Funds and any of its or their officers, directors, employees, professional advisers, auditors, insurers, insurance advisors, insurance brokers, partners and Representatives such Confidential Information as the Lender shall consider appropriate if any person to whom the Confidential Information is to be given pursuant to this paragraph (a) is informed in writing of its confidential nature and that some or all of such Confidential Information may be price-sensitive information except that there shall be no such requirement to so inform if the recipient is subject to professional obligations to maintain the confidentiality of the information or is otherwise bound by requirements of confidentiality in relation to the Confidential Information;

(b) to any person:

(i) to (or through) whom it assigns (or may potentially assign) all or any of its rights and/or obligations under one or more Finance Documents and, 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 the Lender or by a person to whom sub-paragraph (i) or (ii) of paragraph (b) above applies to receive communications, notices, information or documents delivered pursuant to the Finance Documents on its behalf;

(iv) who invests in or otherwise finances (or may potentially invest in or otherwise finance), directly or indirectly, any transaction referred to in sub-paragraph (i) or (ii) of paragraph (b) above;

(v) to whom information is required or requested to be disclosed by any court of competent jurisdiction or any governmental, banking, taxation or other regulatory authority or similar body, the rules of any relevant stock exchange or pursuant to any applicable law or regulation;

(vi) to whom information is required to be disclosed in connection with, and for the purposes of, any litigation, arbitrations, administrative or other investigations, proceedings or disputes;

(vii) to whom or for whose benefit the Lender charges, assigns or otherwise creates Security (or may do so) pursuant to Clause 28.3 (*Security over Lender's rights*);

(viii) who is a Party, a member of the Group or any related entity of a Transaction Obligor;

(ix) as a result of the registration of any Finance Document as contemplated by any Finance Document or any legal opinion obtained in connection with any Finance Document; or

(x) with the consent of the Borrowers;

in each case, such Confidential Information as the Lender shall consider appropriate if:

(A) in relation to sub-paragraphs (i), (ii) and (iii) of paragraph (b) above, the person to whom the Confidential Information is to be given has entered into a Confidentiality Undertaking except that there shall be no requirement for a Confidentiality Undertaking if the recipient is a professional adviser and is subject to professional obligations to maintain the confidentiality of the Confidential Information;

(B) in relation to sub-paragraph (iv) of paragraph (b) above, the person to whom the Confidential Information is to be given has entered into a Confidentiality Undertaking or is otherwise bound by requirements of confidentiality in relation to the Confidential Information they receive and is informed that some or all of such Confidential Information may be price-sensitive information;

(C) in relation to sub-paragraphs (v), (vi) and (vii) of paragraph (b) above, the person to whom the Confidential Information is to be given is informed of its confidential nature and that some or all of such Confidential Information may be price-sensitive information except that there shall be no requirement to so inform if, in the opinion of the Lender, it is not practicable so to do in the circumstances;

(c) to any person appointed by the Lender or by a person to whom sub-paragraph (i) or (ii) of paragraph (b) above applies to provide administration or settlement services in respect of one or more of the Finance Documents including without limitation, in relation to the trading of participations in respect of the Finance Documents, such Confidential Information as may be required to be disclosed to enable such service provider to provide any of the services referred to in this paragraph (c) if the service provider to whom the Confidential Information is to be given has entered in to a confidentiality agreement substantially in the form of the LMA Master Confidentiality Undertaking for Use With Administration/Settlement Service Providers or such other form of confidentiality undertaking agreed between the Borrowers and the Lender;

(d) to any rating agency (including its professional advisers) such Confidential Information as may be required to be disclosed to enable such rating agency to carry out its normal rating activities in relation to the Finance Documents and/or the Transaction Obligors if the rating agency to whom the Confidential Information is to be given is informed of its confidential nature and that some or all of such Confidential Information may be price-sensitive information.

40.3 Entire agreement

This Clause 40 (*Confidential Information*) constitutes the entire agreement between the Parties in relation to the obligations of the Lender under the Finance Documents regarding Confidential Information and supersedes any previous agreement, whether express or implied, regarding Confidential Information.

40.4 Inside information

The Lender acknowledges that some or all of the Confidential Information is or may be price-sensitive information and that the use of such information may be regulated or prohibited by applicable legislation including securities law relating to insider dealing and market abuse and the Lender undertakes not to use any Confidential Information for any unlawful purpose.

40.5 Notification of disclosure

The Lender 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 40.2 (*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 40 (*Confidential Information*).

40.6 Continuing obligations

The obligations in this Clause 40 (*Confidential Information*) are continuing and, in particular, shall survive and remain binding on the Lender for a period of 12 months from the earlier of:

(a) the date on which all amounts payable by the Obligors under or in connection with this Agreement have been paid in full and all Commitment have been cancelled or otherwise cease to be available; and

(b) the date on which the Lender otherwise ceases to be the Lender.

41 CONFIDENTIALITY OF FUNDING RATES

41.1 Confidentiality and disclosure

(a) Each Obligor agrees to keep each Funding Rate confidential and not to disclose it to anyone, save to the extent permitted by paragraph (b) below.

(b) 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 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 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 is to be given is informed in writing of its confidential nature and that it may be price sensitive information except that there shall be no requirement to so inform if, in the opinion of the Lender or the relevant Obligor, as the case may be, it is not practicable to do so in the circumstances;

(iii) any person to whom information is required to be disclosed in connection with, and for the purposes of, any litigation, arbitration, administrative or other investigations, proceedings or disputes if the person to whom that Funding Rate is to be given is informed of its confidential nature and that it may be price sensitive information except that there shall be no requirement to so inform if, in the opinion of the Lender or the relevant Obligor, as the case may be, it is not practicable to do so in the circumstances; and

(iv) any person with the consent of the Lender.

41.2 Related obligations

(a) Each Obligor acknowledges that each Funding Rate is or may be price sensitive information and that its use may be regulated or prohibited by applicable legislation including securities law relating to insider dealing and market abuse and each Obligor undertakes not to use any Funding Rate for any unlawful purpose.

(b) The Lender and each Obligor agree (to the extent permitted by law and regulation) to inform the Lender:

(i) of the circumstances of any disclosure made pursuant to sub-paragraph (ii) of paragraph (b) of Clause 41.1 (*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 41 (*Confidentiality of Funding Rates*).

41.3 No Event of Default

No Event of Default will occur under Clause 27.4 (*Other obligations*) by reason only of an Obligor's failure to comply with this Clause 41 (*Confidentiality of Funding Rates*).

42 AMENDMENTS

42.1 Replacement of Screen Rate

If, as at 1 January 2023 this Agreement provides that the rate of interest for the Loan in dollars is to be determined by reference to the Screen Rate for LIBOR, the Lender and the Borrowers shall enter into negotiations in good faith with a view to agreeing the use of a Replacement Benchmark in relation to dollars in place of that Screen Rate from and including a date no later than 31 May 2023.

42.2 Obligor Intent

Without prejudice to the generality of Clauses 1.2 (*Construction*) and 17.4 (*Waiver of defences*), each Obligor expressly confirms that it intends that any guarantee contained in this Agreement or any other Finance Document and any Security created by any Finance Document shall extend from time to time to any (however fundamental) variation, increase, extension or addition of or to any of the Finance Documents and/or any facility or amount made available under any of the Finance Documents for the purposes of or in connection with any of the following: business acquisitions of any nature; increasing working capital; enabling investor distributions to be made; carrying out restructurings; refinancing existing facilities; refinancing any other indebtedness; making facilities available to new borrowers; any other variation or extension of the purposes for which any such facility or amount might be made available from time to time; and any fees, costs and/or expenses associated with any of the foregoing.

43 COUNTERPARTS

Each Finance Document may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of the Finance Document.

SECTION 11

GOVERNING LAW AND ENFORCEMENT

44 GOVERNING LAW

This Agreement, including Clause 45.1 (*Arbitration*) and any non-contractual obligations arising out of or in connection with it are governed by English law.

45 ENFORCEMENT

45.1 Arbitration

(a) Any dispute arising out of and/or in connection with this Agreement (including a dispute regarding the existence, validity or termination of this Agreement and/or any non-contractual obligation arising out of and/or in connection with this Agreement) (a "**Dispute**"), shall be referred to and finally resolved by arbitration. Any such arbitration shall be conducted in accordance with English law and under the Arbitration Rules of the Singapore International Arbitration Centre ("**SIAC Rules**") current at the time when the arbitration proceedings are commenced. The SIAC Rules are deemed to have been incorporated by reference in this Clause 45.1 above (*Arbitration*).

(b) The seat of the arbitration shall be Singapore. The Tribunal shall consist of one arbitrator appointed by the Lender.

(c) The language of the arbitration shall be English.

(d) The Obligors irrevocably admit to the jurisdiction of an Arbitral Tribunal constituted in accordance with this Clause 45.1 (*Arbitration*) and any award published by such a Tribunal shall be final and unappealable save for appeals on the grounds of serious irregularity and, for the purposes of enforcing any award, judgement may be entered on an award by any court of competent jurisdiction.

(e) At any time before the Lender has appointed the arbitrator, the Lender may choose to submit a Dispute to any court of competent jurisdiction by giving written notice to the Obligors. If, by the time that the Lender serves such notice, the Obligors have already sought to refer that Dispute to arbitration by serving a notice upon the Lender requiring the Lender to appoint the arbitrator in accordance with this Clause 45.1 (*Arbitration*) above, the Obligors shall withdraw that notice promptly upon receipt of the Lender's notice choosing to submit that Dispute to a court of competent jurisdiction.

(f) For this purpose, the Obligors and the Lender hereby irrevocably: (i) submit to the non-exclusive jurisdiction of the High Court of Justice in England to settle any Dispute, (ii) accept that the High Court of Justice in England is an appropriate convenient forum in which to settle any Disputes and agree not to argue to the contrary.

45.2 Service of process

(a) Without prejudice to any other mode of service allowed under any relevant law, each Obligor:

(i) irrevocably appoints Hill Dickinson Services (London) Limited at its registered office for the time being presently at The Broadgate Tower, 20 Primrose Street, London EC2A 2EW, England as its agent for service of process in relation to any proceedings before the English courts in connection with any Finance Document; and

(ii) agrees that failure by a process agent to notify the relevant Obligor of the process will not invalidate the proceedings concerned.

(b) If any person appointed as an agent for service of process is unable for any reason to act as agent for service of process, the Borrowers (on behalf of all the Obligors) must immediately (and in any event within 5 Business days of such event taking place) appoint another agent on terms acceptable to the Lender. Failing this, the Lender may appoint another agent for this purpose.

This Agreement has been entered into on the date stated at the beginning of this Agreement.

SCHEDULE 1

THE PARTIES

PART A

THE OBLIGORS

Name of Borrower	**Place of Incorporation**	**Registration number (or equivalent, if any)**	**Address for Communication**
BAGHEERA SHIPPING CO.	Republic of the Marshall Islands	105380	c/o Castor Ships S.A. 25 Foinikos Str. 14564 Nea Kifissia, Athens Greece Fax No: + 357 25357796
GARFIELD SHIPPING CO.	Republic of the Marshall Islands	110506	c/o Castor Ships S.A. 25 Foinikos Str. 14564 Nea Kifissia, Athens Greece Fax No: + 357 25357796

Name of Corporate Guarantor	**Place of Incorporation**	**Registration number (or equivalent, if any)**	**Address for Communication**
CASTOR MARITIME INC.	Republic of the Marshall Islands	92609	c/o Castor Ships S.A. 25 Foinikos Str. 14564 Nea Kifissia, Athens Greece Fax No: + 357 25357796

PART B

THE ORIGINAL LENDER

Name of Original Lender	**Commitment**	**Address for Communication**
CHAILEASE INTERNATIONAL FINANCIAL SERVICES (SINGAPORE) PTE. LTD.	$23,150,000	18 Robinson Road #15-01 18 Robinson, Singapore 048547 **Fax Number**: +886-2-8752-6285 **Attention**: Sean Li **E-mail**: SeanLi@chailease.com.tw **Telephone Number**: +886-2-8752-6388 (Extension Number: 72256)

SCHEDULE 2

CONDITIONS PRECEDENT

PART A

CONDITIONS PRECEDENT TO INITIAL UTILISATION REQUEST

The following are the documents referred to in Clause 4.1 (*Initial conditions precedent*) required before service of the first Utilisation Request.

1 Obligors

1.1 A copy of the constitutional documents of each Transaction Obligor.

1.2 A copy of a resolution of the board of directors of each Transaction Obligor:

(a) approving the terms of, and the transactions contemplated by, the Finance Documents to which it is a party and resolving that it execute the Finance Documents to which it is a party;

(b) authorising a specified person or persons to execute the Finance Documents to which it is a party on its behalf; and

(c) authorising a specified person or persons, on its behalf, to sign and/or despatch all documents and notices (including, if relevant, a Utilisation Request and each Selection Notice) to be signed and/or despatched by it under, or in connection with, the Finance Documents to which it is a party.

1.3 An original of the power of attorney of any Transaction Obligor authorising a specified person or persons to execute the Finance Documents to which it is a party.

1.4 A specimen of the signature of each person authorised by the resolution referred to in paragraph 1.2 above.

1.5 A copy of a resolution signed by the holder(s) of the issued shares in each Transaction Obligor, approving the terms of, and the transactions contemplated by, the Finance Documents to which that Transaction Obligor is a party.

1.6 A certificate of each Transaction Obligor, (signed by an officer) confirming that borrowing or guaranteeing, as appropriate, the Commitment would not cause any borrowing, guaranteeing or similar limit binding on that corporate Transaction Obligor to be exceeded.

1.7 A certificate of each Transaction Obligor that is incorporated outside the UK (signed by an officer) certifying either that (i) it has not delivered particulars of any UK Establishment to the Registrar of Companies as required under the Overseas Regulations or (ii) it has a UK Establishment and specifying the name and registered number under which it is registered with the Registrar of Companies.

1.8 A certificate of an authorised signatory of the relevant Transaction Obligor certifying that each copy document relating to it specified in this Part A of Schedule 2 (*Conditions Precedent*) is correct, complete and in full force and effect as at a date no earlier than the date of this Agreement.

1.9 A good standing certificate of each Transaction Obligor.

2 Finance Documents

2.1 A duly executed original of any Subordination Agreement and copies of any Subordinated Finance Document.

2.2 A duly executed original of any Finance Document not otherwise referred to in this Schedule 2 (*Conditions Precedent*).

2.3 A duly executed original of any other document required to be delivered by each Finance Document if not otherwise referred to this Schedule 2 (*Conditions Precedent*).

3 Security

A duly executed original of any Subordinated Debt Security.

4 Legal opinions

4.1 A legal opinion of Watson Farley & Williams Greece, legal advisers to the Lender in England substantially in the form obtained by the Lender before signing this Agreement.

4.2 If a corporate Transaction Obligor is incorporated in a jurisdiction other than England and Wales, a legal opinion of the legal advisers to the Lender in the relevant jurisdiction, substantially in the form obtained by the Lender before signing this Agreement.

5 Other documents and evidence

5.1 Evidence that any process agent referred to in Clause 45.2 (*Service of process*) has accepted its appointment.

5.2 Evidence that any process agent referred to in clause 13.3 (*service of process*) of the Account Security has accepted its appointment.

5.3 A copy of any other Authorisation or other document, opinion or assurance which the Lender considers to be necessary or desirable (if it has notified the Borrowers accordingly) in connection with the entry into and performance of the transactions contemplated by any Transaction Document or for the validity and enforceability of any Transaction Document.

5.4 The Original Financial Statements.

5.5 Evidence that the fees, costs and expenses then due from the Borrowers pursuant to Clause 11 (*Fees*) and Clause 16 (*Costs and Expenses*) have been paid or will be paid by the first Utilisation Date.

5.6 Such evidence as the Lender may require for it to be able to satisfy its “know your customer” or similar identification procedures in relation to the transactions contemplated by the Finance Documents.

5.7 Evidence satisfactory to the Lender that the Minimum Liquidity Amount has been deposited to the Minimum Liquidity Account.

PART B

CONDITIONS PRECEDENT TO UTILISATION

In this Part B of Schedule 2 (*Conditions Precedent*), "**Relevant Ship**" means the Ship which is to be financed by the Tranche being utilised on the relevant Utilisation Date and "**Relevant Borrower**" means the Borrower which is the owner of the Relevant Ship on the applicable Utilisation Date.

1 Borrowers

A certificate of an authorised signatory of each Borrower certifying that each copy document which it is required to provide under this Part B of Schedule 2 (*Conditions Precedent*) is correct, complete and in full force and effect as at the Utilisation Date.

2 Ship and other security

2.1 Duly executed original of the Shares Security (and of each document to be delivered under the Shares Security).

2.2 A duly executed original of the Mortgage, the General and Charter Assignment, the Account Security in respect of each Ship and of each document to be delivered under or pursuant to each of them together with documentary evidence that each Mortgage has been duly registered as a valid first preferred ship mortgage in accordance with the laws of the jurisdiction of the Approved Flag of the relevant Ship.

2.3 Documentary evidence that each Ship:

(a) is definitively and permanently registered in the name of the relevant Borrower under the Approved Flag applicable to Ship;

(b) is in the absolute and unencumbered ownership of the relevant Borrower save as contemplated by the Finance Documents;

(c) maintains the Approved Classification with the Approved Classification Society free of all overdue recommendations and conditions of the Approved Classification Society; and

(d) is insured in accordance with the provisions of this Agreement and all requirements in this Agreement in respect of insurances have been complied with.

2.4 Documents establishing that each Ship will, as from the Utilisation Date, be managed by its Approved Manager on terms acceptable to the Lender, together with:

(a) a Manager's Undertaking for each Approved Manager;

(b) a Co-Assured's Undertaking by any company, corporation or other person named as co-assured under the Insurances who has not delivered a General and Charter Assignment or a Manager's Undertaking; and

(c) copies of each Approved Manager's Document of Compliance and of each Ship's Safety Management Certificate (together with any other details of the applicable Safety Management System which the Lender requires) and of any other documents required under the ISM Code and the ISPS Code in relation to that Ship including without limitation an ISSC.

2.5 An opinion from an independent insurance consultant acceptable to the Lender on such matters relating to the Insurances as the Lender may require.

2.6 A duly executed copy of each Initial Charter.

3 Legal opinions

Legal opinions of the legal advisers to the Lender in the jurisdiction of the Approved Flag of each Ship and such other relevant jurisdictions as the Lender may require.

4 Other documents and evidence

4.1 Evidence that the fees, costs and expenses then due from the Borrowers pursuant to Clause 11 (*Fees*) and Clause 16 (*Costs and Expenses*) have been paid or will be paid by the Utilisation Date.

4.2 A copy of any other Authorisation or other document, opinion or assurance which the Lender considers to be necessary or desirable (if it has notified the Borrowers accordingly) in connection with the entry into and performance of the transactions contemplated by any Transaction Document or for the validity and enforceability of any Transaction Document not previously supplied.

SCHEDULE 3

REQUESTS

PART A

UTILISATION REQUEST

From: **BAGHEERA SHIPPING CO.**
GARFIELD SHIPPING CO.

To: **CHAILEASE INTERNATIONAL FINANCIAL SERVICES (SINGAPORE) PTE. LTD.**
18 Robinson Road
#15-01 18 Robinson
Singapore 048547

Dated: [●] 2021

Bagheera Shipping Co. et al - $23,150,000 Facility Agreement dated [●] 2021 (the "Agreement")

1 We refer to the Agreement. This is a Utilisation Request. Terms defined in the Agreement have the same meaning in this Utilisation Request unless given a different meaning in this Utilisation Request.

2 We wish to borrow the Advance under Tranche [A][B] on the following terms:

Proposed Utilisation Date:	[●] (or, if that is not a Business Day, the next Business Day)
Amount:	[●] or, if less, the Available Facility
Interest Period for the first Advance:	1 Month

3 You are authorised and requested to deduct from the Advance under Tranche [A][B] prior to funds being remitted the following amounts set out against the following items:

Deductible Items	$
Minimum Liquidity Amount	
Facility Fee	
Net proceeds of Loan	

4 We confirm that each condition specified in Clause 4.1 (*Initial conditions precedent*) and Clause 4.2 (*Further conditions precedent*) of the Agreement as it relates to the Advance to which this Utilisation Request refers is satisfied on the date of this Utilisation Request.

5 The [net] proceeds of the Advance should be credited to [account].

6 This Utilisation Request is irrevocable.

Yours faithfully

[●]
authorised signatory for
BAGHEERA SHIPPING CO.

[●]
authorised signatory for
GARFIELD SHIPPING CO.

PART B

SELECTION NOTICE

From: **BAGHEERA SHIPPING CO.**
GARFIELD SHIPPING CO.

To: **CHAILEASE INTERNATIONAL FINANCIAL SERVICES (SINGAPORE) PTE. LTD.**
18 Robinson Road
#15-01 18 Robinson
Singapore 048547

Dated: [●] 2021

Bagheera Shipping Co. et al - $23,150,000 Facility Agreement dated [●] 2021 (the "Agreement")

1 We refer to the Agreement. This is a Selection Notice. Terms defined in the Agreement have the same meaning in this Selection Notice unless given a different meaning in this Selection Notice.

2 We request that the next Interest Period for the Loan be [●].

3 This Selection Notice is irrevocable.

Yours faithfully

[●]
authorised signatory for
BAGHEERA SHIPPING CO.

[●]
authorised signatory for
GARFIELD SHIPPING CO.

SCHEDULE 4

DETAILS OF THE SHIPS

Ship name	**Name of the Borrower owner**	**Type**	**GRT**	**NRT**	**Approved Flag**	**Approved Classification Society**	**Approved Classification**
Magic Rainbow	Bagheera Shipping Co.	Bulk carrier	40224	25869	Marshall Islands	Bureau Veritas	⊠ AUT-UMS, MON-SHAFT, ERS-S, INWATERSURVEY
Magic Phoenix	Garfield Shipping Co.	Bulk carrier	39737	25754	Marshall Islands	Nippon Kaiji Kyokai	NS*/ MNS* (BC, SHC 2,4,6,E, 1C) (ESP)

SCHEDULE 5

TIMETABLES

Delivery of a duly completed Utilisation Request (Clause 5.1 (*Delivery of the Utilisation Request*)) or a Selection Notice (Clause 9.1 (*Selection of Interest Periods*))	Five Business Days before the intended Utilisation Date (Clause 5.1 (*Delivery of the Utilisation Request*)) or the expiry of the preceding Interest Period (Clause 9.1 (*Selection of Interest Periods*))
LIBOR is fixed	Quotation Day as of 11:00 am London time

BORROWERS

SIGNED by)
duly authorised attorney-in-fact)
for and on behalf of)
BAGHEERA SHIPPING CO.)
in the presence of:)

Witness' signature:)
Witness' name:)
Witness' address:)

SIGNED by)
duly authorised attorney-in-fact)
for and on behalf of)
GARFIELD SHIPPING CO.)
in the presence of:)

Witness' signature:)
Witness' name:)
Witness' address:)

CORPORATE GUARANTOR

SIGNED by)
duly authorised attorney-in-fact)
for and on behalf of)
CASTOR MARITIME INC.)
in the presence of:)

Witness' signature:)
Witness' name:)
Witness' address:)

ORIGINAL LENDER

SIGNED by)
)
duly authorised)
for and on behalf of)
CHAILEASE INTERNATIONAL FINANCIAL)
SERVICES (SINGAPORE) PTE. LTD.)
in the presence of:)

Witness' signature:)
Witness' name:)
Witness' address:)

Exhibit 4.20

Execution Version

Dated ____ January 2022

$55,000,000

TERM LOAN FACILITY

MULAN SHIPPING CO.
JOHNNY BRAVO SHIPPING CO.
SONGOKU SHIPPING CO.
ASTERIX SHIPPING CO.
STEWIE SHIPPING CO.
as joint and several Borrowers

and

THE FINANCIAL INSTITUTIONS
as listed in Part B of Schedule 1
as Original Lenders

and

CASTOR MARITIME INC.
as Parent Guarantor

and

DEUTSCHE BANK AG
as Facility Agent

and

DEUTSCHE BANK AG
as Security Agent

TERM LOAN FACILITY AGREEMENT

relating to
a senior debt financing in connection with m.v.s "MAGIC STARLIGHT", "MAGIC MARS", "MAGIC PLUTO", "MAGIC PERSEUS" and "MAGIC VELA"

WATSON FARLEY
&
WILLIAMS

Index

Schedules

Execution

THIS AGREEMENT is made on ____ January 2022

PARTIES

(1) **MULAN SHIPPING CO.**, a corporation incorporated and existing under the laws of the Republic of the Marshall Islands whose registered address is at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands, as a borrower ("**Borrower A**")

(2) **JOHNNY BRAVO SHIPPING CO.**, a corporation incorporated and existing under the laws of the Republic of the Marshall Islands whose registered address is at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands, as a borrower ("**Borrower B**")

(3) **SONGOKU SHIPPING CO.**, a corporation incorporated and existing under the laws of the Republic of the Marshall Islands whose registered address is at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands, as a borrower ("**Borrower C**")

(4) **ASTERIX SHIPPING CO.**, a corporation incorporated and existing under the laws of the Republic of the Marshall Islands whose registered address is at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands, as a borrower ("**Borrower D**")

(5) **STEWIE SHIPPING CO.**, a corporation incorporated and existing under the laws of the Republic of the Marshall Islands whose registered address is at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands, as a borrower ("**Borrower E**")

(6) **CASTOR MARITIME INC.**, a corporation incorporated and existing under the laws of the Republic of the Marshall Islands whose registered address is at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands, as guarantor (the "**Parent Guarantor**")

(7) **DEUTSCHE BANK AG** as arranger (the "**Arranger**")

(8) **THE FINANCIAL INSTITUTIONS** listed in Part B of Schedule 1 (*The Parties*) as lenders (the "**Original Lenders**")

(9) **DEUTSCHE BANK AG** as agent of the other Finance Parties (the "**Facility Agent**")

(10) **DEUTSCHE BANK AG** as security agent for the Secured Parties (the "**Security Agent**")

BACKGROUND

(A) The Lenders have agreed to make available to the Borrowers a facility of up to $55,000,000 for general corporate purposes (including, the payment of certain fees due under this Agreement) and the acquisition of further vessels by way of a loan in a principal amount not exceeding the lower amount of (i) 40% of the aggregate Fair Market Value of the Ships and (ii) $55,000,000.

OPERATIVE PROVISIONS

SECTION 1

INTERPRETATION

1 DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Agreement:

"**Account Bank**" means Deutsche Bank AG acting through its office at Adolphsplatz 7, 20457 Hamburg, Germany.

"**Accounts**" means the Earnings Accounts, the Dry Dock Reserve Accounts, the Retention Accounts and the Liquidity Accounts.

"**Account Security**" means a document creating Security over any Account in agreed form.

"**Advance**" means a borrowing of all or part of a Tranche under this Agreement.

"**Affiliate**" means, in relation to any person, a Subsidiary of that person or a Holding Company of that person or any other Subsidiary of that Holding Company.

"**Annex VI**" means Annex VI of the Protocol of 1997 to amend the International Convention for the Prevention of Pollution from Ships 1973 (Marpol), as modified by the Protocol of 1978 relating thereto.

"**Anticipated Dry Dock Amount**" means, in respect of a Ship, $600,000.

"**Anticipated Dry Dock Date**" means:

(a) in respect of Ship A, 30 June 2025;

(b) in respect of Ship B, 8 July 2024;

(c) in respect of Ship C, 31 December 2025;

(d) in respect of Ship D, 15 September 2022; and

(e) in respect of Ship E, 31 December 2026.

"**Approved Broker**" means Fortius Risk Solutions, Cambiaso Risso Marine S.p.A., Evmar Marine Services Ltd. and any other firm or firms of insurance brokers approved in writing by the Facility Agent, acting with the authorisation of the Majority Lenders (such approval not to be unreasonably withheld or delayed).

"**Approved Classification**" means:

(a) in respect of Ship A, LRS;

(b) in respect of Ship B, RINA;

(c) in respect of Ship C, NK;

(d) in respect of Ship D, DNV; and

(e) in respect of Ship E, NK,

each with the relevant Approved Classification Society.

"**Approved Classification Society**" means, in relation to a Ship, Nippon Kaiji Kyokai ("NK"), Det Norske Veritas ("DNV"), Lloyds Register ("LRS") or such other classification society being a member of the International Association of Classification Societies or any other classification society approved in writing by the Facility Agent acting with the authorisation of the Majority Lenders.

"**Approved Flag**" means, in relation to a Ship, the Republic of the Marshall Islands or such other flag approved in writing by the Facility Agent acting with the authorisation of all the Lenders.

"**Approved Manager**" means, in relation to each Ship, as at the date of this Agreement:

(a) Castor Ships S.A., a corporation incorporated in the Republic of the Marshall Islands whose registered address is at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960 as the commercial manager;

(b) Pavimar S.A. a corporation incorporated in the Republic of the Marshall Islands whose registered address is at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH96960 as the technical manager,

or any other person approved in writing by the Lenders as the commercial and/or technical manager of a Ship.

"**Approved Valuer**" means Clarksons Valuations Limited, Arrow Valuations, Braemar ACM, Maersk Brokers, Allied Shipbroking Inc., Maritime Strategies International (or any Affiliate of such person through which valuations are commonly issued) and any other firm or firms of independent sale and purchase shipbrokers approved in writing by the Facility Agent, acting with the authorisation of the Lenders.

"Assignment Agreement" means an agreement substantially in the form set out in Schedule 5 (*Form of Assignment Agreement***) or any other form agreed between the relevant assignor and assignee.**

"**Authorisation**" means an authorisation, consent, approval, resolution, licence, exemption, filing, notarisation, legalisation or registration.

"**Availability Period**" means the period from and including the date of this Agreement to and including the date which is the earlier of:

(a) 45 days from the date of this Agreement; and

(b) 15 January 2022,

or such later date as may be agreed in writing between the Borrowers and the Facility Agent (acting on the instructions of the Majority Lenders).

"**Available Commitment**" means a Lender's Commitment minus:

(a) the amount of its participation in the outstanding Loan; and

(b) in relation to any proposed Utilisation, the amount of its participation in any Advance that is due to be made on or before the proposed Utilisation Date.

"**Available Facility**" means the aggregate for the time being of each Lender's Available Commitment.

"**Bail-In Action**" means the exercise of any Write-down and Conversion Powers.

"**Bail-In Legislation**" means:

(a) in relation to an EEA Member Country which has implemented, or which at any time implements, Article 55 of Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms, the relevant implementing law or regulation as described in the EU Bail-In Legislation Schedule from time to time;

(b) in relation to any state other than such an EEA Member Country and the United Kingdom, any analogous law or regulation from time to time which requires contractual recognition of any Write-down and Conversion Powers contained in that law or regulation; and

(c) in relation to the United Kingdom, the UK Bail-In Legislation.

"**Borrowers**" means Borrower A, Borrower B, Borrower C, Borrower D and Borrower E together and "**Borrower**" means any of them.

"**Break Costs**" means the amount (if any) by which:

(i) the interest (including 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

(ii) 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 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, Hamburg, Berlin, Athens and New York and, in relation to the fixing of an interest rate, which is a US Government Securities Business Day.

"Charter" means, in relation to a Ship, any charter relating to that Ship, or other contract for its employment in force during the term of the Facility, whether or not already in existence.

"**Code**" means the US Internal Revenue Code of 1986, as amended.

"**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 US 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 Obligor, the Group, the Finance Documents or the Facility of which a Finance Party becomes aware in its capacity as, or for the purpose of becoming, a Finance Party or which is received by a Finance Party in relation to, or for the purpose of becoming a Finance Party under, the Finance Documents or the Facility from either:

(a) any member of the Group or any of its advisers; or

(b) another Finance Party, if the information was obtained by that Finance Party directly or indirectly from any member of the Group or any of its advisers,

in whatever form, and includes information given orally and any document, electronic file or any other way of representing or recording information which contains or is derived or copied from such information but excludes:

(i) information that:

(A) is or becomes public information other than as a direct or indirect result of any breach by that Finance Party of Clause 44 (*Confidential Information*); or

(B) is identified in writing at the time of delivery as non-confidential by any member of the Group or any of its advisers; or

(C) is known by that Finance Party before the date the information is disclosed to it in accordance with paragraphs (a) or (b) above or is lawfully obtained by that Finance Party after that date, from a source which is, as far as that Finance Party is aware, unconnected with the Group and which, in either case, as far as that Finance Party is aware, has not been obtained in breach of, and is not otherwise subject to, any obligation of confidentiality; and

(ii) any Funding Rate or Reference Bank Quotation.

"**Confidentiality Undertaking**" means a confidentiality undertaking in substantially the appropriate form recommended by the LMA from time to time or in any other form agreed between the Borrowers and the Facility Agent.

"**Corresponding Debt**" means any amount, other than any Parallel Debt, which an Obligor owes to a Secured Party under or in connection with the Finance Documents.

"**Credit Adjustment Spread**" means (i) 0.12 per cent. per annum for Interest Periods of one Month and (ii) 0.23 per cent. per annum otherwise.

"**Default**" means an Event of Default or a Potential Event of Default.

"**Delegate**" means any delegate, agent, attorney, co-trustee or other person appointed by the Security Agent.

"**Disruption Event**" means either or both of:

(a) a material disruption to those payment or communications systems or to those financial markets which are, in each case, required to operate in order for payments to be made in connection with the Facility (or otherwise in order for the transactions contemplated by the Finance Documents to be carried out) which disruption is not caused by, and is beyond the control of, any of the Parties; or

(b) the occurrence of any other event which results in a disruption (of a technical or systems-related nature) to the treasury or payments operations of a Party preventing that, or any other, Party:

(i) from performing its payment obligations under the Finance Documents; or

(ii) from communicating with other Parties in accordance with the terms of the Finance Documents,

and which (in either such case) is not caused by, and is beyond the control of, the Party whose operations are disrupted.

"**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 Dock Reserve Account**" means, in relation to a Borrower:

(a) an account in the name of that Borrower with the Account Bank designated "Dry Dock Reserve Account"; or

(b) any other account (with that or another office of the Account Bank or with a bank or financial institution other than the Account Bank) which is designated by the Facility Agent as that Borrower's Dry Dock Reserve Account for the purposes of this Agreement.

"**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 the use or operation of that Ship (net of any charter commissions payable in respect 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;

(ii) compensation payable to a Borrower or the Security Agent in the event of requisition of that Ship for hire;

(iii) remuneration for salvage and towage services;

(iv) demurrage and detention moneys;

(v) damages for breach (or payments for variation or termination) of any charterparty or other contract for the employment of that Ship;

(vi) all moneys which are at any time payable under any Insurances in relation to loss of hire;

(vii) 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 (vi) of paragraph (a) above are pooled or shared with any other person, that proportion of the net receipts of the relevant pooling or sharing arrangement which is attributable to that Ship.

"**Earnings Account**" means, in relation to a Borrower:

(a) an account in the name of that Borrower with the Account Bank designated "Earnings Account"; or

(b) any other account (with that or another office of the Account Bank or with a bank or financial institution other than the Account Bank) which is designated by the Facility Agent as the Earnings Account for the purposes of this Agreement.

"**EEA Member Country**" means any member state of the European Union, Iceland, Liechtenstein and Norway.

"**Environmental Approval**" means any present or future permit, ruling, variance or other Authorisation required under Environmental Laws.

"**Environmental Claim**" means any claim by any governmental, judicial or regulatory authority or any other person which arises out of an Environmental Incident or an alleged Environmental Incident or which relates to any Environmental Law and, for this purpose, "**claim**" includes a claim for damages, compensation, contribution, injury, fines, losses and penalties or any other payment of any kind, including in relation to clean-up and removal, whether or not similar to the foregoing; an order or direction to take, or not to take, certain action or to desist from or suspend certain action; and any form of enforcement or regulatory action, including the arrest or attachment of any asset.

"**Environmental Incident**" means:

(a) any release, emission, spill or discharge into a Ship or into or upon the air, sea, land or soils (including the seabed) or surface water of Environmentally Sensitive Material within or from a Ship; or

(b) any incident in which Environmentally Sensitive Material is released, emitted, spilled or discharged into or upon the air, sea, land or soils (including the seabed) or surface water from a vessel other than any Ship and which involves a collision between any Ship and such other vessel or some other incident of navigation or operation, in either case, in connection with which a Ship is actually or potentially liable to be arrested, attached, detained or injuncted and/or a Ship and/or any Obligor and/or any operator or manager of a Ship is at fault or allegedly at fault or otherwise liable to any legal or administrative action; or

(c) any other incident in which Environmentally Sensitive Material is released, emitted, spilled or discharged into or upon the air, sea, land or soils (including the seabed) or surface water otherwise than from a Ship and in connection with which a Ship is actually or potentially liable to be arrested and/or where any Obligor and/or any operator or manager of a Ship is at fault or allegedly at fault or otherwise liable to any legal or administrative action.

"**Environmental Law**" means any present or future law relating to pollution or protection of human health or the environment, to conditions in the workplace, to the carriage, generation, handling, storage, use, release or spillage of Environmentally Sensitive Material or to actual or threatened releases of Environmentally Sensitive Material.

"**Environmentally Sensitive Material**" means and includes all contaminants, oil, oil products, toxic substances and any other substance (including any chemical, gas or other hazardous or noxious substance) which is (or is capable of being or becoming) polluting, toxic or hazardous.

"**EU Bail-In Legislation Schedule**" means the document described as such and published by the LMA (or any successor person) from time to time.

"**Equity Interests**" of any person means:

(a) any and all shares and other equity interests (including common stock, preferred stock, limited liability company interests and partnership interests) in such person; and

(b) all rights to purchase, warrants or options or convertible debt (whether or not currently exercisable), participations or other equivalents of or interests in (however designated) such shares or other interests in such person.

"**Event of Default**" means any event or circumstance specified as such in Clause 27 (*Events of Default*).

"**Facility**" means the term loan facility made available under this Agreement as described in Clause 2 (*The Facility*).

"**Facility Office**" means the office or offices notified by a Lender to the Facility Agent in writing on or before the date it becomes a Lender (or, following that date, by not less than 5 Business Days' written notice) as the office or offices through which it will perform its obligations under this Agreement.

"**Fair Market Value**" means in relation to a Ship or any other vessel, at any date, the market value of a Ship or vessel shown by valuations prepared on the following basis:

(i) one valuation by an Approved Valuer selected at the discretion of the Security Agent (acting on the instructions of the Majority Lenders) and one valuation by an Approved Valuer selected at the discretion of the Borrowers provided that if the valuations differ by more than 10 per cent., a third valuation shall be obtained from one of the Approved Valuers selected at the discretion of the Security Agent (acting on the instructions of the Majority Lenders) and the fair market value of a Ship or vessel shall be the arithmetic average of the three valuations provided pursuant to this paragraph (a);

(a) any valuation must be from an Approved Valuer;

(b) any valuation may be with or without physical inspection of a Ship or vessel (as the Facility Agent may require);

(c) each valuation shall be 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; and

(d) each valuation provided by an Approved Valuer giving a range of market values, the lowest market value will be taken as the Fair Market Value for the purpose of that valuation.

"**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 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.

"**Finance Document**" means:

(a) this Agreement;

(b) the Utilisation Request;

(c) any Security Document;

(d) any other document which is executed for the purpose of establishing any priority or subordination arrangement in relation to the Secured Liabilities; or

(e) any other document designated as such by the Facility Agent and the Borrowers.

"Finance Party" means the Facility Agent, the Security Agent, the Arranger or a Lender.

"**Financial Indebtedness**" means any indebtedness for or in relation to:

(a) moneys borrowed;

(b) any amount raised by acceptance under any acceptance credit facility or dematerialised equivalent;

(c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;

(d) the amount of any liability in relation to any lease or hire purchase contract which would, in accordance with GAAP, be treated as a balance sheet liability;

(e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);

(f) any amount raised under any other transaction (including any forward sale or purchase agreement) of a type not referred to in any other paragraph of this definition having the commercial effect of a borrowing;

(g) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value (or, if any actual amount is due as a result of the termination or close-out of that derivative transaction, that amount) shall be taken into account);

(h) any counter-indemnity obligation in relation to a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and

(i) the amount of any liability in relation to any guarantee or indemnity for any of the items referred to in paragraphs (a) to (f) 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 10.3 (*Cost of funds*).

"**GAAP**" means generally accepted accounting principles in the United States of America including IFRS.

"**General and Charterparty Assignment**" means, in relation to a Ship, the general assignment creating Security over the Earnings, the Insurances, any Requisition Compensation, any Charter (other than a Permitted Charter) and its related guarantees (if applicable) in relation to that Ship, in agreed form.

"**Group**" means the Parent Guarantor and its Subsidiaries for the time being.

"**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 3 US 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*).

"**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 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 Historic Term SOFR**" means the rate (rounded to the same number of decimal places as Term SOFR) which results from interpolating on a linear basis between:

(a) either:

(i) the most recent applicable Term SOFR (as of a day which is not more than three Business Days before the Quotation Day) 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, SOFR for a day which is no more than three Business Days (and no less than three US Government Securities Business Days) before the Quotation Day; and

(b) the most recent applicable Term SOFR (as of a day which is not more than three Business Days before the Quotation Day) for the shortest period (for which 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 that part of the Loan, the rate (rounded to the same number of decimal places as Term SOFR) which results from interpolating on a linear basis between:

(a) either

(i) the applicable Term SOFR (as of the Specified Time) 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, SOFR for the day which is two US Government Securities Business Days) before the Quotation Day; 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.

"**Inventory of Hazardous Material**" means an inventory certificate or statement of compliance (as applicable) issued by the relevant classification society or shipyard authority which is supplemented by a list of any and all materials known to be potentially hazardous utilised in the construction of, or otherwise installed on, the Ship, pursuant to the requirements of the EU Ship Recycling Regulation.

"**ISM Code**" means the International Safety Management Code for the Safe Operation of Ships and for Pollution Prevention (including the guidelines on its implementation), adopted by the International Maritime Organisation, as the same may be amended or supplemented from time to time.

"**ISPS Code**" means the International Ship and Port Facility Security (ISPS) Code as adopted by the International Maritime Organization's (IMO) Diplomatic Conference of December 2002, as the same may be amended or supplemented from time to time.

"**ISSC**" means an International Ship Security Certificate issued under the ISPS Code.

"**Lenders**" means, together:

(a) any Original Lender; and

(b) any bank, financial institution, trust, fund or other entity which has become a Party in accordance with Clause 28 (*Changes to the Lenders*),

which in each case has not ceased to be a Party in accordance with this Agreement and "**Lender**" means any of them.

"**Liquidity Account**" means, in relation to a Borrower:

(a) a blocked account in the name of that Borrower with the Account Bank designated "Liquidity Account"; or

(b) any other account (with that or another office of the Account Bank or with a bank or financial institution other than the Account Bank) which is designated by the Facility Agent as that Borrower's Liquidity Account for the purposes of this Agreement.

"**LMA**" means the Loan Market Association.

"**Loan**" means the loan to be made available under the Facility or the aggregate principal amount outstanding for the time being of the borrowings under the Facility and a "**part of the Loan**" means an Advance, a Tranche or any other part of the Loan as the context may require.

"**Major Casualty**" means, in relation to a Ship, any casualty to that Ship in relation to which the claim or the aggregate of the claims against all insurers, before adjustment for any relevant franchise or deductible, exceeds $1,000,000 or the equivalent in any other currency.

"**Majority Lenders**" means:

(a) if no Advance has yet been made, a Lender or Lenders whose Commitments are greater or equal to 66⅔ per cent. of the Total Commitments; or

(b) at any other time, a Lender or Lenders whose participations in the Loan are greater or equal to 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 are greater or equal to 66⅔ per cent. of the Loan immediately before such repayment.

"**Management Agreement**" means any management agreement in respect of the technical or the commercial management of a Ship, entered into between the Borrower and an Approved Manager.

"**Manager's Undertaking**" means, in relation to a Ship, the letter of undertaking from each Approved Manager subordinating the rights of that Approved Manager against that Ship and the relevant Borrower to the rights of the Finance Parties in agreed form.

"**Margin**" means 3.15 per cent. per annum.

"**Material Adverse Effect**" means in the reasonable opinion of the Lenders a material adverse effect on:

(a) the business, operations, property or condition (financial or otherwise) of any member of the Borrowers or the Group or the Group as a whole; or

(b) the ability of any Obligor to perform its obligations under any Finance Document; or

(c) the validity or enforceability of, or the effectiveness or ranking of any Security granted or intended to be granted pursuant to any of, the Finance Documents or the rights or remedies of any Finance Party under any of the Finance Documents.

"**Month**" means a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month, except that:

(a) (subject to paragraph (c) below) if the numerically corresponding day is not a Business Day, that period shall end on the next Business Day in that calendar month in which that period is to end if there is one, or if there is not, on the immediately preceding Business Day;

(b) if there is no numerically corresponding day in the calendar month in which that period is to end, that period shall end on the last Business Day in that calendar month; and

(c) if an Interest Period begins on the last Business Day of a calendar month, that Interest Period shall end on the last Business Day in the calendar month in which that Interest Period is to end.

The above rules will only apply to the last Month of any period.

"**Mortgage**" means, in relation to a Ship, a first preferred Marshall Islands ship mortgage on that Ship in agreed form.

"**Obligor**" means a Borrower or the Parent Guarantor.

"**Original Financial Statements**" means in relation to the Parent Guarantor, the unaudited consolidated financial statements of the Group for the third quarter 2021.

"**Overseas Regulations**" means the Overseas Companies Regulations 2009 (SI 2009/1801).

"**Panagiotidis Family**" means Petros Panagiotidis, his mother, his siblings and his direct descendants.

"**Parallel Debt**" means any amount which an Obligor owes to the Security Agent under Clause 31.2 (*Parallel Debt (Covenant to pay the Security Agent)*) or under that clause as incorporated by reference or in full in any other Finance Document.

"**Participating Member State**" means any member state of the European Union that has the euro as its lawful currency in accordance with legislation of the European Union relating to Economic and Monetary Union.

"**Party**" means a party to this Agreement.

"**Permitted Charter**" means, in relation to a Ship, a Charter:

(a) which is a time, voyage or consecutive voyage charter;

(b) the duration of which does not exceed and is not capable of exceeding, by virtue of any optional extensions, 12 months plus a redelivery allowance of not more than 60 days;

(c) which is entered into on bona fide arm's length terms at the time at which that Ship is fixed; and

(d) in relation to which not more than two months' hire is payable in advance,

and any other Charter which, together with any quiet enjoyment undertaking (if any), is approved in writing by the Facility Agent acting with the authorisation of the Majority Lenders (such consent not to be unreasonably withheld or delayed) (including in relation to any Charters which are in force on the date of this Agreement) prior to the entering into such Charter.

"**Permitted Financial Indebtedness**" means:

(a) any Financial Indebtedness incurred under the Finance Documents; and

(b) any Financial Indebtedness that is subordinated to all Financial Indebtedness incurred under the Finance Documents on terms satisfactory to the Facility Agent and which is, in the case of any such Financial Indebtedness of a Borrower, provided by the Parent Guarantor or Affiliate and is the subject of a subordination agreement on terms satisfactory to the Facility Agent.

"**Permitted Security**" means:

(a) Security created by the Finance Documents;

(b) any netting or set-off arrangement entered into by any member of the Group in the ordinary course of its banking arrangements for the purpose of netting debit and credit balances;

(c) liens for unpaid master's and crew's wages in accordance with usual maritime practice;

(d) liens for salvage;

(e) liens for master's disbursements incurred in the ordinary course of trading; 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 and not as a result of any default or omission by any Borrower, provided such liens do not secure amounts more than 30 days overdue (unless the overdue amount is being contested in good faith by appropriate steps) and subject, in the case of liens for repair or maintenance, to Clause 24.15 (*Restrictions on chartering, appointment of managers etc.*).

"**Pledged Liquidity**" means $750,000 to be credited to each Borrower's Liquidity Account in respect of the Ship owned by that Borrower.

"**Poseidon Principles**" means the financial industry framework for assessing and disclosing the climate alignment of ship finance portfolios published in June 2019 as the same may be amended or replaced to reflect changes in applicable law or regulation or the introduction of or changes to mandatory requirements of the International Maritime Organisation from time to time.

"**Potential Event of Default**" means any event or circumstance specified in Clause 27 (*Events of Default*) which would (with the expiry of a grace period, the giving of notice, the making of any determination under the Finance Documents or any combination of any of the foregoing) be an Event of Default.

"**Prohibited Person**" means any person (whether designated by name or by reason of being included in a class of persons or by way of direct or indirect ownership or control) against whom Sanctions are directed.

"**Protected Party**" has the meaning given to it in Clause 12.1 (*Definitions*).

"**Quotation Day**" means, in relation to any period for which an interest rate is to be determined, two Government Securities Business Days before the first day of that period unless market practice differs in the relevant syndicated loan market in which case the relevant Quotation Day will be determined by the Facility Agent in accordance with that market practice (and if quotations would normally be given by leading banks on more than one day, the relevant Quotation Day will be the last of those days).

"**Quoted Tenor**" means any period for which the Screen Rate is customarily displayed on the relevant page or screen of an information service (other than for one week and two months).

"**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 Banks**" means the principal London offices of Deutsche Bank AG, HSBC Bank plc, Barclays Bank, Lloyds Bank and Citibank N.A. or such other 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*),

and if, in either case, that rate is less than zero, the Term SOFR Reference Rate shall be deemed to be zero.

"**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 Date**" has the meaning given in paragraph (c) of Clause 7.5 (*Mandatory prepayment on sale or Total Loss*).

"**Relevant Jurisdiction**" means, in relation to an Obligor:

(a) its jurisdiction of incorporation or organisation;

(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.

"**Repayment Date**" means each date on which a Repayment Instalment is required to be paid under Clause 6.1 (*Repayment of Loan*).

"**Repayment Instalment**" has the meaning given to it in Clause 6.1 (*Repayment of Loan*).

"**Repeating Representation**" means each of the representations set out in Clause 19 (*Representations*) except Clause 19.10 (*Insolvency*), Clause 19.11 (*No filing or stamp taxes*), Clause 19.12 (*Deduction of Tax*), Clause 19.17 (*No proceedings pending or threatened*), paragraphs (b) and (c) of Clause 19.20 (*Charters*), Clause 19.21 (*Compliance with Environmental Laws*), Clause 19.22 (*No Environmental Claim*), Clause 19.23 (*No Environmental Incident*), and Clause 19.34 (*US Tax Obligor*) and any representation of any 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 or acquisition of a Ship, whether for full consideration, a consideration less than its proper value, a nominal consideration or without any consideration, which is effected by any government or official authority or by any person or persons claiming to be or to represent a government or official authority (excluding a requisition for hire for a fixed period not exceeding one year without any right to an extension) unless it is within 30 days redelivered to the full control of a Borrower; and

(b) any arrest, capture, seizure or detention of that Ship (including any hijacking or theft) unless it is within 30 days redelivered to the full control of a Borrower.

"**Requisition Compensation**" includes all compensation or other moneys payable by reason of any Requisition.

"**Resolution Authority**" means any body which has authority to exercise any Write-down and Conversion Powers.

"**Retention Account**" means, in relation to a Borrower:

(a) any blocked account in the name of that Borrower with the Account Bank designated "Retention Account"; or

(b) any other account (with that or another office of the Account Bank or with a bank or financial institution other than the Account Bank) which is designated by the Facility Agent as that Borrower's Retention Account for the purposes of this Agreement.

"**Safety Management Certificate**" has the meaning given to it in the ISM Code.

"**Safety Management System**" has the meaning given to it in the ISM Code.

"**Sanctions**" means any trade, economic or financial sanctions laws, regulations, embargoes, 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 an Obligor and/or any other member of the Group, such Sanctions shall be deemed to be applicable to and binding on such 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 May 14, 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, an Obligor or any other member of the Group.

"**Sanctioned Country**" means any country or territory that is subject to comprehensive country-wide or territory-wide Sanctions (currently, Afghanistan, Cuba, Iran, North Korea, Syria and Crimea).

"**Secured Liabilities**" means all present and future obligations and liabilities, (whether actual or contingent and whether owed jointly or severally or in any other capacity whatsoever) of each Obligor to any Secured Party under or in connection with each Finance Document.

"**Secured Party**" means each Finance Party from time to time party to this Agreement and any Receiver or 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 Obligors which from time to time are, or are expressed to be, the subject of the Transaction Security.

"**Security Document**" means:

(a) any Shares Security;

(b) any Mortgage;

(c) any General and Charterparty Assignment;

(d) any Account Security;

(e) any Manager's Undertaking;

(f) any other document (whether or not it creates Security) which is executed as security for the Secured Liabilities; or

(g) any other document designated as such by the Facility Agent and the Borrowers.

"**Security Period**" means the period starting on the date of this Agreement and ending on the date on which the Facility Agent is satisfied that there is no outstanding Commitment in force and that the Secured Liabilities have been irrevocably, unconditionally and indefeasibly 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 an 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 an Obligor or any other person in favour of the Security Agent as trustee for the Secured Parties;

(c) the Security Agent's interest in any turnover trust created under the Finance Documents;

(d) any other amounts or property, whether rights, entitlements, choses in action or otherwise, actual or contingent, which the Security Agent is required by the terms of the Finance Documents to hold as trustee on trust for the Secured Parties,

except:

(i) rights intended for the sole benefit of the Security Agent; and

(ii) any moneys or other assets which the Security Agent has transferred to the Facility Agent or (being entitled to do so) has retained in accordance with the provisions of this Agreement.

"**Selection Notice**" means a notice substantially in the form set out in Part B of Schedule 3 (*Requests*) given in accordance with Clause 9 (*Interest Periods*).

"**Servicing Party**" means the Facility Agent or the Security Agent.

"**Shares Security**" means, in respect of each Borrower, a document creating Security over the Equity Interests in that Borrower in agreed form.

"**Ships**" means Ship A, Ship B, Ship C, Ship D and Ship E and "**Ship**" means any of them.

"**Ship A**" means the dry bulk carrier, named m.v. "MAGIC STARLIGHT" and registered in the name of Borrower A under the Approved Flag.

"**Ship B**" means the dry bulk carrier, named m.v. "MAGIC MARS" and registered in the name of Borrower B under the Approved Flag.

"**Ship C**" means the dry bulk carrier, named m.v. "MAGIC PLUTO" and registered in the name of Borrower C under the Approved Flag.

"**Ship D**" means the dry bulk carrier, named m.v. "MAGIC PERSEUS" and registered in the name of Borrower D under the Approved Flag.

"**Ship E**" means the dry bulk carrier, named m.v. "MAGIC VELA" and registered in the name of Borrower E under the Approved Flag.

"**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) published (before any correction, recalculation or republication by the administrator) by the Federal Reserve Bank of New York (or any other person which takes over the publication of that rate).

"**Specified Time**" means a day or time determined in accordance with Schedule 7 (*Timetables*).

"**Statement of Compliance**" means a Statement of Compliance related to fuel oil consumption pursuant to regulations 6.6 and 6.7 of Annex VI.

"**Subsidiary**" means a subsidiary within the meaning of section 1159 of the Companies Act 2006.

"**Tax**" means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same).

"**Tax Credit**" has the meaning given to it in Clause 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*).

"**Term SOFR**" means the term SOFR reference rate administered by CME Group Benchmark Administration Limited (or any other person which takes over the administration of that rate) for the relevant period published (before any correction, recalculation or republication by the administrator) by CME Group Benchmark Administration Limited (or any other person which takes over the publication of that rate).

"**Term SOFR Market Disruption Rate**" means the percentage rate per annum which is the aggregate of the Term SOFR Reference Rate and the applicable Credit Adjustment Spread.

"**Termination Date**" means the earlier of (i) the date falling five years after the first Utilisation Date and (ii) 31 January 2027.

"**Third Parties Act**" has the meaning given to it in Clause 1.5 (*Third party rights*).

"**Total Commitments**" means the aggregate of the Commitments, being $55,000,000 at the date of this Agreement.

"**Total Loss**" means in relation to a Ship:

(a) actual, constructive, compromised, agreed or arranged total loss of that Ship; or

(b) any Requisition of that Ship.

"**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 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 reasonably appears to the Facility Agent that the event constituting the total loss occurred.

"**Tranches**" means Tranche A, Tranche B, Tranche C, Tranche D and Tranche E and "**Tranche**" means any of them.

"**Tranche A**" means that part of the Loan made or to be made available to Borrower A in a principal amount not exceeding $12,150,000.

"**Tranche B**" means that part of the Loan made or to be made available to Borrower B in a principal amount not exceeding $11,700,000.

"**Tranche C**" means that part of the Loan made or to be made available to Borrower C in a principal amount not exceeding $11,200,000.

"**Tranche D**" means that part of the Loan made or to be made available to Borrower D in a principal amount not exceeding $11,700,000.

"**Tranche E**" means that part of the Loan made or to be made available to Borrower E in a principal amount not exceeding $8,250,000.

"**Transaction Document**" means:

(a) a Finance Document;

(b) any Charter; or

(c) any other document designated as such by the Facility Agent and a Borrower.

"**Transaction Security"** means the Security created or evidenced or expressed to be created or evidenced under the Security Documents.

"**Transaction Obligor**" means an Obligor or an Approved Manager.

"**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 an 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 who is a "United States person" within the meaning of Section 7701(a)(30) of the Code.

"**Utilisation**" means a utilisation of the Facility.

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

"**Utilisation Request**" means a notice substantially in the form set out in Part A of Schedule 3 (*Requests*).

"**VAT**" means:

(a) any value added tax imposed by the Value Added Tax Act 1994;

(b) any tax imposed in compliance with the Council Directive of 28 November 2006 on the common system of value added tax (EC Directive 2006/112); and

(c) any other tax of a similar nature, whether imposed in the United Kingdom or in a member state of the European Union in substitution for, or levied in addition to, such tax referred to in paragraph (a) or (b) above, or imposed elsewhere.

"**Write-down and Conversion Powers**" means:

(a) in relation to any Bail-In Legislation described in the EU Bail-In Legislation Schedule from time to time, the powers described as such in relation to that Bail-In Legislation in the EU Bail-In Legislation Schedule; and

(b) in relation to any other applicable Bail-In Legislation other than the UK Bail-In Legislation:

(i) any powers under that Bail-In Legislation to cancel, transfer or dilute shares 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;

(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 "**Arranger**", the "**Facility Agent**", any "**Finance Party**", any "**Lender**", any "**Obligor**", any "**Party**", any "**Secured Party**", the "**Security Agent**" or any other person shall be construed so as to include its successors in title, permitted assigns and permitted transferees to, or of, its rights and/or obligations under the Finance Documents;

(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 or telex;

(v) "**expense**" means any kind of cost, charge or expense (including all legal costs, charges and expenses) and any applicable Tax including VAT;

(vi) a 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.

(vii) a "**Finance Document**", a "**Security Document**" or "**Transaction Document**" or any other agreement or instrument is a reference to that Finance Document, Security Document or Transaction Document or other agreement or instrument as amended, novated, supplemented, extended or restated;

(viii) "**indebtedness**" includes any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent;

(ix) "**law**" includes any order or decree, any form of delegated legislation, any treaty or international convention and any regulation or resolution of the Council of the European Union, the European Commission, the United Nations or its Security Council;

(x) "**proceedings**" means, in relation to any enforcement provision of a Finance Document, proceedings of any kind, including an application for a provisional or protective measure;

(xi) a "**person**" includes any individual, firm, company, corporation, government, state or agency of a state or any association, trust, joint venture, consortium, partnership or other entity (whether or not having separate legal personality);

(xii) a "**regulation**" includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;

(xiii) a provision of law or regulation is a reference to that provision or regulation as amended or re-enacted;

(xiv) a time of day is a reference to London time;

(xv) any English legal term for any action, remedy, method of judicial proceeding, legal document, legal status, court, official or any legal concept or thing shall, in respect of a jurisdiction other than England, be deemed to include that which most nearly approximates in that jurisdiction to the English legal term;

(xvi) words denoting the singular number shall include the plural and vice versa; and

(xvii) "**including**" and "**in particular**" (and other similar expressions) shall be construed as not limiting any general words or expressions in connection with which they are used.

(b) The determination of the extent to which a rate is "**for a period equal in length**" to an Interest Period shall disregard any inconsistency arising from the last day of that Interest Period being determined pursuant to the terms of this Agreement.

(c) Section, Clause and Schedule headings are for ease of reference only and are not to be used for the purposes of construction or interpretation of the Finance Documents.

(d) Unless a contrary indication appears, a term used in any other Finance Document or in any notice given under, or in connection with, any Finance Document has the same meaning in that Finance Document or notice as in this Agreement.

(e) A reference in this Agreement to a page or screen of an information service displaying a rate shall include:

(i) any replacement page of that information service which displays that rate; and

(ii) the appropriate page of such other information service which displays that rate from time to time in place of that information service,

and, if such page or service ceases to be available, shall include any other page or service displaying that rate specified by the Facility Agent after consultation with the Borrower.

(f) A Potential Event of Default is "continuing" if it has not been remedied or waived and an Event of Default is "continuing" if it has not been waived.

1.3 Construction of insurance terms

In this Agreement:

"**approved**" means, for the purposes of Clause 23 (*Insurance Undertakings*), approved in writing by the Facility Agent;

"**excess risks**" means, in respect of a Ship, the proportion of claims for general average, salvage and salvage charges not recoverable under the hull and machinery policies in respect of that Ship in consequence of its insured value being less than the value at which that Ship is assessed for the purpose of such claims;

"**obligatory insurances**" means all insurances effected, or which any Borrower is obliged to effect, under Clause 23 (*Insurance Undertakings*), or any other provision of this Agreement or of another Finance Document;

"**policy**" includes a slip, cover note, certificate of entry or other document evidencing the contract of insurance or its terms;

"**protection and indemnity risks**" means the usual risks covered by a protection and indemnity association which shall be a member of the International Group of Protection and Indemnity Associations, including pollution risks and the proportion (if any) of any sums payable to any other person or persons in case of collision which are not recoverable under the hull and machinery policies by reason of the incorporation in them of clause 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; and

"**war risks**" includes the risk of mines and all risks excluded by clause 29 of the International Hull Clauses (1/11/02 or 1/11/03), clause 24 of the Institute Time Clauses (Hulls) (1/11/95) or clause 23 of the Institute Time Clauses (Hulls) (1/10/83).

1.4 Agreed forms of Finance Documents

References in Clause 1.1 (*Definitions*) to any Finance Document being in "agreed form" are to that Finance Document:

(a) in a form attached to a certificate dated the same date as this Agreement (and signed by each Borrower and the Facility Agent); or

(b) in any other form agreed in writing between each Borrower and the Facility Agent acting with the authorisation of the Majority Lenders or, where Clause 43.2 (*All Lender matters*) applies, all the Lenders.

1.5 Third party rights

(a) Unless expressly provided to the contrary in a Finance Document, a person who is not a Party has no right under the Contracts (Rights of Third Parties) Act 1999 (the "**Third Parties Act**") to enforce or to enjoy the benefit of any term of this Agreement.

(b) Notwithstanding any term of any Finance Document, the consent of any person who is not a Party is not required to rescind or vary this Agreement at any time.

(c) Any Receiver, Delegate or any other person described in paragraph (d) of Clause 14.2 (*Other indemnities*), paragraph (b) of Clause 30.11 (*Exclusion of liability*), Clause 30.20 (*Role of Reference Banks*), Clause 30.21 (*Third Party Reference Banks*) or paragraph (b) of Clause 31.11 (*Exclusion of liability*) may, subject to this Clause 1.5 (*Third party rights*) and the Third Parties Act, rely on any Clause of this Agreement which expressly confers rights on it.

SECTION 2

THE FACILITY

2 THE FACILITY

2.1 The Facility

Subject to the terms of this Agreement, the Lenders make available to the Borrowers a dollar term loan facility in five Tranches in an aggregate amount not exceeding the lower amount of (i) 40% of the aggregate Fair Market Value of the Ships and (ii) the Total Commitments.

2.2 Finance Parties' rights and obligations

(a) The obligations of each Finance Party under the Finance Documents are several. Failure by a Finance Party to perform its obligations under the Finance Documents does not affect the obligations of any other Party under the Finance Documents. No Finance Party is responsible for the obligations of any other Finance Party under the Finance Documents.

(b) The rights of each Finance Party under or in connection with the Finance Documents are separate and independent rights and any debt arising under the Finance Documents to a Finance Party from an Obligor shall be 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 an 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 Obligor.

(c) A Finance Party may, except as otherwise stated in the Finance Documents, separately enforce its rights under the Finance Documents.

2.3 Borrowers' Agent

(a) Each Borrower by its execution of this Agreement irrevocably appoints the Parent Guarantor to act on its behalf as its agent in relation to the Finance Documents and irrevocably authorises:

(i) the Parent Guarantor on its behalf to supply all information concerning itself contemplated by this Agreement to the Finance Parties and to give all notices and instructions (including the Utilisation Request), to make such agreements and to effect the relevant amendments, supplements and variations capable of being given, made or effected by any Borrower notwithstanding that they may affect any 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 relevant Borrower shall be bound as though such Borrower itself had given the notices and instructions (including, without limitation, the Utilisation Request) or executed or made the agreements or effected the amendments, supplements or variations, or received the relevant notice, demand or other communication.

(b) Every act, omission, agreement, undertaking, settlement, waiver, amendment, supplement, variation, notice or other communication given or made by the Parent Guarantor or given to the Parent Guarantor under any Finance Document on behalf of a Borrower or in connection with any Finance Document (whether or not known to any Borrower) shall be binding for all purposes on that Borrower as if that Borrower had expressly made, given or concurred with it. In the event of any conflict between any notices or other communications of the Parent Guarantor and any Borrower, those of the Parent Guarantor shall prevail.

3 PURPOSE

3.1 Purpose

Each Borrower shall apply all amounts borrowed by it under the Facility only for the purpose stated in the preamble (Background) to this Agreement.

3.2 Monitoring

No Finance Party is bound to monitor or verify the application of any amount borrowed pursuant to this Agreement.

4 CONDITIONS OF UTILISATION

4.1 Initial conditions precedent

The Borrowers may not deliver the Utilisation Request unless the Facility Agent has received all of the documents and other evidence listed in Part A of Schedule 2 (*Conditions Precedent*) in form and substance satisfactory to the Facility Agent (acting on the instructions of the Lenders).

4.2 Further conditions precedent

The Lenders will only be obliged to comply with Clause 5.4 (*Lenders' participation*) if:

(a) on the date of the Utilisation Request and on the proposed Utilisation Date and before the Advance is made available:

(i) no Default is continuing or would result from the proposed Advance;

(ii) the Repeating Representations to be made by each Obligor are true;

(iii) no event described in paragraphs (a), 7.2(b) or (c) of Clause 7.2 *(Change of control*) has occurred;

(iv) no material adverse change has occurred in the credit standing or reputation of the Borrowers or the Parent Guarantor;

(v) in the case of an Advance under either Tranche, the Ship in respect of which such Advance is to be made has neither been sold nor become a Total Loss; and

(vi) the provisions of Clause 10.2 (*Market Disruption*) do not apply;

(b) in the case of the relevant Advance, the Facility Agent has received on or before the Utilisation Date, or is satisfied it will receive when the Advance is made available, all of the documents and other evidence listed in Part B of Schedule 2 (*Conditions Precedent*) in form and substance satisfactory to the Facility Agent.

4.3 Notification of satisfaction of conditions precedent

(a) The Facility Agent shall notify the Borrowers and the Lenders promptly upon being satisfied as to the satisfaction of the conditions precedent referred to in Clause 4.1 (*Initial conditions precedent*) and Clause 4.2 (*Further conditions precedent*).

(b) Other than to the extent that the Majority Lenders notify the Facility Agent in writing to the contrary before the Facility Agent gives the notification described in paragraph (a) above, the Lenders authorise (but do not require) the Facility Agent to give that notification. The Facility Agent shall not be liable for any damages, costs or losses whatsoever as a result of giving any such notification.

4.4 Waiver of conditions precedent

If the Lenders, at their discretion, permit an Advance to be borrowed before any of the conditions precedent referred to in Clause 4.1 (*Initial conditions precedent*) or Clause 4.2 (*Further conditions precedent*) has been satisfied, the Borrowers shall ensure that that condition is satisfied within five Business Days after the Utilisation Date or such later date as the Facility Agent, acting with the authorisation of the Lenders, may agree in writing with the Borrowers.

4.5 Condition subsequent

Unless provided to the satisfaction of the Facility Agent under Part B of Schedule 2 (*Conditions Precedent*), it shall be a condition subsequent to the Utilisation of the Loan that each Ship is physically (preferred) or remotely inspected by an independent surveyor acceptable to, or instructed by, the Facility Agent and the Facility Agent is provided with an inspection report satisfactory to it within 3 Months of the relevant Utilisation Date. Costs for such inspection reports to be borne by the Borrowers.

SECTION 3

UTILISATION

5 UTILISATION

5.1 Delivery of the 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 two Utilisation Requests.

5.2 Completion of the Utilisation Request

(a) The Utilisation Request is irrevocable and will not be regarded as having been duly completed unless:

(i) the proposed Utilisation Date is a Business Day within the relevant Availability Period;

(ii) the currency and amount of the Utilisation comply with Clause 5.3 (*Currency and amount*); and

(iii) the proposed Interest Period complies with Clause 9 (*Interest Periods*).

(b) Only one Advance under each of Tranche A, Tranche B, Tranche C, Tranche D and Tranche E may be requested in the Utilisation Request.

5.3 Currency and amount

(a) The currency specified in the Utilisation Request must be dollars.

(b) The amount of the proposed Advance must be an amount which is not more than the lower of (i) the aggregate amount of each Tranche to be drawn under that Advance and (ii) 40 per cent. of the aggregate Fair Market Value of the Ships in respect of each Tranche to be drawn under that Advance.

(c) The amount of the proposed Advance must be an amount which is not more than the Available Facility.

(d) The amount of the proposed Advance must be an amount which would not oblige the Borrowers to provide additional security or prepay part of the Advance if the ratio set out in Clause 25 (*Security Cover*) were applied and notice was given by the Facility Agent under Clause 25.1 (*Minimum required security cover*) immediately after such Advance was made.

5.4 Lenders' participation

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

(b) The amount of each Lender's participation in each Advance will be equal to the proportion borne by its Available Commitment to the Available Facility immediately before making that Advance.

(c) The Facility Agent shall notify each Lender of the amount of each Advance and the amount of its participation in that Advance by the Specified Time.

5.5 Cancellation of Commitments

The Commitments which are unutilised at the end of the Availability Period shall then be cancelled.

5.6 Payment to third parties

The Facility Agent shall, on the Utilisation Date, pay to, or for the account of, the Borrowers the amounts which the Facility Agent receives from the Lenders in respect of the relevant Advance. That payment shall be made in like funds as the Facility Agent received from the Lenders in respect of the relevant Advance to the account which the relevant Borrower specifies in the Utilisation Request **provided that** the Lenders have received "know your customer" information in a form acceptable to the Lenders.

5.7 Disbursement of Advance to third party

A payment by the Facility Agent under Clause 5.6 (*Payment to third parties*) to a person other than a Borrower shall constitute the making of the relevant Advance and the Borrowers shall at that time become indebted, as principal and direct obligor, to each Lender in an amount equal to that Lender's participation in that Advance.

SECTION 4

REPAYMENT, PREPAYMENT AND CANCELLATION

6 REPAYMENT

6.1 Repayment of Loan

(a) The Borrowers shall repay the Loan by 20 consecutive quarterly instalments, as follows:

(i) for the first six instalments, each in the amount of $3,535,000;

(ii) for the seventh to the 12^{th} instalment, each in the amount of $1,750,000; and

(iii) for the 13^{th} to the 20^{th} instalment, each in the amount of $1,340,000,

the first of which shall be repaid on the date falling three Months after the first Utilisation Date and the last on the Termination Date together with a balloon payment equal to $12,570,000 (and each such instalment shall be a "**Repayment Instalment**").

(b) The allocation of each Repayment Instalment per Tranche is set out in Schedule 8 (*Repayment Instalments*).

(c) Each Repayment Instalment will reduce pro rata by the amount of the Total Commitments not utilised under this Agreement.

6.2 Effect of cancellation and prepayment on scheduled repayments

(a) If the Borrowers cancel the whole or any part of any Available Commitment in accordance with Clause 7.6 (*Right of replacement or 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 pro rata by the amount of the Available Commitments so cancelled;

(b) If the Borrowers cancel the whole or any part of any Available Commitment in accordance with Clause 7.3 (*Voluntary and automatic cancellation*) or if the whole or part of any Commitment is cancelled pursuant to Clause 5.5 (*Cancellation of Commitments*), the Repayment Instalments for the relevant Tranche for each Repayment Date falling after that cancellation will reduce pro rata by the amount of the Commitments so cancelled;

(c) If any part of the Loan is repaid or prepaid in accordance with 7.6 (*Right of replacement or 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 pro rata by the amount of the Loan repaid or prepaid;

(d) If any part of the Loan is prepaid in accordance with Clause 7.4 (*Voluntary prepayment of Loan*), Clause 7.5 (*Mandatory prepayment on sale or Total Loss*) then the amount of the Repayment Instalments for each Repayment Date falling after that repayment or prepayment will reduce in inverse chronological order 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) Other than for Sanctions in relation to which Clause 7.1(b) shall apply, 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 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 such Lender's corresponding Commitment shall be 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 an Advance or the Loan due to:

(i) Sanctions 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 Obligor, 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 such 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 that 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 Change of control

If:

(a) the Parent Guarantor ceases to control directly or indirectly the Borrowers; or

(b) (b) Mr Petros Panagiotidis ceases to:

(i) serve as an executive officer or director of the Parent Guarantor; or

(ii) be a member of the board of directors of the Parent Guarantor; or

(iii) control directly or indirectly the Parent Guarantor; or

(c) the Panagiotidis Family cease to control directly or indirectly either Approved Manager,

then the Parent Guarantor or the Borrowers (as the case may be) shall promptly notify the Facility Agent upon becoming aware of that event and unless all Lenders agree otherwise, the Facility Agent shall, by not less than 30 days' notice to the Borrowers, cancel the Facility and declare the Loan, together with accrued interest, and all other amounts accrued under the Finance Documents immediately due and payable, whereupon the Facility will be cancelled and all such outstanding Loans, interest and amounts will become immediately due and payable.

(d) For the purposes of (a), (b) and (c) above "**control**" means, in respect of a Borrower, an Approved Manager, or the Parent Guarantor:

(i) the power (whether by way of ownership of shares, proxy, contract, agency or otherwise) to:

(A) cast, or control the casting of, 50.01 or more per cent. of the maximum number of votes that might be cast at a general meeting of the Parent Guarantor, that Approved Manager or (as the case may be) that Borrower; or

(B) appoint or remove all, or the majority, of the directors (excluding the directors of the Parent Guarantor) or other equivalent officers of the Parent Guarantor, that Approved Manager or (as the case may be) that Borrower; or

(C) give directions with respect to the operating and financial policies of the Parent Guarantor (excluding the directors of the Parent Guarantor), that Approved Manager or (as the case may be) that Borrower with which the directors or other equivalent officers of the Parent Guarantor, that Approved Manager or (as the case may be) that Borrower are obliged to comply; or

(ii) the holding beneficially of more than 50.01 per cent. of the issued or common shares of the Parent Guarantor, that Approved Manager or (as the case may be) that Borrower (excluding any part of the issued shares that carry no right to participate beyond a specified amount in a distribution of either profits or capital):

7.3 Voluntary and automatic cancellation

(a) The Borrowers may, if they give the Facility Agent not less than 10 Business Days' (or such shorter period as the Majority Lenders may agree) prior notice, cancel the whole or any part (being a minimum amount of $1,000,000) of the Available Facility. Any cancellation under this Clause 7.3 (*Voluntary and automatic cancellation*) shall reduce the Commitments of the Lenders rateably.

(b) The unutilised Commitment (if any) of each Lender shall be automatically cancelled at close of business on the date on which the Advance is made available.

7.4 Voluntary prepayment of Loan

(a) Subject to paragraphs (b) and (c) below, the Borrowers may, if they give the Facility Agent not less than ten Business Days' (or such shorter period as the Majority Lenders may agree) prior notice; prepay the whole or any part of the Loan (but, if in part, being an amount that reduces the amount of the Loan by a minimum amount of $1,000,000 or a multiple of that amount).

(b) The Loan may only be prepaid after the last day of the Availability Period (or, if earlier, the day on which the Available Facility is zero).

(c) The Loan may only be prepaid on an Interest Payment Date (or such other date as the Majority Lenders may agree).

7.5 Mandatory prepayment on sale or Total Loss

(a) If a Ship is sold or becomes a Total Loss, the Borrowers shall on the Relevant Date prepay the Tranche applicable to that Ship.

(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 (*Security Cover*) were applied immediately following the payment referred to in paragraph (a) above excluding the relevant Ship.

(c) In this Clause 7.5 (*Mandatory prepayment on sale or Total Loss*):

"**Relevant Date**" means:

(i) in the case of a sale of a Ship, on the earlier of:

(A) the date on which the sale is completed by delivery of that Ship to the buyer of that Ship; and

(B) the date of receipt by the relevant Borrower of the proceeds of sale relating to such sale of that Ship; and

(ii) in the case of a Total Loss of a Ship, on the earlier of:

(A) the date falling 120 days after the Total Loss Date; and

(B) the date of receipt by the Security Agent of the proceeds of insurance relating to such Total Loss.

7.6 Right of replacement or repayment and cancellation in relation to a single Lender

(a) If:

(i) any sum payable to any Lender by an Obligor is required to be increased under paragraph (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*); or

(iii) the Facility Agent receives notification from a Relevant Lender under Clause 10.2 (*Market Disruption*),

the Borrowers may whilst in the case of sub-paragraphs (i) and (ii) above 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 or cancellation under this Agreement shall be made together with accrued interest on the amount prepaid in connection with that prepayment and, subject to the fee provided for in Clause 11.3 (*Prepayment and cancellation 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 Lender, 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 7.6 (*Right of replacement or 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 for an Interest Period is the percentage rate per annum which is the aggregate of the applicable:

(a) Margin;

(b) Reference Rate; and

(c) Credit Adjustment Spread.

8.2 Payment of interest

(a) The Borrowers shall pay accrued interest on the Loan or any part of the Loan on the last day of each Interest Period (each an "**Interest Payment Date**").

(b) If an Interest Period is longer than three Months, the Borrowers shall also pay interest then accrued on the Loan or the relevant part of the Loan on the dates falling at three Monthly intervals after the first day of the Interest Period.

8.3 Default interest

(a) If an Obligor fails to pay any amount payable by it under a Finance Document on its due date, interest shall accrue on the Unpaid Sum from the due date up to the date of actual payment (both before and after judgment) at a rate which, subject to paragraph (b) below, is 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 Obligor on demand by the Facility Agent.

(b) If an Unpaid Sum consists of all or part of the Loan which became due on a day which was not the last day of an Interest Period relating to the Loan or that part of the Loan:

(i) the first Interest Period for that Unpaid Sum shall have a duration equal to the unexpired portion of the current Interest Period relating to the Loan or that part of the Loan; and

(ii) the rate of interest applying to that Unpaid Sum during that first Interest Period shall be 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 Borrowers of each Funding Rate relating to the Loan or any part of the Loan.

9 INTEREST PERIODS

9.1 Interest Periods

(a) The first Interest Period for the Loan will be three Months. Subject to paragraph (e) below and Clause 9.2 (*Changes to Interest Periods*), the Borrowers may select each subsequent Interest Period in respect of the Loan in a Selection Notice.

(b) Each Selection Notice is irrevocable and must be delivered to the Facility Agent by the Borrowers not later than the Specified Time.

(c) If the Borrower fails to deliver a Selection Notice to the Facility Agent in accordance with paragraphs (a) and (b) above, the relevant Interest Period will, subject to paragraphs (f) and (g) below and Clause 9.2 (*Changes to Interest Periods*), be three Months.

(d) Subject to this Clause 9 (*Interest Periods*), the Borrowers may select an Interest Period of one or three Months or any other period agreed between the Borrowers and the Facility Agent (acting on the instructions of all the Lenders).

(e) An Interest Period in respect of the Loan or any part of the Loan shall not extend beyond the Termination Date.

(f) In respect of a Repayment Instalment, the Borrower may request in the relevant Selection Notice that an Interest Period for a part of the Loan equal to such Repayment Instalment shall end on the Repayment Date relating to it and, subject to paragraph (d) above, select a longer Interest Period for the remaining part of the Loan.

(g) The first Interest Period for the Loan shall start on the Utilisation Date and each subsequent Interest Period shall start on the last day of the preceding Interest Period save that in case the Facility is drawn in two Advances, the first Interest Period for the second Advance will terminate on the same date as the first Interest Period for the first Advance.

(h) Except for the purposes of paragraph (f) and paragraph (g) above and Clause 9.2 (*Changes to Interest Periods*), the Loan shall have one Interest Period only at any time.

9.2 Changes to Interest Periods

(a) In respect of a Repayment Instalment, prior to determining the interest rate for the Loan, the Facility Agent may establish an Interest Period for a part of the Loan equal to such Repayment Instalment to end on the Repayment Date relating to it and the remaining part of the Loan shall have the Interest Period selected in the relevant Selection Notice, subject to paragraph (c) of Clause 9.1 (*Selection of Interest Periods*).

(b) If the Facility Agent makes any change to an Interest Period referred to in this Clause 9.2 (*Changes to Interest Periods*), it shall promptly notify the Borrowers and the Lenders.

9.3 Non-Business Days

If an Interest Period would otherwise end on a day which is not a Business Day, that Interest Period will instead end on the next Business Day in that calendar month (if there is one) or the preceding Business Day (if there is not).

10 CHANGES TO THE CALCULATION OF INTEREST

10.1 Unavailability of Term SOFR

(a) *Interpolated Term SOFR*: If no Term SOFR is available for the Interest Period of the Loan or any part of the Loan, the applicable Term SOFR Reference Rate shall be the Interpolated Term SOFR for a period equal in length to the Interest Period of the Loan or that part of the Loan.

(b) *Historic Term SOFR*: If no Term SOFR is available for the Interest Period of the Loan or any part of the Loan and it is not possible to calculate the Interpolated Term SOFR, the applicable Term SOFR Reference Rate shall be the 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 (c) above applies but it is not possible to calculate the Interpolated Historic Term SOFR, there shall be no Term SOFR Reference Rate for the Loan or that part of the Loan (as applicable) and Clause 10.3 (*Cost of funds*) shall apply to the Loan or that part of the Loan for that Interest Period.

10.2 Market disruption

If before close of business in London on the Quotation Day for the relevant Interest Period the Facility Agent receives notification from a Lender or Lenders (whose participations in the Loan or the relevant part of the Loan exceed 30 per cent. of the Loan or the relevant part of the Loan as appropriate) (the "**Relevant Lenderff**") that its cost of funds relating to its participation in the Loan or that part of the Loan would be in excess of the Term SOFR Market Disruption Rate then Clause 10.3 (*Cost of funds*) shall apply to the Loan or that part of the Loan (as applicable) for the relevant Interest Period.

10.3 Cost of funds

(a) If this Clause 10.3 (*Cost of funds*) applies to the Loan or part of the Loan for an Interest Period, Clause 8.1 (*Calculation of interest*) shall apply to the Loan or that part of the Loan for that Interest Period and the rate of interest on the Loan or that part of the Loan for the relevant Interest Period shall be the percentage rate per annum which is the sum of:

(i) the Margin; and

(ii) the rate notified to the Facility Agent by that Lender as soon as practicable and in any event before interest is due to be paid in respect of that Interest Period to be that which expresses as a percentage rate per annum its cost of funds relating to its participation in the Loan or that part of the Loan.

(b) If this Clause 10.3 (*Cost of funds*) applies and the Facility Agent or the Borrowers so require, the Facility Agent and the Borrowers shall enter into negotiations (for a period of not more than 30 days) with a view to agreeing a substitute basis for determining the rate of interest or (as the case may be) an alternative basis for funding.

(c) Subject to Clause 43.4 (*Changes to reference rates*), 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 this Clause 10.3 (*Cost of funds*) applies pursuant to Clause 10.2 (*Market Disruption*) and:

(i) a Lender's Funding Rate is less than the Term SOFR Market Disruption Rate; or

(ii) a Lender does not notify a rate to the Facility Agent by the time specified in sub-paragraph (ii) of paragraph (a) above,

that Lender's cost of funds relating to 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 the Term SOFR Market Disruption Rate.

(e) If this Clause 10.3 (*Cost of funds*) applies, the Facility Agent shall, as soon as practicable, notify the Borrowers.

10.4 Break Costs

(a) The Borrowers shall, within three Business Days of demand by a Finance Party, pay to that Finance Party its Break Costs (if any) attributable to all or any part of the Loan or Unpaid Sum being paid by a Borrower on a day 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 which they accrue.

11 FEES

11.1 Arrangement fee

The Borrowers shall pay to the Arranger an arrangement fee computed at the rate of 1.25 per cent. of the Total Commitments which is payable on the date that is the earlier of (i) the first Utilisation Date and (ii) the date that is the last day of the Availability Period.

11.2 Commitment fee

(a) The Borrowers shall pay to the Facility Agent (for the account of each Lender) a fee computed at the rate of 40 per cent. per annum of the Margin on the amount of the Total Commitments that remains undrawn and uncancelled from and including the date of this Agreement to and including the date that is the earlier of (i) the first Utilisation Date and (ii) the date that is the last day of the Availability Period.

(b) The accrued commitment fee is payable on the date that is the earlier of (i) the first Utilisation Date and (ii) the date that is the last day of the Availability Period.

11.3 Prepayment and cancellation fee

(a) Subject to paragraph (c) below, the Borrowers must pay to the Facility Agent for each Lender a prepayment and cancellation fee on the date of prepayment of all or any part of the Loan and on the date of cancellation of any part of the Total Commitments.

(b) The amount of the prepayment and cancellation fee is:

(i) if the prepayment or cancellation occurs on or before the second anniversary of the date of the first Utilisation Date, 1 per cent. of the amount prepaid or cancelled; and

(ii) if the prepayment or cancellation occurs after the second anniversary of the date of the first Utilisation Date, no prepayment or cancellation fee shall be payable.

(c) No prepayment or cancellation fee shall be payable under this Clause if:

(i) the prepayment or cancellation is made under Clause 7.1 (*Illegality*), paragraph (b) of Clause 7.5 (*Mandatory prepayment on sale or Total Loss*) or Clause 7.6 (*Right of replacement or repayment and cancellation in relation to a single Lender*); or

(ii) the Lenders assign or transfer 100 per cent of the Total Commitments to a financial institution other than a bank.

SECTION 6

ADDITIONAL PAYMENT OBLIGATIONS

12 TAX GROSS UP AND INDEMNITIES

12.1 Definitions

(a) In this Agreement:

"**Protected Party**" means a Finance Party which is or will be subject to any liability, or required to make any payment, for or on account of Tax in relation to a sum received or receivable (or any sum deemed for the purposes of Tax to be received or receivable) under a Finance Document.

"**Tax Credit**" means a credit against, relief or remission for, or repayment of any Tax.

"**Tax Deduction**" means a deduction or withholding for or on account of Tax from a payment under a Finance Document, other than a FATCA Deduction.

"**Tax Payment**" means either the increase in a payment made by an Obligor to a Finance Party under Clause 12.2 (*Tax gross-up*) or a payment under Clause 12.3 (*Tax indemnity*).

(b) Unless a contrary indication appears, in this Clause 12 (*Tax Gross Up and Indemnities*) reference to "determines" or "determined" means a determination made in the absolute discretion of the person making the determination.

12.2 Tax gross-up

(a) Each Obligor shall make all payments to be made by it without any Tax Deduction, unless a Tax Deduction is required by law.

(b) The Borrowers shall promptly upon becoming aware that an Obligor must make a Tax Deduction (or that there is any change in the rate or the basis of a Tax Deduction) notify the Facility Agent accordingly. Similarly, a Lender shall notify the Facility Agent on becoming so aware in respect of a payment payable to that Lender. If the Facility Agent receives such notification from a Lender it shall notify the Borrowers and that Obligor.

(c) If a Tax Deduction is required by law to be made by an Obligor, the amount of the payment due from that Obligor shall be increased to an amount which (after making any Tax Deduction) leaves an amount equal to the payment which would have been due if no Tax Deduction had been required.

(d) If an Obligor is required to make a Tax Deduction, that Obligor shall make that Tax Deduction and any payment required in connection with that Tax Deduction within the time allowed and in the minimum amount required by law.

(e) Within 30 days of making either a Tax Deduction or any payment required in connection with that Tax Deduction, the Obligor making that Tax Deduction shall deliver to the Facility Agent for the Finance Party entitled to the payment evidence reasonably satisfactory to that Finance Party that the Tax Deduction has been made or (as applicable) any appropriate payment paid to the relevant taxing authority.

12.3 Tax indemnity

(a) The Obligors shall (within three Business Days of demand by the Facility Agent) pay to a Protected Party an amount equal to the loss, liability or cost which that Protected Party determines will be or has been (directly or indirectly) suffered for or on account of Tax by that Protected Party in respect of a Finance Document.

(b) Paragraph (a) above shall not apply:

(i) with respect to any Tax assessed on a Finance Party:

(A) under the law of the jurisdiction in which that Finance Party is incorporated or, if different, the jurisdiction (or jurisdictions) in which that Finance Party is treated as resident for tax purposes; or

(B) under the law of the jurisdiction in which that Finance Party's Facility Office is located in respect of amounts received or receivable in that jurisdiction,

if that Tax is imposed on or calculated by reference to the net income received or receivable (but not any sum deemed to be received or receivable) by that Finance Party; or

(ii) to the extent a loss, liability or cost:

(A) is compensated for by an increased payment under Clause 12.2 (*Tax gross-up*); or

(B) relates to a FATCA Deduction required to be made by a Party.

(c) A Protected Party making, or intending to make, a claim under paragraph (a) above shall promptly notify the Facility Agent of the event which will give, or has given, rise to the claim, following which the Facility Agent shall notify the Obligors.

(d) A Protected Party shall, on receiving a payment from an Obligor under this Clause 12.3 (*Tax indemnity*), notify the Facility Agent.

12.4 Tax Credit

If an Obligor makes a Tax Payment and the relevant Finance Party determines that:

(a) a Tax Credit is attributable to an increased payment of which that Tax Payment forms part, to that Tax Payment or to a Tax Deduction in consequence of which that Tax Payment was received; and

(b) that Finance Party has obtained and utilised that Tax Credit,

the Finance Party shall pay an amount to the Obligor which that Finance Party determines will leave it (after that payment) in the same after-Tax position as it would have been in had the Tax Payment not been required to be made by the Obligor.

12.5 Stamp taxes

The Obligors shall pay and, within three Business Days of demand, indemnify each Secured Party against any cost, loss or liability which that Secured Party incurs in relation to all stamp duty, registration and other similar Taxes payable in respect of any Finance Document.

12.6 VAT

(a) All amounts expressed to be payable under a Finance Document by any Party to a Finance Party which (in whole or in part) constitute the consideration for any supply for VAT purposes are deemed to be exclusive of any VAT which is chargeable on that supply, and accordingly, subject to paragraph (b) below, if VAT is or becomes chargeable on any supply made by any Finance Party to any Party under a Finance Document and such Finance Party is required to account to the relevant tax authority for the VAT, that Party must pay to such Finance Party (in addition to and at the same time as paying any other consideration for such supply) an amount equal to the amount of the VAT (and such Finance Party must promptly provide an appropriate VAT invoice to that Party).

(b) If VAT is or becomes chargeable on any supply made by any Finance Party (the "**Supplier**") to any other Finance Party (the "**Recipient**") under a Finance Document, and any Party other than the Recipient (the "**Relevant Party**") is required by the terms of any Finance Document to pay an amount equal to the consideration for that supply to the Supplier (rather than being required to reimburse or indemnify the Recipient in respect of that consideration):

(i) (where the Supplier is the person required to account to the relevant tax authority for the VAT) the Relevant Party must also pay to the Supplier (at the same time as paying that amount) an additional amount equal to the amount of the VAT. The Recipient must (where this sub-paragraph (i) applies) promptly pay to the Relevant Party an amount equal to any credit or repayment the Recipient receives from the relevant tax authority which the Recipient reasonably determines relates to the VAT chargeable on that supply; and

(ii) (where the Recipient is the person required to account to the relevant tax authority for the VAT) the Relevant Party must promptly, following demand from the Recipient, pay to the Recipient an amount equal to the VAT chargeable on that supply but only to the extent that the Recipient reasonably determines that it is not entitled to credit or repayment from the relevant tax authority in respect of that VAT.

(c) Where a Finance Document requires any Party to reimburse or indemnify a Finance Party for any cost or expense, that Party shall reimburse or indemnify (as the case may be) such Finance Party for the full amount of such cost or expense, including such part of it as represents VAT, save to the extent that such Finance Party reasonably determines that it is entitled to credit or repayment in respect of such VAT from the relevant tax authority.

(d) Any reference in this Clause 12.6 (*VAT*) to any Party shall, at any time when such Party is treated as a member of a group for VAT purposes, include (where appropriate and unless the context otherwise requires) a reference to any member of such group at such time.

(e) In relation to any supply made by a Finance Party to any Party under a Finance Document, if reasonably requested by such Finance Party, that Party must promptly provide such Finance Party with details of that Party's VAT registration and such other information as is reasonably requested in connection with such Finance Party's VAT reporting requirements in relation to such supply.

12.7 FATCA Information

(a) Subject to paragraph (c) below, each Party shall, within ten Business Days of a reasonable request by another Party:

(i) confirm to that other Party whether it is:

(A) a FATCA Exempt Party; or

(B) not a FATCA Exempt Party; and

(ii) supply to that other Party such forms, documentation and other information relating to its status under FATCA as that other Party reasonably requests for the purposes of that other Party's compliance with FATCA; and

(iii) supply to that other Party such forms, documentation and other information relating to its status as that other Party reasonably requests for the purposes of that other Party's compliance with any other law, regulation or exchange of information regime.

(b) If a Party confirms to another Party pursuant to sub-paragraph (i) of paragraph (a) above that it is a FATCA Exempt Party and it subsequently becomes aware that it is not, or has ceased to be a FATCA Exempt Party, that Party shall notify that other Party reasonably promptly.

(c) Paragraph (a) above shall not oblige any Finance Party to do anything and sub-paragraph (iii) of paragraph (a) above shall not oblige any other Party to do anything which would or might in its reasonable opinion constitute a breach of:

(i) any law or regulation;

(ii) any fiduciary duty; or

(iii) any duty of confidentiality.

(d) If a Party fails to confirm whether or not it is a FATCA Exempt Party or to supply forms, documentation or other information requested in accordance with sub-paragraphs (i) or (ii) of paragraph (a) above (including, for the avoidance of doubt, where paragraph (c) above applies), then such Party shall be treated for the purposes of the Finance Documents (and payments under them) as if it is not a FATCA Exempt Party until such time as the Party in question provides the requested confirmation, forms, documentation or other information.

(e) If a Borrower is a US Tax Obligor, or the Facility Agent reasonably believes that its obligations under FATCA or any other applicable law or regulation require it, each Lender shall, within 10 Business Days of:

(i) where a Borrower is a US Tax Obligor and the relevant Lender is an Original Lender, the date of this Agreement;

(ii) where a Borrower is a US Tax Obligor on a Transfer Date and the relevant Lender is a New Lender, the relevant Transfer Date; or

(iii) where a Borrower is not a US Tax Obligor, the date of a request from the Facility Agent,

supply to the Facility Agent:

(i) a withholding certificate on Form W-8, Form W-9 or any other relevant form; or

(ii) any withholding statement or other document, authorisation or waiver as the Facility Agent may require to certify or establish the status of such Lender under FATCA or that other law or regulation.

(f) The Facility Agent shall provide any withholding certificate, withholding statement, document, authorisation or waiver it receives from a Lender pursuant to paragraph (e) above to the Borrowers.

(g) If any withholding certificate, withholding statement, document, authorisation or waiver provided to the Facility Agent by a Lender pursuant to paragraph (e) above is or becomes materially inaccurate or incomplete, that Lender shall promptly update it and provide such updated withholding certificate, withholding statement, document, authorisation or waiver to the Facility Agent unless it is unlawful for such Lender to do so (in which case the Lender shall promptly notify the Facility Agent). The Facility Agent shall provide any such updated withholding certificate, withholding statement, document, authorisation or waiver to the Borrowers.

(h) The Facility Agent may rely on any withholding certificate, withholding statement, document, authorisation or waiver it receives from a Lender pursuant to paragraph (e) or (g) above without further verification. The Facility Agent shall not be liable for any action taken by it under or in connection with paragraphs (e), (f) or (g) above.

12.8 FATCA Deduction

(a) Each Party may make any FATCA Deduction it is required to make by FATCA, and any payment required in connection with that FATCA Deduction, and no Party shall be required to increase any payment in respect of which it makes such a FATCA Deduction or otherwise compensate the recipient of the payment for that FATCA Deduction.

(b) Each Party shall promptly, upon becoming aware that it must make a FATCA Deduction (or that there is any change in the rate or the basis of such FATCA Deduction), notify the Party to whom it is making the payment and, in addition, shall notify each Obligor and the Facility Agent and the Facility Agent shall notify the other Finance Parties.

13 INCREASED COSTS

13.1 Increased costs

(a) Subject to Clause 13.3 (*Exceptions*), the Borrowers shall, within three Business Days of a demand by the Facility Agent, pay for the account of a Finance Party the amount of any Increased Costs incurred by that Finance Party or any of its Affiliates as a result of:

(i) Basel III or CRD IV as in force at the date of this Agreement;

(ii) any change in (or in the interpretation, administration or application of, or any replacement of,) Basel III or CRD IV as in force at the date of this Agreement, or the introduction after the date of this Agreement of any law, regulation, request or requirement (whether or not having the force of law, but if not having the force of law, with which the relevant Finance Party, or as the case may be, its Affiliate is required to comply) in relation to Basel III or CRD IV;

(iii) the introduction of or any change in (or in the interpretation, administration or application of) any other law, regulation, request or requirement (whether or not having the force of law, but if not having the force of law, with which the relevant Finance Party, or as the case may be, its Affiliate is required to comply) including, without limitation, those relating to capital adequacy, liquidity, reserve assets, cash ratio deposits and special deposits; or

(iv) compliance with any law or regulation made, enacted or imposed after the date of this Agreement.

(b) In this Agreement,

(i) **"Basel II"** shall have the meaning attributed thereto in paragraph (f) of Clause 13.3 (*Exceptions*).

(ii) **"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) any further guidance or standards published by the Basel Committee on Banking Supervision relating to "Basel III";

(C) 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;

(D) the rules of:

(1) the 2013/36/UE Capital Requirements Directive of the European Parliament and the Council dated June 26, 2013 concerning the access to the activity of credit institutions and the prudential supervision of credit institutions and enterprises investment; and

(2) the (EU) 575/2013 Regulation of the European Parliament and the Council dated June 26, 2013 on prudential requirements for credit institutions and investment firms, both implementing the solvency and capitalisation rules known as "Basel III" rules endorsed by the central bank governors and the heads of bank supervisory authorities in the G20 countries on 16 December 2010;

(E) any other law, regulation, request or requirement (whether or not having the force of law, but if not having the force of law, with which the relevant Finance Party, or as the case may be, its Affiliate is required to comply) which implements, interprets or applies the Basel III documentation published by the Basel Committee on Banking Supervision and referred to in paragraphs (a) and (b) above (whether such implementation, interpretation, application or compliance is by a government, regulator, Finance Party or any of its Affiliates).

(iii) "**CRD IV**" means:

(A) Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending regulation (EU) No. 648/2012;

(B) Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC; and

(C) any other law or regulation which implements Basel III.

(iv) "**Increased Costs**" means:

(A) a reduction in the rate of return from the Facility or on a Finance Party's (or its Affiliate's) overall capital;

(B) an additional or increased cost; or

(C) a reduction of any amount due and payable under any Finance Document,

which is incurred or suffered by a Finance Party or any of its Affiliates to the extent that it is attributable to that Finance Party having entered into its Commitment or funding or performing its obligations under any Finance Document.

13.2 Increased cost claims

(a) A Finance Party intending to make a claim pursuant to Clause 13.1 (*Increased costs*) shall notify the Facility Agent of the event giving rise to the claim, following which the Facility Agent shall promptly notify the Borrowers.

(b) Each Finance Party shall, as soon as practicable after a demand by the Facility Agent or the Borrowers, provide a certificate confirming the amount of its Increased Costs and, provided that the Finance Party customarily provides such evidence to other borrowers, showing the basis on which the amount is calculated.

13.3 Exceptions

Clause 13.1 (*Increased costs*) does not apply to the extent any Increased Cost is:

(a) attributable to a Tax Deduction required by law to be made by an Obligor;

(b) attributable to a FATCA Deduction required to be made by a Party;

(c) compensated for by Clause 12.3 (*Tax indemnity*) (or would have been compensated for under Clause 12.3 (*Tax indemnity*) but was not so compensated solely because any of the exclusions in paragraph (b) of Clause 12.3 (*Tax indemnity*) applied);

(d) compensated for by any payment made pursuant to Clause 14.3 (*Mandatory Cost*);

(e) attributable to the wilful or grossly negligent breach by the relevant Finance Party or its Affiliates of any law or regulation; or

(f) attributable to the implementation or application of or compliance with the "International Convergence of Capital Measurement and Capital Standards, a Revised Framework" published by the Basel Committee on Banking Supervision in June 2004 in the form existing on the date of this Agreement ("**Basel II**") or any other law or regulation which implements Basel II (whether such implementation, application or compliance is by a government, regulator, Finance Party or any of its Affiliates) provided that this exception shall not apply to any Increased Cost arising directly or indirectly from Basel III.

14 OTHER INDEMNITIES

14.1 Currency indemnity

(a) If any sum due from an Obligor under the Finance Documents (a "**Sum**"), or any order, judgment or award given or made in relation to a Sum, has to be converted from the currency (the "**First Currency**") in which that Sum is payable into another currency (the "**Second Currency**") for the purpose of:

(i) making or filing a claim or proof against that Obligor; or

(ii) obtaining or enforcing an order, judgment or award in relation to any litigation or arbitration proceedings,

that Obligor shall, as an independent obligation, on demand, indemnify each Secured Party to which that Sum is due against any cost, loss or liability arising out of or as a result of the conversion including any discrepancy between (A) the rate of exchange used to convert that Sum from the First Currency into the Second Currency and (B) the rate or rates of exchange available to that person at the time of its receipt of that Sum.

(b) Each Obligor waives any right it may have in any jurisdiction to pay any amount under the Finance Documents in a currency or currency unit other than that in which it is expressed to be payable.

14.2 Other indemnities

(a) Each Obligor shall, on demand, indemnify each Secured Party against any cost, loss or liability incurred by it as a result of:

(i) the occurrence of any Event of Default;

(ii) a failure by an Obligor to pay any amount due under a Finance Document on its due date, including without limitation, any cost, loss or liability arising as a result of Clause 33 (*Sharing among the Finance Parties*);

(iii) funding, or making arrangements to fund, its participation in an Advance requested by the Borrowers in the Utilisation Request but not made by reason of the operation of any one or more of the provisions of this Agreement (other than by reason of default or negligence by that Secured Party alone); or

(iv) the Loan (or part of the Loan) not being prepaid in accordance with a notice of prepayment given by the Borrowers.

(b) Each Obligor shall, on demand, indemnify each Finance Party, each Affiliate of a Finance Party and each officer or employee of a Finance Party or its Affiliate (each such person for the purposes of this Clause 14.2 (*Other indemnities*) an "**Indemnified Person**"), against any cost, loss or liability incurred by that Indemnified Person pursuant to or in connection with any litigation, arbitration or administrative proceedings or regulatory enquiry, in connection with or arising out of the entry into and the transactions contemplated by the Finance Documents, having the benefit of any Security constituted by the Finance Documents or which relates to the condition or operation of, or any incident occurring in relation to, any Ship unless such cost, loss or liability is caused by the gross negligence or wilful misconduct of that Indemnified Person.

(c) Without limiting, but subject to any limitations set out in paragraph (b) above, the indemnity in paragraph (b) above shall cover any cost, loss or liability incurred by each Indemnified Person in any jurisdiction:

(i) arising or asserted under or in connection with any law relating to safety at sea, the ISM Code, any Environmental Law or any Sanctions; or

(ii) in connection with any Environmental Claim.

(d) Any Affiliate or any officer or employee of a Finance Party or of any of its Affiliates may rely on this Clause 14.2 (*Other indemnities*) subject to Clause 1.5 (*Third party rights*) and the provisions of the Third Parties Act.

14.3 Mandatory Cost

Each Borrower shall, on demand by the Facility Agent, pay to the Facility Agent for the account of the relevant Lender, such amount which any Lender certifies in a notice to the Facility Agent and to the Borrowers to be its good faith determination of the amount necessary to compensate it for complying with and, provided that the Finance Party's internal policy does not prohibit it, showing the basis on which such amount is calculated:

(a) in the case of a Lender lending from a Facility Office in a Participating Member State, the minimum reserve requirements (or other requirements having the same or similar purpose) of the European Central Bank or any other authority or agency which replaces all or any of its functions) in respect of loans made from that Facility Office; and

(b) in the case of any Lender lending from a Facility Office in the United Kingdom, any reserve asset, special deposit or liquidity requirements (or other requirements having the same or similar purpose) of the Bank of England (or any other governmental authority or agency) and/or paying any fees to the Financial Conduct Authority and/or the Prudential Regulation Authority (or any other governmental authority or agency which replaces all or any of their functions),

which, in each case, is referable to that Lender's participation in the Loan.

14.4 Indemnity to the Facility Agent

Each Obligor shall, on demand, indemnify 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 provided the Facility Agent shall when acting or relying on such instructions act in accordance with its standard practices applicable from time to time with respect to financial and information security and the prevention of fraud; or

(iii) instructing lawyers, accountants, tax advisers, surveyors or other professional advisers or experts as permitted under the Finance Documents; and

(b) any cost, loss or liability incurred by the Facility Agent (otherwise than by reason of the Facility Agent's gross negligence or wilful misconduct) or, in the case of any cost, loss or liability pursuant to Clause 34.11 (*Disruption to Payment Systems etc.*) notwithstanding the Facility Agent's negligence, gross negligence or any other category of liability whatsoever but not including any claim based on the fraud of the Facility Agent in acting as Facility Agent under the Finance Documents.

14.5 Indemnity to the Security Agent

(a) Each Obligor shall, on demand, indemnify the Security Agent and every Receiver and Delegate against any cost, loss or liability incurred by any of them:

(i) in relation to or as a result of:

(A) any failure by a Borrower to comply with its obligations under Clause 16 (*Costs and Expenses*);

(B) acting or relying on any notice, request or instruction which it reasonably believes to be genuine, correct and appropriately authorised provided the Security Agent shall when acting or relying on such instructions act in accordance with its standard practices applicable from time to time with respect to financial and information security and the prevention of fraud;

(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 Obligor in the performance of any of the obligations expressed to be assumed by it in the Finance Documents;

(F) any action by any Obligor which vitiates, reduces the value of, or is otherwise prejudicial to, the Transaction Security; and

(G) instructing lawyers, accountants, tax advisers, surveyors or other professional advisers or experts as permitted under the Finance Documents.

(ii) acting as Security Agent, Receiver or Delegate under the Finance Documents or which otherwise relates to any of the Security Property or the performance of the terms of this Agreement or the other Finance Documents (otherwise, in each case, than by reason of the relevant Security Agent's, Receiver's or Delegate's gross negligence or wilful misconduct).

(b) The Security Agent and every Receiver and Delegate may, in priority to any payment to the Secured Parties, indemnify itself out of the Security Assets in respect of, and pay and retain, all sums necessary to give effect to the indemnity in this Clause 14.5 (*Indemnity to the Security Agent*) and shall have a lien on the Transaction Security and the proceeds of the enforcement of the Transaction Security for all monies payable to it.

14.6 Indemnity survival

The indemnities contained in this Agreement shall survive repayment of the Loan.

15 MITIGATION BY THE FINANCE PARTIES

15.1 Mitigation

(a) Each Finance Party shall, in consultation with the Borrowers, take all reasonable steps to mitigate any circumstances which arise and which would result in any amount becoming payable under or pursuant to, or cancelled pursuant to, any of Clause 7.1 (*Illegality*), Clause 12 (*Tax Gross Up and Indemnities*), Clause 13 (*Increased Costs*) or paragraph (a) of Clause 14.3 (*Mandatory Cost*) including (but not limited to) transferring its rights and obligations under the Finance Documents to another Affiliate or Facility Office.

(b) Paragraph (a) above does not in any way limit the obligations of any 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, the Security Agent and the Arranger the amount of all reasonable and documented costs and expenses (including fees, costs and expenses of legal advisers and insurance and other consultants and advisers) reasonably incurred by any Secured Party in connection with the negotiation, preparation, printing, execution, syndication and perfection of and any release, discharge or reassignment of:

(a) this Agreement and any other documents referred to in this Agreement;

(b) the Transaction Security; and

(c) any other Finance Documents executed after the date of this Agreement,

provided that the reimbursement of legal fees is limited to one law firm acting as lead counsel and one law firm in each relevant jurisdiction, in each case, acting for the Secured Parties taken as a whole.

16.2 Amendment costs

Subject to Clause 16.4 (*Reference rate transition costs*) if:

(a) an Obligor requests an amendment, waiver or consent to this or any other Finance Document (or approval of any quiet enjoyment undertaking in relation to a Charter); or

(b) an amendment is required pursuant to Clause 34.9 (*Change of currency*) or as contemplated in Clause 43.4 (*changes to reference rates*); or

(c) an 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 documented costs and expenses (including legal fees) reasonably incurred by each Secured Party in responding to, evaluating, negotiating or complying with that request or requirement. The Lenders agree to discuss the process and appointment of legal counsel prior to incurring such costs.

16.3 Enforcement and preservation costs

The Obligors shall, on demand, pay to each Secured Party the amount of all costs and expenses (including fees, costs and expenses of legal advisers and insurance and other consultants and advisers) incurred by that Secured Party in connection with the enforcement of, or the preservation of any rights under, any Finance Document or the Transaction Security and with any proceedings instituted by or against that Secured Party as a consequence of it entering into a Finance Document, taking or holding the Transaction Security, or enforcing those rights.

16.4 Reference rate transition costs

The Borrower shall on demand reimburse each of the Facility Agent and the Security Agent for the amount of all documented costs and expenses (including legal fees) reasonably incurred by each Secured Party in connection with:

(a) any amendment, waiver or consent relating to:

(i) the transition to the Term SOFR Reference Rate; or

(ii) any change arising as a result of an amendment required under Clause 43.4 (*Changes to reference rates).*

SECTION 7

GUARANTEE

17 GUARANTEE AND INDEMNITY – PARENT GUARANTOR

17.1 Guarantee and indemnity

The Parent Guarantor irrevocably and unconditionally:

(a) guarantees to each Finance Party punctual performance by each Borrower of all that Borrower's obligations under the Finance Documents;

(b) undertakes with each Finance Party that whenever a Borrower does not pay any amount when due under or in connection with any Finance Document, the Parent Guarantor shall immediately on demand pay that amount as if it were the principal obligor; and

(c) agrees with each Finance Party that if any obligation guaranteed by it is or becomes unenforceable, invalid or illegal, it will, as an independent and primary obligation, indemnify that Finance Party immediately on demand against any cost, loss or liability it incurs as a result of a Borrower not paying any amount which would, but for such unenforceability, invalidity or illegality, have been payable by it under any Finance Document on the date when it would have been due. The amount payable by the Parent Guarantor under this indemnity will not exceed the amount it would have had to pay under this Clause 17 (*Guarantee and Indemnity – Parent Guarantor*) if the amount claimed had been recoverable on the basis of a guarantee.

17.2 Continuing guarantee

This guarantee is a continuing guarantee and will extend to the ultimate balance of sums payable by any Obligor under the Finance Documents, regardless of any intermediate payment or discharge in whole or in part.

17.3 Reinstatement

If any discharge, release or arrangement (whether in respect of the obligations of any Obligor or any security for those obligations or otherwise) is made by a 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 Obligor or other person;

(b) the release of any other Obligor or any other person under the terms of any composition or arrangement with any creditor of 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 Obligor or other person or any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any security;

(d) any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of an Obligor or any other person;

(e) any amendment, novation, supplement, extension, restatement (however fundamental and whether or not more onerous) or replacement of any Finance Document or any other document or security including, without limitation, any change in the purpose of, any extension of or any increase in any facility or the addition of any new facility under any Finance Document or other document or security;

(f) any unenforceability, illegality or invalidity of any obligation of any person under any Finance Document or any other document or security; or

(g) any insolvency or similar proceedings.

17.5 Immediate recourse

The Parent Guarantor waives any right it may have of first requiring 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 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 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 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 an Obligor;

(b) to claim any contribution from any third party providing security for, or any other guarantor of, any Obligor's obligations under the Finance Documents;

(c) to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the 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 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 Obligor; and/or

(f) to claim or prove as a creditor of any 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 Obligors under or in connection with the Finance Documents to be repaid in full on trust for the Secured Parties and shall promptly pay or transfer the same to the Facility Agent or as the Facility Agent may direct for application in accordance with Clause 34 (*Payment Mechanics*).

17.8 Additional security

This guarantee and any other Security given by the Parent Guarantor is in addition to and is not in any way prejudiced by, and shall not prejudice, any other guarantee or Security or any other right of recourse now or subsequently held by any Secured Party or any right of set-off or netting or right to combine accounts in connection with the Finance Documents.

17.9 Applicability of provisions of Guarantee to other Security

Clauses 17.2 (*Continuing guarantee*), 17.3 (*Reinstatement*), 17.4 (*Waiver of defences*), 17.5 (*Immediate recourse*), 17.6 (*Appropriations*), 17.7 (*Deferral of Parent Guarantor's rights*) and 17.8 (*Additional security*) shall apply, with any necessary modifications, to any Security which the Parent Guarantor creates (whether at the time at which it signs this Agreement or at any later time) to secure the Secured Liabilities or any part of them.

18 JOINT AND SEVERAL LIABILITY OF THE BORROWERS

18.1 Joint and several liability

All liabilities and obligations of the Borrowers under this Agreement shall, whether expressed to be so or not, be joint and several.

18.2 Waiver of defences

The liabilities and obligations of a Borrower (without limitation and whether or not known to it or any Secured Party) shall not be impaired by:

(a) this Agreement being or later becoming void, unenforceable or illegal as regards any other Borrower;

(b) any Lender or the Security Agent entering into any rescheduling, refinancing or other arrangement of any kind with any other Borrower;

(c) any Lender or the Security Agent releasing any other Borrower or any Security created by a Finance Document; or

(d) any time, waiver or consent granted to, or composition with any other Borrower or other person;

(e) the release of any other Borrower or any other person under the terms of any composition or arrangement with any creditor of any member of the Group;

(f) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or security over assets of, any other Borrower or other person or any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any security;

(g) any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of any other Borrower or any other person;

(h) any amendment, novation, supplement, extension, restatement (however fundamental, and whether or not more onerous) or replacement of a Finance Document or any other document or security including, without limitation, any change in the purpose of, any extension of or any increase in any facility or the addition of any new facility under any Finance Document or other document or security;

(i) any unenforceability, illegality or invalidity of any obligation or any person under any Finance Document or any other document or security; or

(j) any insolvency or similar proceedings.

18.3 Principal Debtor

Each Borrower declares that it is and will, throughout the Security Period, remain a principal debtor for all amounts owing under this Agreement and the Finance Documents and no Borrower shall, in any circumstances, be construed to be a surety for the obligations of any other Borrower under this Agreement.

18.4 Borrower restrictions

(a) Subject to paragraph (b) below, during the Security Period no Borrower shall:

(i) claim any amount which may be due to it from any other Borrower whether in respect of a payment made under, or matter arising out of, this Agreement or any Finance Document, or any matter unconnected with this Agreement or any Finance Document; or

(ii) take or enforce any form of security from any other Borrower for such an amount, or in any way seek to have recourse in respect of such an amount against any asset of any other Borrower; or

(iii) set off such an amount against any sum due from it to any other Borrower; or

(iv) prove or claim for such an amount in any liquidation, administration, arrangement or similar procedure involving any other Borrower; or

(v) exercise or assert any combination of the foregoing.

(b) If during the Security Period, the Facility Agent, by notice to a Borrower, requires it to take any action referred to in paragraph (a) above in relation to any other Borrower, that Borrower shall take that action as soon as practicable after receiving the Facility Agent's notice.

18.5 Deferral of Borrowers' rights

Until all amounts which may be or become payable by the Borrowers under or in connection with the Finance Documents have been irrevocably paid in full and unless the Facility Agent otherwise directs, no Borrower will exercise any rights which it may have by reason of performance by it of its obligations under the Finance Documents:

(a) to be indemnified by any other Borrower; or

(b) to claim any contribution from any other Borrower in relation to any payment made by it under the Finance Documents.

SECTION 8

REPRESENTATIONS, UNDERTAKINGS AND EVENTS OF DEFAULT

19 REPRESENTATIONS

19.1 General

Each Obligor makes the representations and warranties set out in this Clause 19 (*Representations*) to each Finance Party on the date of this Agreement.

19.2 Status

(a) It and each other Obligor is duly formed, validly existing and in good standing under the law of its jurisdiction of formation.

(b) It and each Obligor has the power to own its assets and carry on its business as it is being conducted.

19.3 Shares and ownership

(a) All of the Equity Interests of the Parent Guarantor already issued, have been validly issued are fully paid, non-assessable and are owned beneficially and of record by the parties disclosed to and in the proportions disclosed to the Facility Agent prior to the date of this Agreement.

(b) All of the Equity Interests of each Borrower have been validly issued, are fully paid, non-assessable, free and clear of all Security and are owned beneficially and of record by the Parent Guarantor.

(c) None of the Equity Interests of any Borrower are subject to any existing option, warrant, call, right, commitment or other agreement of any character to which the Borrowers or the Parent Guarantor is a party requiring, and there are no Equity Interests of the Borrowers outstanding which upon conversion or exchange would require, the issuance, sale or transfer of any additional Equity Interests of the Borrowers or other Equity Interests convertible into, exchangeable for or evidencing the right to subscribe for or purchase Equity Interests of the Borrowers.

19.4 Binding obligations

The obligations expressed to be assumed by it in each Transaction Document to which it is a party are legal, valid, binding and enforceable obligations.

19.5 Validity, effectiveness and ranking of Security

(a) Each Finance Document to which it is a party does now or, as the case may be, will upon execution and delivery and, where applicable, registration create the Security it purports to create over any assets to which such Security, by its terms, relates, and such Security will, when created or intended to be created, be valid and effective.

(b) No third party has or will have any Security (except for Permitted Security) over any assets that are the subject of any Transaction Security granted by it.

(c) The Transaction Security granted by it to the Security Agent or any other Secured Party has or will when created or intended to be created have first ranking priority or such priority it is expressed to have in the Finance Documents and is not subject to any prior ranking or *pari passu* ranking security.

(d) No concurrence, consent or authorisation of any person is required for the creation of or otherwise in connection with any Transaction Security.

19.6 Non-conflict with other obligations

The entry into and performance by it of, and the transactions contemplated by, each Transaction Document to which it is a party do not and will not conflict with:

(a) any law or regulation applicable to it;

(b) its constitutional documents, if applicable; or

(c) any agreement or instrument binding upon it or any of its assets or constitute a default or termination event (however described) under any such agreement or instrument.

19.7 Power and authority

(a) It has the power to enter into, perform and deliver, and has taken all necessary action to authorise:

(i) its entry into, performance and delivery of, each Transaction Document to which it is or will be a party and the transactions contemplated by those Transaction Documents; and

(ii) in the case of each Borrower, its registration of that Ship 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.

19.8 Validity and admissibility in evidence

All Authorisations required or desirable:

(a) to enable it lawfully to enter into, exercise its rights and comply with its obligations in the Transaction Documents to which it is a party; and

(b) to make the Transaction Documents to which it is a party admissible in evidence in its Relevant Jurisdictions,

have been obtained or effected and are in full force and effect.

19.9 Governing law and enforcement

(a) The choice of governing law of each Transaction Document to which it is a party will be recognised and enforced in its Relevant Jurisdictions.

(b) Any judgment obtained in relation to a Transaction Document to which it is a party in the jurisdiction of the governing law of that Transaction Document will be recognised and enforced in its Relevant Jurisdictions.

19.10 Insolvency

No:

(a) corporate action, legal proceeding or other procedure or step described in paragraph (a) of Clause 27.8 (*Insolvency proceedings*); or

(b) creditors' process described in Clause 27.9 (*Creditors' process*),

has been taken or, to its knowledge, threatened in relation to a member of the Group; and none of the circumstances described in Clause 27.7 (*Insolvency*) applies to a member of the Group.

19.11 No filing or stamp taxes

Under the laws of its Relevant Jurisdictions it is not necessary that the Finance Documents to which it is a party be registered, filed, recorded, notarised or enrolled with any court or other authority in that jurisdiction or that any stamp, registration, notarial or similar Taxes or fees be paid on or in relation to the Finance Documents to which it is a party or the transactions contemplated by those Finance Documents except registration of the Mortgage with the relevant maritime registry of the Approved Flag and which registration, filings and any related taxes and fees will be made and paid promptly after the date of the relevant Finance Documents.

19.12 Deduction of Tax

It is not required to make any Tax Deduction from any payment it may make under any Finance Document to which it is a party.

19.13 No default

(a) No Event of Default and, on the date of this Agreement and on each Utilisation Date, no Default is continuing or might reasonably be expected to result from the making of any Utilisation or the entry into, the performance of, or any transaction contemplated by, any Transaction Document.

(b) No other event or circumstance is outstanding which constitutes a default or a termination event (however described) under any other agreement or instrument which is binding on it or to which its assets are subject.

(c) 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 any of each Obligor's Subsidiaries or to which any of each Obligor's Subsidiaries' assets are subject which are, in aggregate in relation to each such Subsidiary, in relation to agreements with revenues of more than $3,000,000 per annum or assets worth in excess of $3,000,000.

19.14 No misleading information

(a) Any factual information provided by any member of the Group for the purposes of this Agreement was true and accurate in all material respects as at the date it was provided or as at the date (if any) at which it is stated.

(b) The financial projections contained in any such information, if any, have been prepared on the basis of recent historical information and on the basis of reasonable assumptions.

(c) Nothing has occurred or been omitted from any such information and no information has been given or withheld that results in any such information being untrue or misleading in any material respect.

19.15 Financial Statements

(a) Its Original Financial Statements were prepared in accordance with GAAP consistently applied.

(b) Its Original Financial Statements give a true and fair view of its financial condition as at the end of the relevant financial year and 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 its unaudited consolidated financial statements) since 30 September 2021.

(d) Its most recent financial statements delivered pursuant to Clause 20.2 (*Financial statements*):

(i) have been prepared in accordance with Clause 20.4 (*Requirements as to financial statements*); and

(ii) give a true and fair view of (if audited) or fairly represent (if unaudited) its financial condition as at the end of the relevant financial year and operations during the relevant financial year (consolidated in the case of the Parent Guarantor).

(e) Since the date of the most recent financial statements delivered pursuant to Clause 20.2 (*Financial statements*) there has been no material adverse change in its business, assets or financial condition (or the business or consolidated financial condition of the Group, in the case of the Parent Guarantor).

19.16 Pari passu ranking

(a) 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.

(b) In the case of the Parent Guarantor and any guarantee given by it to any other financier in relation to financings to its other Subsidiaries, no Security has been provided by the Parent Guarantor in respect of such guarantee which is not equivalent to the Security being granted by the Parent Guarantor to the Finance Parties pursuant to this Agreement.

19.17 No proceedings pending or threatened

(a) No litigation, arbitration or administrative proceedings or investigations (including proceedings or investigations relating to any alleged or actual breach of the ISM Code or of the ISPS Code) of or before any court, arbitral body or agency have (to the best of its knowledge and belief) been started or threatened against it which is likely to exceed, when aggregated, $500,000.

(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 has (to the best of its knowledge and belief (having made due and careful enquiry)) been made against it, or any of its directors, officers or employees or anyone acting on its behalf or any other Obligor.

(c) No 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), in relation to amounts in aggregate (in relation to each individual member of the Group) of more than $4,000,000 in aggregate, of or before any court, arbitral body or agency have (to the best of its knowledge and belief (having made due and careful enquiry)) been started or threatened against any such member of the Group.

19.18 Valuations

(a) All information supplied by it or on its behalf to an Approved Valuer for the purposes of a valuation delivered to the Facility Agent in accordance with this Agreement was true and accurate as at the date it was supplied or (if appropriate) as at the date (if any) at which it is stated to be given.

(b) It has not omitted to supply any information to an Approved Valuer which, if disclosed, would adversely affect any valuation prepared by such Approved Valuer.

(c) There has been no change to the factual information provided pursuant to paragraph (a) above in relation to any valuation between the date such information was provided and the date of that valuation which, in either case, renders that information untrue or misleading in any material respect.

19.19 No breach of laws

It has not (and no other member of the Group has) breached any law or regulation.

19.20 Charters

No Ship is subject to any Charter other than a Permitted Charter.

19.21 Compliance with Environmental Laws

All Environmental Laws relating to the ownership, operation and management of each Ship and the business of each member of the Group (as now conducted and as reasonably anticipated to be conducted in the future) and the terms of all Environmental Approvals have been complied with.

19.22 No Environmental Claim

(a) No Environmental Claim has been made or threatened against any Obligor or member of the Group or any Ship which might reasonably be expected to have a Material Adverse Effect.

(b) No Environmental Claim has been made or threatened against any member of the Group which is not an Obligor other than an Environmental Claim which is vexatious or frivolous and has not been withdrawn or dismissed within 20 days of the date it arises.

19.23 No Environmental Incident

No Environmental Incident has occurred and no person has claimed that an Environmental Incident has occurred which might reasonably be expected to have a Material Adverse Effect.

19.24 ISM and ISPS Code compliance

All requirements of the ISM Code and the ISPS Code as they relate to each Borrower, each Approved Manager and each Ship have been complied with.

19.25 Taxes paid

(a) It is not and no other member of the Group is materially overdue in the filing of any Tax returns and it is not (and no other member of the Group is) 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 (or any other member of the Group) with respect to Taxes.

19.26 Financial Indebtedness

No Borrower has any Financial Indebtedness outstanding other than Permitted Financial Indebtedness.

19.27 Overseas companies

No Obligor has delivered particulars, whether in its name stated in the Finance Documents or any other name, of any UK Establishment to the Registrar of Companies as required under the Overseas Regulations or, if it has so registered, it has provided to the Facility Agent sufficient details to enable an accurate search against it to be undertaken by the Lenders at the Companies Registry.

19.28 Good title to assets

It and each other member of the Group has good, valid and marketable title to, or valid leases or licences of, and all appropriate Authorisations to use, the assets necessary to carry on its business as presently conducted.

19.29 Ownership

(a) Each Borrower is the sole legal and beneficial owner of the Ship owned by it, its Earnings and its Insurances.

(b) With effect on and from the date of its creation or intended creation, each 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 Obligor.

(c) The constitutional documents of each 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.

19.30 Centre of main interests and establishments

For the purposes of The Council of the European Union Regulation No. 2015/848 on Insolvency Proceedings (recast) (the "**Regulation**"), its centre of main interest (as that term is used in Article 3(1) of the Regulation) is not situated in the United Kingdom or the US and it has no "establishment" (as that term is used in Article 2(10) of the Regulation) in any other jurisdiction.

19.31 Place of business

No Obligor has any place of business other than Cyprus or, as the case may be, Greece and the head office functions of each Obligor are carried out care of the Approved Manager in Athens, Greece.

19.32 No employee or pension arrangements

No Obligor has any employees or any liabilities under any pension scheme.

19.33 Sanctions

(a) Neither any Obligor nor any other member of the Group nor any of their respective Subsidiaries, managers, directors or officers (nor to the Borrowers' best knowledge, none of any such person's employees or agents):

(i) is a Prohibited Person or is owned 50% or more by or otherwise controlled by one or more of these Persons;

(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.

(v) Each of the Obligors has implemented and maintains in effect a Sanctions compliance policy which, is designed (giving regards to the recommendations of the Sanctions Advisory) to ensure compliance by each such Obligor, its Subsidiaries and their respective managers, directors, officers, employees and agents with Sanctions.

19.34 US Tax Obligor

No Obligor is a US Tax Obligor.

19.35 Anti-Money Laundering Laws

The operations of each Obligor are and have been conducted at all times in compliance with all applicable anti-money laundering statutes of all jurisdictions in which each Obligor conduct business, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any governmental agency including regulations governing predicate offences for money laundering (collectively, "**Anti-Money Laundering Laws**") and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving any Obligor or its management board with respect to Money Laundering Laws is pending and no such actions, suits or proceedings are threatened or contemplated. Each Obligor has instituted and maintained, and will continue to maintain and enforce, policies and procedures which are designed to promote compliance with Anti-Money Laundering Laws. Each Borrower shall, and shall ensure that all their managers, directors, officers, or employees shall not directly or indirectly use the proceeds from this arrangement for any purpose that would constitute a breach of Anti-Money Laundering Laws.

19.36 No Money laundering

(a) Each Obligor is acting for its own account in relation to the Loan and in relation to the performance and the discharge of its respective obligations and liabilities under the Finance Documents and the transactions and other arrangements effected or contemplated by the Finance Documents to which such Obligor is a party, and the foregoing will not involve or lead to contravention of any law, official requirement or other regulatory measure or procedure implemented to combat money laundering (as defined in Article I of the Directive (2001/97EC of the European Parliament and of 4 December 2001)).

(b) Each Borrower is acting as principal for its own account and not as agent or trustee in any capacity on behalf of any party in relation to the Finance Documents.

(c) With regard to § 3 Abs. 1 S. 1 Nr. 2, Abs. 4 GwG, the Parent Guarantor confirms to provide the security for the benefit of the Borrowers.

19.37 Anti-corruption law

(a) Each Obligor has not or will not use the proceeds of the Loan for any purpose which would breach the UK Bribery Act 2010, the United States Foreign Corrupt Practices Act of 1977 or other similar legislation in other jurisdictions ("**Anti-Bribery and Corruption Laws**").

(b) Each Obligor and, to the best of the Obligors' knowledge, any manager, director, officer, employee, or anyone acting on behalf of the Obligors:

(i) conducts its business in compliance with applicable anti-corruption laws; and each Obligor

(ii) maintains policies and procedures designed to promote and achieve compliance with such laws.

19.38 Immunity

No Obligor and none of their assets is entitled to any right of immunity in any Relevant Jurisdiction from suit, court jurisdiction, judgment, attachment (whether before or after judgment), set-off or execution of a judgment or from any other legal process or remedy relating to its obligations.

19.39 Ongoing Proceeding

Except as disclosed in any other document to the best of the Obligors knowledge and belief, no actions or investigations by any governmental or regulatory agency are ongoing or threatened against the Obligors, or any of their managers, directors, officers or employees or anyone acting on its/their behalf in relation to an alleged breach of the Anti-Bribery and Corruption Laws.

19.40 Repetition

The Repeating Representations are deemed to be made by each Obligor by reference to the facts and circumstances then existing on the date of each Utilisation Request, on each Utilisation Date and on the first day of each Interest Period.

20 INFORMATION UNDERTAKINGS

20.1 General

The undertakings in this Clause 20 (*Information Undertakings*) remain in force throughout the Security Period unless the Facility Agent, acting with the authorisation of the Majority Lenders (or, where specified, all the Lenders), may otherwise permit.

20.2 Financial statements

Each of the Borrowers and the Parent Guarantor shall supply to the Facility Agent in sufficient copies for all the Lenders:

(a) as soon as they become available, but in any event within 120 days after the end of its financial year 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 120 days after the end of its respective financial year the (audited, if available) financial statements of each Borrower for that financial year;

(c) as soon as the same become available, but in any event within 90 days after the end of each quarter of its financial years the unaudited consolidated financial statement of the Parent Guarantor for that financial quarter;

(d) promptly upon request from the Facility Agent any other information including, but not limited to, individual vessel and group cash flow forecasts and employment summaries which may be reasonably required by the Lenders from time to time.

20.3 Compliance 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 20.2 (*Financial statements*), a Compliance Certificate (together with any supporting evidence as may be reasonably requested by the Facility Agent) as to compliance with Clause 21 (*Financial Covenants*) as at the date as at which those financial statements were drawn up.

(b) Each Compliance Certificate shall be signed by one authorised signatory of the Parent Guarantor.

20.4 Requirements as to financial statements

(a) Each set of financial statements delivered by a Borrower or the Parent Guarantor (as the case may be) pursuant to Clause 20.2 (*Financial statements*) shall be certified by a senior officer (or equivalent) of the relevant company as giving a true and fair view (if audited) or fairly representing (if unaudited) its financial condition and operations as at the date as at which those financial statements were drawn up.

(b) The Borrowers shall procure that each set of financial statements delivered pursuant to Clause 20.2 (*Financial statements*) is prepared using GAAP.

(c) The Borrowers shall procure that each set of financial statements of an Obligor delivered pursuant to Clause 20.2 (*Financial statements*) is prepared using GAAP, accounting practices and financial reference periods consistent with those applied in the preparation of the Original Financial Statements for that Obligor unless, in relation to any set of financial statements, it notifies the Facility Agent that there has been a change in GAAP, the accounting practices or reference periods and its auditors (or, if appropriate, the auditors of the Obligor) deliver to the Facility Agent:

(i) a description of any change necessary for those financial statements to reflect the GAAP, accounting practices and reference periods upon which that Obligor's Original Financial Statements were prepared; and

(ii) sufficient information, in form and substance as may be reasonably required by the Facility Agent, to enable the Lenders to determine whether Clause 21 (*Financial Covenants*) has been complied with and make an accurate comparison between the financial position indicated in those financial statements and that Obligor's Original Financial Statements.

Any reference in this Agreement to those financial statements shall be construed as a reference to those financial statements as adjusted to reflect the basis upon which the Original Financial Statements were prepared.

20.5 DAC6

(a) In this Clause 20.5 (*DAC6*), "**DAC6**" means the Council Directive of 25 May 2018 (2018/822/EU) amending Directive 2011/16/EU or any replacement legislation for DAC 6 applicable in the UK.

(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).

20.6 Information: miscellaneous

Each Obligor shall supply to the Facility Agent (in sufficient copies for all the Lenders, if the Facility Agent so requests):

(a) 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 alleged or actual breach of the ISM Code or of the ISPS Code) which are current, threatened or pending against any Obligor which is likely to exceed, when aggregated, $500,000;

(c) 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 is made against any member of the Group which is likely to exceed, when aggregated, $500,000;

(d) promptly, its constitutional documents where these have been amended or varied;

(e) promptly, such further information and/or documents regarding:

(i) each Ship, goods transported on each Ship, its Earnings and its Insurances;

(ii) the Security Assets;

(iii) the Approved Managers (including any management agreements);

(iv) compliance of the Obligors with the terms of the Finance Documents;

(v) the financial condition, business and operations of any member of the Group,

as any Finance Party (through the Facility Agent) may reasonably request in order to determine the credit standing of the Group;

(f) promptly, such further information and/or documents as any Finance Party (through the Facility Agent) may reasonably request so as to enable such Finance Party to comply with any laws applicable to it or as may be required by any regulatory authority; and

(g) promptly, the details of any change in the directors of an Obligor including contact details for any new directors of that Obligor.

20.7 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.

(b) Promptly upon a request by the Facility Agent, each Borrower shall supply to the Facility Agent a certificate signed by its manager on its behalf certifying that no Default is continuing (or if a Default is continuing, specifying the Default and the steps, if any, being taken to remedy it).

20.8 Restructuring

Each Obligor shall notify the Facility Agent if any member of the Group undergoes a restructuring, breaches material covenants or requests material waivers in relation to any other agreement.

20.9 Use of websites

(a) Each Obligor may satisfy its obligation under the Finance Documents to which it is a party to deliver any information in relation to those Lenders (the "**Website Lenders**") which accept this method of communication by posting this information onto an electronic website designated by the Borrowers and the Facility Agent (the "**Designated Website**") if:

(i) the Facility Agent expressly agrees (after consultation with each of the Lenders) that it will accept communication of the information by this method;

(ii) both the relevant Obligor and the Facility Agent are aware of the address of and any relevant password specifications for the Designated Website; and

(iii) the information is in a format previously agreed between the relevant Obligor and the Facility Agent.

If any Lender (a "**Paper Form Lender**") does not agree to the delivery of information electronically then the Facility Agent shall notify the Obligors accordingly and each Obligor shall supply the information to the Facility Agent (in sufficient copies for each Paper Form Lender) in paper form. In any event each Obligor shall supply the Facility Agent with at least one copy in paper form of any information required to be provided by it.

(b) The Facility Agent shall supply each Website Lender with the address of and any relevant password specifications for the Designated Website following designation of that website by the Obligors or any of them and the Facility Agent.

(c) An Obligor shall promptly upon becoming aware of its occurrence notify the Facility Agent if:

(i) the Designated Website cannot be accessed due to technical failure;

(ii) the password specifications for the Designated Website change;

(iii) any new information which is required to be provided under this Agreement is posted onto the Designated Website;

(iv) any existing information which has been provided under this Agreement and posted onto the Designated Website is amended; or

(v) if that Obligor becomes aware that the Designated Website or any information posted onto the Designated Website is or has been infected by any electronic virus or similar software.

If an Obligor notifies the Facility Agent under sub-paragraph (i) or (v) of paragraph (c) above, all information to be provided by the Obligors under this Agreement after the date of that notice shall be supplied in paper form unless and until the Facility Agent and each Website Lender is satisfied that the circumstances giving rise to the notification are no longer continuing.

(d) Any Website Lender may request, through the Facility Agent, one paper copy of any information required to be provided under this Agreement which is posted onto the Designated Website. The Obligors shall comply with any such request within 10 Business Days.

20.10 "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 an Obligor or Approved Manager (including, without limitation, a change of ownership of an Obligor or Approved Manager) after the date of this Agreement;

(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; or

(iv) otherwise any "know your customer" checks or similar identification procedures, or internal policies of a Lender, or any procedure required under any applicable anti-money laundering and anti-terrorism acts applicable to a Finance Party,

obliges a Finance Party (or, in the case of sub-paragraph (iii) above, any prospective new Lender) to comply with "know your customer" or similar identification procedures in circumstances where the necessary information is not already available to it, each Obligor shall promptly upon the request of any Finance Party supply, or procure the supply of, such documentation and other evidence as is reasonably requested by a Servicing Party (for itself or on behalf of any other Finance Party) or any Lender (for itself or, in the case of the event described in sub-paragraph (iii) above, on behalf of any prospective new Lender) in order for such Finance Party or, in the case of the event described in sub-paragraph (iii) above, any prospective new Lender to carry out and be satisfied it has complied with all necessary "know your customer" or other similar checks under all applicable laws and regulations pursuant to the transactions contemplated in the Finance Documents.

(b) Each Lender shall promptly upon the request of a Servicing Party supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Servicing Party (for itself) in order for that Servicing Party to carry out and be satisfied it has complied with all necessary "know your customer" or other similar checks under all applicable laws and regulations pursuant to the transactions contemplated in the Finance Documents.

20.11 Other financings of the Group and Parent guarantees

(a) The Parent Guarantor undertakes to provide to the Facility Agent such information as the Facility Agent may reasonably request in relation to any vessel financings made available to other members of the Group and their performance thereunder.

(b) If, at any time, the Parent provides a guarantee to any financier in relation to any vessel financings made available to its indirect or direct Subsidiaries, the Parent Guarantor will notify the Facility Agent and, if required by the Facility Agent, will provide a similar guarantee from the Parent in relation to the financing under this Agreement.

21 FINANCIAL COVENANTS

21.1 Financial definitions

In this Agreement**:**

"Asset Value" means, equal to Net Book Value but adjusted for the difference between the book value of the fleet of the Parent Guarantor and the fair market value of the fleet of the Parent Guarantor as determined by broker valuations prepared by an Approved Valuer as of the Testing Date**.**

"Consolidated Net Funded Debt" means the sum of the following for the Parent Guarantor and its subsidiaries determined (without duplication) on a consolidated basis for that accounting period and in accordance with GAAP consistently applied:

(a) all Financial Indebtedness;

(b) minus cash balance and any amounts credited into the Dry Dock Reserve Accounts.

"Net Book Value" means the value of the total assets of the Parent Guarantor and its subsidiaries, on a consolidated basis, calculated on the basis of GAAP;

"EBITDA" means, for the immediately preceding 12 Month period, the aggregate net income of the Parent Guarantor for that accounting period:

(a) plus, to the extent deducted in computing the net income of the Parent Guarantor for that accounting period, the sum, without duplication, of:

(i) all federal, state, local and foreign income taxes and tax distributions;

(ii) Parent Guarantor Net Interest Expense;

(iii) depreciation, depletion, amortization of intangibles and other non-cash charges or non-cash losses (including non-cash transaction expenses and the amortization of debt discounts) and any extraordinary losses not incurred in the ordinary course of business;

(iv) expenses in connection with a special or intermediate survey of a Ship; and

(v) any drydocking expenses;

(b) minus, to the extent added in computing the net income of any of the Parent Guarantor for that accounting period, (i) any non-cash income or non-cash gains and (ii) any extraordinary gains or losses on asset sales not incurred in the ordinary course of business;

"Interest Cover Ratio" means, for the immediately preceding 12 Month period, a fraction (expressed as a percentage, rounded up to the nearest tenth of a per. cent) where (a) the numerator is EBITDA for that accounting period and (b) the denominator is the Parent Guarantor Net Interest Expense for that accounting period;

"Parent Guarantor Net Interest Expense" means, for the immediately preceding 12 Month period, the aggregate of all interest, commissions, discounts and other costs, charges or expenses accruing that are due from the Parent Guarantor during that accounting period less (i) interest income received and (ii) amortization of deferred charges and arrangement fees, determined in accordance with GAAP and as shown in the statements of income for the Parent Guarantor;

"Testing Date" means any quarterly period in relation to the test set out in paragraph (a) of Clause 21.2 (*Test*) to the end of which the financial statements required to be delivered pursuant to paragraph (c) of Clause 20.2 (*Financial statements*) are prepared.

"**Value Adjusted Net Leverage Ratio**" means a fraction (expressed as a percentage, rounded up to the nearest tenth of a per. cent) where (a) the numerator is Consolidated Net Funded Debt for that accounting period and (b) the denominator Asset Value for that accounting period.

21.2 Test

(a) On each Testing Date for the Parent Guarantor on a consolidated basis:

(i) the Value Adjusted Net Leverage Ratio shall be not more than 0.65 to 1; and

(ii) the Interest Cover Ratio shall be not be less than 3 to 1.

(b) During the Security Period, the Parent Guarantor shall maintain at the end of each financial quarter, the higher amount of (i) $20,000,000 in unencumbered cash including any amounts credited into the Dry Dock Reserve Accounts that is freely available or (ii) 10 per cent. of the consolidated debt balance sheet of the Parent Guarantor and its Subsidiaries, plus the aggregate Pledged Liquidity, in each case evidenced either as a credit balance in the Parent Guarantor's bank statement or as a cash item on the consolidated balance sheet of the Parent Guarantor and its Subsidiaries.

(c) For the avoidance of doubt, the $20,000,000 under Clause 21.2(b) (*Test*) does not include the Pledged Liquidity.

21.3 Equal treatment with other facilities to the Parent Guarantor

The Parent Guarantor represents and warrants to each Finance Party that the financial covenants of the Parent Guarantor in Clause 21 (*Financial Covenants*) in respect of the Parent Guarantor on a consolidated basis are consistent with and no less favourable to the Finance Parties than the financial covenants the Parent Guarantor have agreed with other lenders to the Group. The Parent Guarantor undertakes that should it provides to any lender under any financing to them more favourable financial covenants than those which are provided to the Finance Parties under this Agreement the Parent Guarantor shall forthwith advise the Facility Agent of those financial covenants and, if required, the Parent Guarantor shall enter into such documentation to the Finance Documents as the Finance Parties may require in order to achieve parity with the lenders under such other financings.

22 GENERAL UNDERTAKINGS

22.1 General

The undertakings in this Clause 22 (*General Undertakings*) remain in force throughout the Security Period except as the Facility Agent, acting with the authorisation of the Majority Lenders (or, where specified, all the Lenders) may otherwise permit.

22.2 Authorisations

Each Obligor shall promptly:

(a) obtain, comply with and do all that is necessary to maintain in full force and effect; and

(b) supply certified copies to the Facility Agent of,

any Authorisation required under any law or regulation of a Relevant Jurisdiction or the state of the Approved Flag at any time of each Ship to enable it to:

(i) perform its obligations under the Transaction Documents to which it is a party;

(ii) ensure the legality, validity, enforceability or admissibility in evidence in any Relevant Jurisdiction or in the state of the Approved Flag at any time of each Ship, of any Transaction Document to which it is a party; and

(iii) own and operate each Ship (in the case of the Borrowers).

22.3 Compliance with laws

Each Obligor shall comply in all respects with all laws and regulations to which it may be subject.

22.4 Environmental compliance

Each Obligor shall and the Parent Guarantor shall ensure that each other member of the Group will:

(a) comply with all Environmental Laws;

(b) obtain, maintain and ensure compliance with all requisite Environmental Approvals;

(c) implement procedures to monitor compliance with and to prevent liability under any Environmental Law.

22.5 Environmental claims

Each Obligor shall (through the Parent Guarantor) promptly upon becoming aware of the same, inform the Facility Agent in writing of:

(a) any Environmental Claim against any Obligor which is current, pending or threatened and is expected to exceed $750,000;

(b) any Environmental Claim against any member of the Group, which is not an Obligor, which is current or pending and is expected to exceed $750,000 and has not been withdrawn or dismissed within 20 days of the date it arises; and

(c) any facts or circumstances which are reasonably likely to result in any Environmental Claim being commenced or threatened against any Obligor where such claim is expected to exceed $750,000 or any member of the Group and which Environmental Claim is reasonably likely to result in a Material Adverse Effect.

22.6 Taxation

(a) Each Obligor shall, and the Parent Guarantor shall ensure that each other member of the Group 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 have been disclosed in its latest financial statements delivered to the Facility Agent under Clause 20.2 (*Financial statements*); and

(iii) such payment can be lawfully withheld.

(b) No Obligor shall change its residence for Tax purposes.

22.7 Overseas companies

Each Obligor shall promptly inform the Facility Agent if it delivers to the Registrar particulars required under the Overseas Regulations of any UK Establishment and it shall comply with any directions given to it by the Facility Agent regarding the recording of any Transaction Security on the register which it is required to maintain under The Overseas Companies (Execution of Documents and Registration of Charges) Regulations 2009.

22.8 No change to centre of main interests

No Obligor shall change the location of its centre of main interest (as that term is used in Article 3(1) of the Regulation) from that stated in relation to it in Clause 19.30 (*Centre of main interests and establishments*) and it will create no "**establishment**" (as that term is used in Article 2(h) of the Regulation) in any other jurisdiction.

22.9 Pari passu ranking

Each Obligor shall ensure that at all times any unsecured and unsubordinated claims of a Finance Party against it under the Finance Documents rank at least *pari passu* with the claims of all its other unsecured and unsubordinated creditors except those creditors whose claims are mandatorily preferred by laws of general application to companies.

22.10 Title

(a) Each Borrower shall hold the legal title to, and own the entire beneficial interest in the Ship owned by it, its Earnings and its Insurances.

(b) With effect on and from its creation or intended creation, each Obligor shall hold the legal title to, and own the entire beneficial interest in any other assets the subject of any Transaction Security created or intended to be created by such Obligor.

22.11 Negative pledge

(a) No Borrower shall create or permit to subsist any Security over any of its assets which are, in the case of members of the Group other than the Borrowers, the subject of the Security created and 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 and paragraph (b) above does not apply to the sale of a Ship where the proceeds are applied in accordance with Clause 7.5 (*Mandatory prepayment on sale or Total Loss*).

22.12 Disposals

(a) No Borrower shall, enter into a single transaction or a series of transactions (whether related or not) and whether voluntary or involuntary to sell, lease, transfer or otherwise dispose of any asset (including without limitation any Ship, its Earnings or its Insurances).

(b) Paragraph (a) above does not apply to any Charter to which Clause 24.15 (*Restrictions on chartering, appointment of managers etc.*) applies.

(c) Paragraph (a) above does not apply to any sale of any Ship provided that (i) no Event of Default has occurred and is continuing and (ii) the provisions of Clause 7.5 (*Mandatory prepayment on sale or Total Loss*) and 11.3 (*Prepayment and cancellation fee*) are complied with.

22.13 Merger

(a) No Obligor shall enter into any amalgamation, demerger, merger, consolidation or corporate reconstruction.

(b) Paragraph (a) of this Clause 22.13 (Merger) shall not be applicable to any Obligor (other than the Borrowers) if in the case of such amalgamation, demerger, merger, consolidation, or corporate reconstruction between that Obligor and another entity, that Obligor remains the surviving entity of that amalgamation, demerger, merger, consolidation, or corporate reconstruction and as long as, no Event of Default has occurred and is continuing

22.14 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 the Group from that carried on at the date of this Agreement.

(b) The Parent Guarantor may engage in the ownership and operation of crude, product or chemical tankers, containerships or bulk carriers but may not engage in the direct ownership of other types of vessels unless the Facility Agent (acting on the instructions of the Majority Lenders) has provided its prior written consent, not to be unreasonably withheld or conditioned.

(c) No Borrower shall engage in any business other than the ownership and operation of its Ship.

22.15 Financial Indebtedness

No Borrower shall incur or permit to be outstanding any Financial Indebtedness except Permitted Financial Indebtedness.

22.16 Expenditure

No Borrower shall incur any expenditure, except for expenditure reasonably incurred in the ordinary course of owning, operating, maintaining and repairing its Ship.

22.17 Capital

No Borrower shall:

(a) permit a reduction or increase of its capital by way of the issuance of any class or series of Equity Interests or create any new class of Equity Interests except to the Parent Guarantor and provided such new Equity Interests are made subject to the terms of the Shares Security applicable to that Borrower immediately upon the issue such new class or series of Equity Interests in a manner satisfactory to the Facility Agent and the terms of that Shares Security are complied with;

(b) appoint any further manager, director or officer of that Borrower (unless the provisions of the Shares Security applicable to that Borrower are complied with).

22.18 Dividends

The Parent Guarantor and the Borrowers shall not declare or pay any dividends or return any capital to its equity holders or authorize or make any other distribution, payment or delivery of property or cash to its equity holders, or redeem, retire, purchase or otherwise acquire, directly or indirectly, for value, any interest of any class or series of its Equity Interests (or acquire any rights, options or warrants relating thereto but not including convertible debt) now or hereafter outstanding, or repay any subordinated loans to equity holders or set aside any funds for any of the foregoing purposes following the occurrence of a Potential Event of Default which is continuing or where the making or payment of such dividend or distribution would result in the occurrence of a Potential Event of Default.

22.19 Accounts

No Borrower shall open (from the date of this Agreement) or maintain (after three Months from the first Utilisation Date) any account with any bank or financial institution except the Earnings Account, the Dry Dock Reserve Account, any Retention Account and the Liquidity Account and accounts with the Account Bank, the Facility Agent or the Security Agent for the purposes of the Finance Documents.

22.20 Other transactions

No Borrower shall:

(a) be the creditor in respect of any loan or any form of credit to any person other than any member of the Group provided that the making of such loan or credit is not reasonably likely to result in the occurrence of an Event of Default;

(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 permitted under any other term of this Agreement; and

(d) enter into any transaction on terms which are, in any respect, less favourable to that Borrower than those which it could obtain in a bargain made at arms' length; or

(e) acquire any shares or other securities other than US or UK Treasury bills and certificates of deposit issued by major North American or European banks.

22.21 Unlawfulness, invalidity and ranking; Security imperilled

No Obligor shall do (or fail to do) or cause or permit another person to do (or omit to do) anything which is likely to:

(a) make it unlawful for an Obligor to perform any of its obligations under the Transaction Documents;

(b) cause any obligation of an Obligor under the Transaction Documents to cease to be legal, valid, binding or enforceable;

(c) cause any Transaction Document to cease to be in full force and effect;

(d) cause any Transaction Security to rank after, or lose its priority to, any other Security; and

(e) imperil or jeopardise the Transaction Security.

22.22 Further assurance

(a) Each Obligor shall promptly, and in any event within the reasonable 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 the Security Agent, any Receiver or 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 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 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 pursuant to this Clause 22.22 (*Further assurance*), that Obligor shall deliver to the Security Agent reasonable evidence that that Obligor's execution of such document has been duly authorised by it.

22.23 Liquidity Account

The Obligors shall maintain the Pledged Liquidity on the Liquidity Accounts.

22.24 No Money laundering

(a) Each Obligor shall act for its own account in relation to the Loan and in relation to the performance and the discharge of its respective obligations and liabilities under the Finance Documents and the transactions and other arrangements effected or contemplated by the Finance Documents to which such Obligor is a party, and shall ensure that the foregoing will not involve or lead to contravention of any law, official requirement or other regulatory measure or procedure implemented to combat money laundering (as defined in Article I of the Directive (2001/97EC of the European Parliament and of 4 December 2001)).

(b) Each Borrower shall act as principal for its own account and not as agent or trustee in any capacity on behalf of any party in relation to the Finance Documents.

(c) With regard to § 3 Abs. 1 S. 1 Nr. 2, Abs. 4 GwG, the Parent Guarantor shall provide the security for the benefit of the Borrowers.

22.25 Anti-corruption law

(a) Each Obligor shall not directly or indirectly use the proceeds of the Loan for any purpose which would breach the Anti-Bribery and Corruption Laws**.**

(b) Each Borrower shall:

(i) conduct its businesses in compliance with applicable anti-corruption laws; and

(ii) maintain policies and procedures designed to promote and achieve compliance with such laws.

22.26 Sanctions

(a) No Obligor shall, and shall not suffer, permit or authorize any other 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 Obligor, any other member of the Group or any Finance Party.

(b) Each Obligor will, and will ensure that any other 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 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 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 Obligor and each other member of the Group shall) maintain in effect a Sanctions compliance policy which is designed (giving regards to the recommendations of the Sanctions Advisory) to ensure compliance by each such person and their respective managers, directors, officers, employees and agents with Sanctions.

(d) Each Obligor shall procure that each other Obligor and each other member of the Group will comply in all respects with Sanctions.

(e) No Obligor nor any other Obligor nor any other member of the Group shall be a Prohibited Person.

(f) No Obligor has or intends to have any business operations or other dealings involving Prohibited Persons and/or commodities or services of a Sanctioned Country or shipped to, through, or from such country, or involving registered vessels or aircrafts owned by such a country.

(g) The representations and covenants in Clause 19.33 (*Sanctions*), paragraphs (a) through (e) of this Clause 22.26 (*Sanctions*), Clause 24.9 (*Compliance with laws etc.*) (solely as relates to Sanctions) and Clause 24.11 (*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.

(h) 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 or all Lenders, as applicable, has been obtained or whether the determination or direction by the Majority Lenders or all Lenders, as applicable, 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 or all Lenders, as applicable, has been obtained or whether the determination or direction by the Majority Lenders, or all Lenders, as applicable, has been made, if following the Facility Agent's request for such consent, determination or direction by the Majority Lenders or all Lenders, as applicable, the respective Lender notifies the Facility Agent that it is a Restricted Lender for such purpose.

22.27 Dry Dock Reserves

(a) Each Borrower shall ensure that its Dry Dock Reserve Account is credited with sufficient funding to cover forecasted dry-docking and special survey expenses for its Ship in accordance with this Clause 22.27 (*Dry Dock Reserves*).

(b) Each Borrower (except for Borrower D) shall commencing 24 Months prior to the Anticipated Dry Dock Date in respect of the Ship owned by it credit quarterly to its Dry Dock Reserve Account $1/8^{th}$ of the Anticipated Dry Dock Amount for that Ship.

(c) On the Utilisation Date in respect of Tranche D, Borrower D shall credit its Dry Dock Reserve Account with $450,000.

(d) The funds in the relevant Dry Dock Reserve Account shall only be withdrawn from that Dry Dock Reserve Account to meet the dry docking and special survey expenses whether final or on account for the relevant Ship or with the prior written approval of the Facility Agent.

22.28 Insurance

Without prejudice to Clause 23 (*Insurance Undertakings*), each Borrower shall, and shall procure that each other Obligor will, maintain insurances on and in relation to its business and assets with reputable underwriters or insurance companies against those risks usually insured against by prudent companies carrying on a similar business to that Borrower or that Obligor (as applicable)

23 INSURANCE UNDERTAKINGS

23.1 General

The undertakings in this Clause 23 (*Insurance Undertakings*) remain in force from the date of this Agreement throughout the rest of the Security Period except as the Facility Agent, acting with the authorisation of the Majority Lenders (or, where specified, all the Lenders) may otherwise permit.

23.2 Maintenance of obligatory insurances

Each Borrower shall keep the Ship owned by it insured at its expense against:

(a) fire and usual marine risks (including hull and machinery, increased value and excess risks);

(b) war risks (including, but not limited to, piracy, hijacking, terrorism and confiscation);

(c) protection and indemnity risks (including oil pollution liability risks); and

(d) any other risks against which the Facility Agent acting on the instructions of the Majority Lenders considers, having regard to practices commonly utilised by first class companies of a similar size and in the same industry and other circumstances prevailing at the relevant time, it would be reasonable for that Borrower to insure and which are specified by the Facility Agent by notice to that Borrower.

23.3 Terms of obligatory insurances

Each Borrower shall effect such insurances:

(a) in dollars;

(b) in the case of fire and usual marine risks and war risks, in an amount on an agreed value basis at least the greater of:

(i) 120 per cent. of the Tranche relating to that Ship; and

(ii) the Fair Market Value of that Ship (determined by the then latest valuation in accordance with Clause 25 (*Security Cover*));

(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 with the International Group of Protection and Indemnity Associations or if the International Group of Protection and Indemnity Associations cease to exist or operate, leading protection and indemnity associations managed in London;

(d) in the case of protection and indemnity risks, in respect of the full tonnage of its Ship;

(e) on approved terms; and

(f) through Approved Brokers and with approved insurance companies and/or underwriters or, in the case of war risks and protection and indemnity risks, in approved war risks and protection and indemnity risks associations.

23.4 Further protections for the Finance Parties

In addition to the terms set out in Clause 23.3 (*Terms of obligatory insurances*), each Borrower shall procure that the obligatory insurances 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 Majority Lenders require, 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 Lenders, but without the Lenders being liable to pay (but having the right to pay) premiums, calls or other assessments in respect of such insurance;

(c) name the Security Agent as loss payee with such directions for payment as the Facility Agent may specify;

(d) provide that all payments by or on behalf of the insurers under the obligatory insurances to the Security Agent shall be made without set off, counterclaim or deductions or condition whatsoever;

(e) provide that the obligatory insurances shall be primary without right of contribution from other insurances which may be carried by the Security Agent or any other Finance Party; and

(f) provide that the Security Agent may make proof of loss if that Borrower fails to do so.

23.5 Renewal of obligatory insurances

Each Borrower shall:

(a) at least 21 days before the expiry of any obligatory insurance effected by it:

(i) notify the Security 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 Security Agent's 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 provisions of Clause 23 (*Insurance Undertakings*); and

(c) procure that the Approved Brokers and/or the approved war risks and protection and indemnity associations with which such a renewal is effected shall promptly after the renewal notify the Facility Agent in writing of the terms and conditions of the renewal.

23.6 Copies of policies; letters of undertaking

Each Borrower shall ensure that the Approved Brokers provide the Security Agent with:

(a) *pro forma* copies of all policies relating to the obligatory insurances which they are to effect or renew;

(b) a letter or letters or undertaking in a form reasonably required by the Facility Agent having regard to the then current market practice of the IGA (International Group Agreement) P&I Clubs and the practices prescribed or recommended by the IGA (International Group Agreement) or any successor association or body and/or the London Market Brokers Committee and/or any other professional association of which any Approved Brokers are members including undertakings by the Approved Brokers that:

(i) 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

(ii) they will arrange for a separate policy to be issued in respect of the Ship owned by that Borrower forthwith upon being so requested by the Facility Agent.

23.7 Copies of certificates of entry

Each Borrower shall ensure that any protection and indemnity and/or war risks associations in which the Ship owned by it is entered provide the Security Agent with:

(a) a certified copy of the certificate of entry for that Ship;

(b) a letter or letters of undertaking in such form as may be required by the Facility Agent acting on the instructions of Majority Lenders; and

(c) a certified copy of each certificate of financial responsibility for pollution by oil or other Environmentally Sensitive Material issued by the relevant certifying authority in relation to that Ship.

23.8 Deposit of original policies

Each Borrower shall ensure that all policies relating to obligatory insurances effected by it are deposited with the Approved Brokers through which the insurances are effected or renewed.

23.9 Payment of premiums

Each Borrower shall punctually pay all premiums or other sums payable in respect of the obligatory insurances effected by it and produce all relevant receipts when so required by the Facility Agent or the Security Agent.

23.10 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.

23.11 Compliance with terms of insurances

(a) No Borrower shall do or omit to do (nor permit to be done or not to be done) any act or thing which would or might render any obligatory insurance invalid, void, voidable or unenforceable or render any sum payable under an obligatory insurance repayable in whole or in part.

(b) Without limiting paragraph (a) above, each Borrower shall:

(i) take all necessary action and comply with all requirements which may from time to time be applicable to the obligatory insurances, and 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 unless approved by the underwriters of the obligatory insurances;

(iii) make (and promptly supply copies to the Facility Agent of) all quarterly or other voyage declarations which may be required by the protection and indemnity risks association in which the Ship owned by it is entered to maintain cover for trading to the United States of America and Exclusive Economic Zone (as defined in the United States Oil Pollution Act 1990 or any other applicable legislation); and

(iv) not employ the Ship owned by it, nor allow it to be employed, otherwise than in conformity with the terms and conditions of the obligatory insurances, without first obtaining the consent of the insurers and complying with any requirements (as to extra premium or otherwise) which the insurers specify.

23.12 Alteration to terms of insurances

No Borrower shall make or agree to any alteration to the terms of any obligatory insurance or waive any right relating to any obligatory insurance.

23.13 Settlement of claims

Each Borrower shall:

(a) not settle, compromise or abandon any claim under any obligatory insurance for Total Loss or for a Major Casualty; and

(b) do all things necessary and provide all documents, evidence and information to enable the Security Agent to collect or recover any moneys which at any time become payable in respect of the obligatory insurances.

23.14 Provision of copies of communications

Each Borrower shall provide the Security Agent, 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.

23.15 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 23.16 (*Mortgagee's interest and, additional perils insurances*) or dealing with or considering any matters relating to any such insurances,

and the Borrowers shall, forthwith upon demand, indemnify the Security Agent in respect of all fees and other expenses incurred by or for the account of the Security Agent in connection with any such report as is referred to in paragraph (a) above.

23.16 Mortgagee's interest and, additional perils insurances

(a) The Security Agent shall be entitled from time to time to effect, maintain and renew a mortgagee's interest marine insurance (**"MII"**) and a mortgagee's interest additional perils (Pollution) insurance ("**MAP**") in such amounts, on such terms, through such insurers and generally in such manner as the Security Agent acting on the instructions of the Majority Lenders may from time to time consider appropriate.

(b) The Borrowers shall upon demand fully indemnify the Security Agent in respect of all premiums (in the case of MII and MAP, each in an amount up to 110 per cent. of the Loan) and other expenses which are incurred in connection with or with a view to effecting, maintaining or renewing any insurance referred to in paragraph (a) above or dealing with, or considering, any matter arising out of any such insurance.

24 GENERAL SHIP UNDERTAKINGS

24.1 General

The undertakings in this Clause 24 (*General Ship Undertakings*) remain in force on and from the date of this Agreement and throughout the rest of the Security Period except as the Facility Agent, acting with the authorisation of the Majority Lenders (or, where specified, all the Lenders) may otherwise permit.

24.2 Ships' names and registration

Each Borrower shall:

(a) keep that Ship registered in its name under the Approved Flag from time to time at its port of registration;

(b) use that Ship only as a civil merchant trading ship;

(c) not do or allow to be done anything as a result of which such registration might be suspended, cancelled or imperilled; and

(d) not change the name of that Ship without the prior written consent of the Facility Agent (such consent not to be unreasonably withheld or delayed),

provided that any change of flag of a Ship shall be subject to:

(i) the Security Agent's (acting on the instructions of the Majority Lenders) prior written consent;

(ii) that Ship remaining subject to Security securing the Secured Liabilities created by a first priority or preferred ship mortgage on that Ship and, if appropriate, a first priority deed of covenant collateral to that mortgage (or equivalent first priority Security) on substantially the same terms as the Mortgage on that Ship and on such other terms and in such other form as the Facility Agent, acting with the authorisation of all the Lenders, shall approve or require; and

(iii) the execution of such other documentation amending and supplementing the Finance Documents as the Facility Agent, acting with the authorisation of all 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 qualifications, conditions and overdue recommendations.

24.4 Modifications

No Borrower shall make any modification or repairs to, or replacement of, any Ship or equipment installed on it which would or might materially alter the structure, type or performance characteristics of that Ship or materially reduce its value. For the avoidance of doubt, nothing in this Clause 24.4 (*Modifications*) shall prohibit a Borrower from installing a ballast water treatment system or scrubber on a Ship.

24.5 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.

(b) A Borrower may install equipment owned by a third party if the equipment can be removed without any risk of damage to the Ship owned by that Borrower.

24.6 Surveys

Each Borrower shall submit the Ship owned by it regularly to all periodic or other surveys which may be required for classification purposes and, if so required by the Facility Agent acting on the instructions of the Majority Lenders, provide the Facility Agent, with copies of all survey reports.

24.7 Inspection

Each Borrower (at its or the Parent Guarantor's cost not more than once a year unless an Event of Default has occurred and is continuing) shall permit the Security Agent (acting through surveyors or other persons appointed by it for that purpose) to board the Ship owned by it at all reasonable times and, provided no Event of Default has occurred and is continuing, without disruption to the operation of the Ship owned by it, to inspect its condition or to satisfy themselves about proposed or executed repairs and shall afford all proper facilities for such inspections.

24.8 Prevention of and release from arrest

(a) Each Borrower shall, in respect of the Ship owned by it (at its own cost) 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 and, forthwith 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, procure its release by providing bail or otherwise as the circumstances may require.

24.9 Compliance with laws etc.

Each Borrower shall and shall procure that each Approved Manager which is a member of the Group shall:

(a) comply, or procure compliance with all laws or regulations:

(i) relating to its business generally; and

(ii) relating to the Ship owned or operated by it, its ownership, employment, operation, management and registration,

including, but not limited to:

(i) all Sanctions; and

(ii) the ISM Code, the ISPS Code, all Environmental Laws 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;

(c) without limiting paragraph (a) above, not employ the Ship owned or operated 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 Obligor); and

(d) If a Ship is intended to be scrapped during the Security Period, take into account social and environmental matters when selecting the recycling yard and to comply with the Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships (2009) or, if applicable to that Ship and that Borrower, EU Ship Recycling Regulation of 20 November 2013.

24.10 ISPS Code

Without limiting paragraph (a) of Clause 24.9 (*Compliance with laws etc.*), each Borrower shall and shall procure that each Approved Manager which is a member of the Group shall:

(a) procure that the Ship owned or operated by it and the company responsible for that Ship's compliance with the ISPS Code comply with the ISPS Code; and

(b) maintain an ISSC for that Ship; and

(c) notify the Facility Agent immediately in writing of any actual or threatened withdrawal, suspension, cancellation or modification of the ISSC.

24.11 Sanctions and Ship trading

Without limiting Clause 24.9 (*Compliance with laws etc.*), each Borrower shall and shall procure that each Approved Manager which is a member of the Group shall procure:

(a) that the Ship owned or operated 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 Obligor);

(c) that such Ship shall not be traded in any manner which would trigger the operation of any sanctions limitation or exclusion clause (or similar) in the Insurances;

(d) that such Ship shall maintain and operate automatic identification system (AIS) transponders in accordance with applicable IMO requirements; and

(e) that each charterparty in respect of that Ship shall contain, for the benefit of that Borrower, language which gives effect to the provisions of paragraph (c) of Clause 24.9 (*Compliance with laws etc.*) as regards Sanctions and of this Clause 24.11 (*Sanctions and Ship trading*) and which permits refusal of employment or voyage orders if compliance would result in a breach of Sanctions (or which could be contrary to Sanctions if Sanctions were binding on each Transaction Obligor).

24.12 Trading in war zones

In the event of hostilities in any part of the world (whether war is declared or not), no Borrower shall cause or permit any Ship to enter or trade to any zone which is declared a war zone by any government or by that Ship's war risks insurers or which is otherwise excluded from the scope of coverage of the obligatory insurances unless:

(a) the prior written consent of the Ship's war risks insurers has been given; and

(b) that Borrower has (at its expense) effected any special, additional or modified insurance cover which the Ship's war risk insurers may require.

24.13 Provision of information

Without prejudice to Clause 20.6 (*Information: miscellaneous*) each Borrower shall, in respect of the Ship owned by it, promptly provide the Facility Agent with any information which it reasonably 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.

24.14 Notification of certain events

Each Borrower shall, in respect of the Ship owned by it (and in case of paragraphs (f), (h) and (i) below in respect of each ship operated by the Group), immediately notify the Facility Agent by email, confirmed forthwith by letter, of:

(a) any Ship that is off hire at any time for a period of more than 30 consecutive days whether in accordance with the terms of a Charter or other contract of employment or otherwise;

(b) any casualty to that Ship which is or is likely to be or to become a Major Casualty;

(c) 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;

(d) any requisition of that Ship for hire;

(e) any requirement or recommendation made in relation to that Ship by any insurer or classification society or by any competent authority which is not complied with within the specified period, if applicable;

(f) any arrest or detention of that Ship, any exercise or purported exercise of any lien on that Ship or its Earnings or any requisition of that Ship for hire and, in the case of each ship operated by the Group, where such arrest, detention or exercise or purported exercise of any lien continues for a period of more than 10 days and the arrest, detention or lien is reasonably likely to have a Material Adverse Effect;

(g) any intended dry docking of that Ship;

(h) any Environmental Claim made against that Borrower or in connection with that Ship (or against the owner of a ship operated by the Group or that other ship) or any Environmental Incident other than where such Environmental Claim is in relation to a ship operated by the Group and is vexatious or frivolous and is withdrawn or dismissed within 20 days of the date it arises;

(i) 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 against the owner of a ship operated by the Group or that other ship in relation to amounts in aggregate of more than $3,000,000 in relation to each individual member of the Group); or

(j) 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.

24.15 Restrictions on chartering, appointment of managers etc.

No Borrower shall, in relation to the Ship owned by it:

(a) let that Ship on bareboat or demise charter for any period without the prior written consent of the Facility Agent (acting on the instructions of the Majority Lenders) (not to be unreasonably withheld);

(b) enter into any time, voyage or consecutive voyage charter in respect of that Ship other than a Permitted Charter without the prior written consent of the Facility Agent (acting on the instructions of the Majority Lenders) (not to be unreasonably withheld);

(c) amend, supplement or terminate a Management Agreement otherwise than in accordance with its terms without the prior written consent of the Facility Agent (acting on the instructions of the Majority Lenders) or unless directed to by the Facility Agent on an Event of Default;

(d) appoint a manager of that Ship other than an Approved Manager or agree to any material alteration to the terms of an Approved Manager's appointment unless directed to by the Facility Agent on an Event of Default;

(e) de activate or lay up that Ship; or

(f) put that Ship into the possession of any person for the purpose of work being done upon it in an amount exceeding or likely to exceed $1,000,000 (or the equivalent in any other currency) unless that person has first given to the Security Agent and in terms satisfactory to it a written undertaking not to exercise any lien on that Ship or its Earnings for the cost of such work or for any other reason.

24.16 Notice of Mortgage

Each Borrower shall keep the relevant Mortgage registered against the Ship owned by it as a valid first preferred mortgage, carry on board that Ship a certified copy of the relevant Mortgage and place and maintain in a conspicuous place in the navigation room and the master's cabin of that Ship a framed printed notice stating that that Ship is mortgaged by that Borrower to the Security Agent.

24.17 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.

24.18 Poseidon Principles

Each Borrower shall, upon the request of the Lenders and, on or before 31st July in each calendar year, supply or procure the supply by the relevant Approved Classification Society to the Facility Agent of all information necessary (as specified by the Lenders) in order for each Lender to comply with its obligations under the Poseidon Principles in respect of the preceding year, including, without limitation, all ship fuel oil consumption data required to be collected and reported in accordance with Regulation 22A of Annex VI and any Statement of Compliance, in each case relating to the Ship owned by it for the preceding calendar year provided always that, for the avoidance of doubt, such information shall be "Confidential Information" for the purposes of Clause 44 (*Confidential Information*) but the Borrowers acknowledge that, in accordance with the Poseidon Principles, such information will form part of the information published by the Lenders regarding the Lenders' portfolio climate alignment.

24.19 Copy of "Green Passport" on board

(a) Each Borrower has, from the Utilisation Date, obtained an Inventory of Hazardous Materials, in respect of its Ship which shall be maintained on board until the Loan has been fully repaid.

(b) Each Borrower will ensure its Ship is or, if sold to an intermediary with the intention of being scrapped use its best endeavours that it is, recycled at a recycling yard which conducts its recycling business in a socially and environmentally responsible manner, in accordance with the provisions of The Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships, 2009 or, with regards to any EU flagged vessels, the EU Ship Recycling Regulation.

24.20 Scrapping and recycling

Each Obligor shall take reasonable commercial measures to ensure that any Ship being scrapped, or sold to an intermediary with the intention of being scrapped, is recycled at a recycling yard which conducts its recycling business in a socially and environmentally responsible manner, in accordance with the provisions of The Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships, 2009 or EU Ship Recycling Regulation of 20 November, 2013.

24.21 Notification of compliance

Each Borrower shall, and shall procure that each Approved Manager shall, promptly provide the Facility Agent from time to time with evidence (in such form as the Facility Agent may reasonably require) that it is complying with this Clause 24 (*General Ship Undertakings*).

25 SECURITY COVER

25.1 Minimum required security cover

(a) Clause 25.2 (*Provision of additional security; prepayment*) applies if from the Utilisation Date, the Facility Agent (acting on the instructions of the Security Agent) notifies the Borrowers that the amount of the Loan is above the Relevant Percentage of the aggregate of:

(i) the aggregate Fair Market Value of each Ship then subject to a Mortgage; plus

(ii) the aggregate amount in the Dry Dock Reserve Accounts at that time; plus

(iii) the net realisable value of additional Security previously provided under this Clause 25 (*Security Cover*).

(b) For the purposes of this Clause 25 (*Security Cover*), "**Relevant Percentage**" means:

(i) for the period from (and including) the Utilisation Date until (but excluding) the date falling 12 months after the first Utilisation Date, 65 per cent.;

(ii) for the period from (and including) the date falling 12 months after the Utilisation Date until (but excluding) the date falling 24 months after the Utilisation Date, 63 per cent.;

(iii) for the period from (and including) the date falling 24 months after the Utilisation Date until (but excluding) the date falling 36 months after the Utilisation Date, 61 per cent.;

(iv) for the period from (and including) the date falling 36 months after the Utilisation Date until (but excluding) the date falling 48 months after the Utilisation Date, 59 per cent.; and

(v) for the period from (and including) the date falling 48 months after the Utilisation Date until the end of the Security Period, 57 per cent.

25.2 Provision of additional security; prepayment

(a) If the Facility Agent serves a notice on the Borrowers under Clause 25.1 (*Minimum required security cover*), the Borrowers shall, on or before the date falling 30 days after the date (the "**Prepayment Date**") on which the Facility Agent's notice is served, prepay such part of the Loan as shall eliminate the shortfall.

(b) 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 Fair Market Value of the vessel concerned.

25.4 Valuations binding

Any valuation under this Clause 25 (*Security Cover*) shall be binding and conclusive as regards each Borrower.

25.5 Provision of information

(a) Each Borrower shall promptly provide the Facility Agent and any shipbroker acting under this Clause 25 (*Security Cover*) 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 7.4 (*Voluntary prepayment of Loan*) but ignoring any restriction as to prepayments being made on the last day of the Interest Period.

25.7 Provision of valuations and determination of Fair Market Value

(a) The Fair Market Value 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*) shall be calculated on or not more than 30 days before the Utilisation Date and on the date the quarterly Compliance Certificates are provided in accordance with Clause 20.3 (*Compliance Certificate*).

(b) In addition to paragraph (a) above, the Facility Agent (acting on the instructions of the Lenders) shall be entitled to request further determinations of the Fair Market Value at their own cost provided no Event of Default has occurred or will occur following the provision of such determination.

(c) The cost of the determinations of the Fair Market Value pursuant to paragraph (a) of this Clause 25.7 (*Provision of valuations and determination of Fair Market Value*) shall be borne by the Borrowers.

(d) Following the occurrence of an Event of Default or a mandatory prepayment pursuant to Clause 7.5 (*Mandatory prepayment on sale or Total Loss*), the cost of all valuations (including those obtained pursuant to paragraph 0 above) to determine the Fair Market Value 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*) shall be borne by the Borrowers.

26 APPLICATION OF EARNINGS AND ACCOUNTS

26.1 Payment of Earnings

Each Borrower shall ensure that subject only to the provisions of the General and Charterparty Assignment to which it is a party, all the Earnings in respect of that Ship are paid in to its Earnings Account; and

26.2 Location of Accounts

Each Borrower shall promptly:

(a) comply with any requirement of the Facility Agent as to the location or relocation of its Earnings Accounts, Dry Dock Reserve Accounts, the Retention Accounts and the Liquidity Accounts (or any of them); and

(b) execute any documents which the Facility Agent specifies to create or maintain in favour of the Security Agent Security over (and/or rights of set-off, consolidation or other rights in relation to) the Earnings Accounts, Dry Dock Reserve Accounts, the Retention Accounts and the Liquidity Accounts.

26.3 Retention Accounts

(a) Each Borrower shall from the Utilisation Date open and maintain a Retention Account.

(b) On an Event of Default, each Borrower shall transfer to and maintain on their Retention Account an amount equal to one third of the aggregate amount of the next Repayment Instalments and interest payment for the Tranche in respect of that Borrower.

27 EVENTS OF DEFAULT

27.1 General

Each of the events or circumstances set out in this Clause 27 (*Events of Default*) is an Event of Default except for Clause 27.18 (*Acceleration*) and Clause 27.19 (*Enforcement of security*).

27.2 Non-payment

An 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 3 Business Days of its due date.

27.3 Specific obligations

A breach occurs of Clause 4.4 (*Waiver of conditions precedent*), Clause 21 (*Financial Covenants*), Clause 22.3 (*Compliance with laws*), Clause 22.10 (*Title*), Clause 22.11 (*Negative pledge*), Clause 22.21 (*Unlawfulness, invalidity and ranking; Security imperilled*), Clause 23.2 (*Maintenance of obligatory insurances*), Clause 23.3 (*Terms of obligatory insurances*), Clause 23.5 (*Renewal of obligatory insurances*) or Clause 25 (*Security Cover*).

27.4 Other obligations

(a) A Transaction Obligor does not comply with any provision of the Finance Documents applicable to it (other than those referred to in Clause 27.2 (*Non-payment*) and Clause 27.3 (*Specific obligations*)).

(b) No Event of Default under paragraph (a) above will occur if the failure to comply is capable of remedy and is remedied within 10 Business Days of the Facility Agent giving notice to the Borrowers or (if earlier) any Obligor becoming aware of the failure to comply.

27.5 Misrepresentation

Any representation or statement made or deemed to be made by an Obligor in the Finance Documents or any other document delivered by or on behalf of any Obligor under or in connection with any Finance Document is or proves to have been incorrect or misleading when made or deemed to be made.

27.6 Cross default

(a) Any Financial Indebtedness of any member of the Group is not paid when due nor within any originally applicable grace period.

(b) Any Financial Indebtedness of any member of the Group 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 member of the Group is cancelled or suspended by a creditor of any member of the Group as a result of an event of default (however described).

(d) Any creditor of any member of the Group becomes entitled to declare any Financial Indebtedness of any member of the Group due and payable prior to its specified maturity as a result of an event of default (however described).

(e) No Event of Default will occur under this Clause 27.6 (*Cross default*) in respect of a Borrower if the aggregate amount of Financial Indebtedness or commitment for Financial Indebtedness falling within paragraphs (a) to (d) above is less than $200,000 (or its equivalent in any other currency).

(f) No Event of Default will occur under this Clause 27.6 (*Cross default*) if the aggregate amount of Financial Indebtedness or commitment for Financial Indebtedness falling within paragraphs (a) to (d) above is less than $2,000,000 (or its equivalent in any other currency).

27.7 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.

(d) No Event of Default under paragraphs (a) to (c) above will occur if another Approved Manager is appointed by the Borrowers and such Approved Manager providing a duly executed Manager's Undertaking to the Lenders within 30 days of the Lender giving notice to the Borrowers or (if earlier) any Obligor becoming aware of such events described above.

27.8 Insolvency proceedings

(a) Any corporate action, legal proceedings or other procedure or step is taken in relation to:

(i) the suspension of payments, a moratorium of any indebtedness, seeking bankruptcy protection, winding-up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of any Obligor or Approved Manager;

(ii) a composition, compromise, assignment or arrangement with any creditor of any Obligor or Approved Manager;

(iii) the appointment of a liquidator, receiver, administrator, administrative receiver, compulsory manager or other similar officer in respect of any Obligor or Approved Manager or any of its assets; or

(iv) enforcement of any Security over any assets of any Obligor or Approved Manager,

or any analogous procedure or step is taken in any jurisdiction.

(b) Paragraph (a) above shall not apply to any winding-up petition which is frivolous or vexatious and is discharged, stayed or dismissed within 14 days of commencement.

27.9 Creditors' process

Any expropriation, attachment, sequestration, distress or execution (or any analogous process in any jurisdiction) affects any asset or assets of:

(a) the Borrowers; or

(b) a member of the Group (other than the Borrowers), having an aggregate value of $5,000,000 (in relation to such individual member of the Group) and which is not discharged within 14 days of the date it occurs.

27.10 Unlawfulness, invalidity and ranking

(a) It is or becomes unlawful for an Obligor to perform any of its obligations under the Finance Documents.

(b) Any obligation of an 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.

27.11 Security imperilled

Any Security created or intended to be created by a Finance Document is in any way imperilled or in jeopardy.

27.12 Cessation of business

(a) Any Obligor suspends or ceases to carry on (or threatens to suspend or cease to carry on) all or a material part of its business.

(b) No Event of Default under paragraph (a) above will occur if another Approved Manager is appointed by the Borrowers and such Approved Manager providing a duly executed Manager's Undertaking to the Lenders within 30 days of the Lender giving notice to the Borrowers or (if earlier) any Obligor becoming aware of such event described above.

27.13 Arrest

Any arrest of a Ship or its detention in the exercise or the purported exercise of any lien or claim unless it is redelivered to the full control of the relevant Borrower within 30 days of such arrest or detention.

27.14 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.

27.15 Repudiation and rescission of agreements

An 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 or a Transaction Document or any of the Transaction Security otherwise ceases to remain in full force and effect for any reason.

27.16 Litigation

Any litigation, arbitration or administrative proceedings or investigations of, or before, any court, arbitral body or agency are started or threatened, or any judgment or order of a court, arbitral body or agency is made, in relation to any of the Transaction Documents or the transactions contemplated in any of the Transaction Documents or against any member of the Group or its assets which is likely to exceed, when aggregated, $500,000.

27.17 Material adverse change

Any event or circumstance occurs which has or is reasonably likely to have a Material Adverse Effect.

27.18 Acceleration

On and at any time after the occurrence of an Event of Default the Facility Agent may, and shall if so directed by the Majority Lenders, by notice to the Borrowers:

(a) cancel the Total Commitments, whereupon they shall immediately be cancelled;

(b) declare that all or part of the Loan, together with accrued interest, and all other amounts accrued or outstanding under the Finance Documents be immediately due and payable, whereupon it shall become immediately due and payable;

(c) declare that all or part of the Loan be payable on demand, whereupon it shall immediately become payable on demand by the Facility Agent acting on the instructions of the Majority Lenders; and/or

(d) exercise or direct the Security Agent to exercise any or all of its rights, remedies, powers or discretions under the Finance Documents,

and the Facility Agent may serve notices under paragraphs (a), (b) and (c) above simultaneously or on different dates and the Security Agent may take any action referred to in Clause 27.19 (*Enforcement of security*) if no such notice is served or simultaneously with or at any time after the service of any of such notice.

27.19 Enforcement of security

On and at any time after the occurrence of an Event of Default the Security Agent may, and shall if so directed by the Majority Lenders, take any action which, as a result of the Event of Default or any notice served under Clause 27.18 (*Acceleration*), the Security Agent is entitled to take under any Finance Document or any applicable law or regulation.

SECTION 9

CHANGES TO PARTIES

28 CHANGES TO THE LENDERS

28.1 Assignments and transfers by the Lenders

Subject to this Clause 28 (*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 person other than an individual (the "**New Lender**").

28.2 Conditions of assignment or transfer

(a) The consent of the Borrowers or any other party is not required for an assignment or transfer by an Existing Lender at any time.

(b) An assignment will only be effective on:

(i) receipt by the Facility Agent (whether in the Assignment Agreement or otherwise) of written confirmation from the New Lender (in form and substance satisfactory to the Facility Agent) that the New Lender will assume the same obligations to the other Secured Parties as it would have been under if it were an Original Lender; and

(ii) performance by the Facility Agent of all necessary "know your customer" or other similar checks under all applicable laws and regulations in relation to such assignment to a New Lender, the completion of which the Facility Agent shall promptly notify to the Existing Lender and the New Lender.

(c) Each Obligor agrees that all rights and interests (present, future or contingent) which the Existing Lender has under or by virtue of the Finance Documents are assigned to the New Lender absolutely, free of any defects in the Existing Lender's title and of any rights or equities which the Borrowers or any other Obligor had against the Existing Lender.

(d) A transfer will only be effective if the procedure set out in Clause 28.5 (*Procedure for transfer*) is complied with.

(e) If:

(i) a Lender assigns or transfers any of its rights or obligations under the Finance Documents or changes its Facility Office; and

(ii) as a result of circumstances existing at the date the assignment, transfer or change occurs, an Obligor would be obliged to make a payment to the New Lender or Lender acting through its new Facility Office under Clause 12 (*Tax Gross Up and Indemnities*) or under that clause as incorporated by reference or in full in any other Finance Document or Clause 13 (*Increased Costs*),

then the New Lender or Lender acting through its new Facility Office is only entitled to receive payment under those Clauses to the same extent as the Existing Lender or Lender acting through its previous Facility Office would have been if the assignment, transfer or change had not occurred.

(f) Each New Lender, by executing the relevant Transfer Certificate or Assignment Agreement, confirms, for the avoidance of doubt, that the Facility Agent has authority to execute on its behalf any amendment or waiver that has been approved by or on behalf of the requisite Lender or Lenders in accordance with this Agreement on or prior to the date on which the transfer or assignment becomes effective in accordance with this Agreement and that it is bound by that decision to the same extent as the Existing Lender would have been had it remained a Lender.

28.3 Assignment or transfer fee

The New Lender shall, on the date upon which an assignment or transfer takes effect, pay to the Facility Agent (for its own account) a fee of $2,500.

28.4 Limitation of responsibility of Existing Lenders

(a) Unless expressly agreed to the contrary, an Existing Lender makes no representation or warranty and assumes no responsibility to a New Lender for:

(i) the legality, validity, effectiveness, adequacy or enforceability of the Finance Documents, the Transaction Security or any other documents;

(ii) the financial condition of any Obligor;

(iii) the performance and observance by any Obligor of its obligations under the Finance Documents or any other documents; or

(iv) the accuracy of any statements (whether written or oral) made in or in connection with any Finance Document or any other document,

and any representations or warranties implied by law are excluded.

(b) Each New Lender confirms to the Existing Lender and the other Finance Parties 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 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 Finance Document or the Transaction Security; and

(ii) will continue to make its own independent appraisal of the creditworthiness of each Obligor and its related entities throughout the Security Period.

(c) Nothing in any Finance Document obliges an Existing Lender to:

(i) accept a re-transfer or re-assignment from a New Lender of any of the rights and obligations assigned or transferred under this Clause 28 (*Changes to the Lenders*); or

(ii) support any losses directly or indirectly incurred by the New Lender by reason of the non-performance by any Obligor of its obligations under the Finance Documents or otherwise.

28.5 Procedure for transfer

(a) Subject to the conditions set out in Clause 28.2 (*Conditions of assignment or transfer*), a transfer is effected in accordance with paragraph (c) below when the Facility Agent executes an otherwise duly completed Transfer Certificate delivered to it by the Existing Lender and the New Lender. The Facility Agent shall, subject to paragraph (b) below as soon as reasonably practicable after receipt by it of a duly completed Transfer Certificate appearing on its face to comply with this Agreement and delivered in accordance with this Agreement, execute that Transfer Certificate.

(b) The Facility Agent shall only be obliged to execute a Transfer Certificate delivered to it by the Existing Lender and the New Lender once it is satisfied it has complied with all necessary "know your customer" or other similar checks under all applicable laws and regulations in relation to the transfer to such New Lender.

(c) Subject to Clause 28.9 (*Pro rata interest settlement*), on the Transfer Date:

(i) to the extent that in the Transfer Certificate the Existing Lender seeks to transfer by novation its rights and obligations under the Finance Documents and in respect of the Transaction Security, each of the 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 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 Obligor and the New Lender have assumed and/or acquired the same in place of that Obligor and the Existing Lender;

(iii) the Facility Agent, the Security Agent, the Arranger, the New Lender and other Lenders shall acquire the same rights and assume the same obligations between themselves and in respect of the Transaction Security as they would have acquired and assumed had the New Lender been an Original Lender with the rights and/or obligations acquired or assumed by it as a result of the transfer and to that extent the Facility Agent, the Security Agent, the Arranger and the Existing Lenders shall each be released from further obligations to each other under the Finance Documents; and

(iv) the New Lender shall become a Party as a "Lender".

28.6 Procedure for assignment

(a) Subject to the conditions set out in Clause 28.2 (*Conditions of assignment or transfer*) an assignment may be effected in accordance with paragraph (c) below when the Facility Agent executes an otherwise duly completed Assignment Agreement delivered to it by the Existing Lender and the New Lender. The Facility Agent shall, subject to paragraph (b) below, as soon as reasonably practicable after receipt by it of a duly completed Assignment Agreement appearing on its face to comply with the terms of this Agreement and delivered in accordance with the terms of this Agreement, execute that Assignment Agreement.

(b) The Facility Agent shall only be obliged to execute an Assignment Agreement delivered to it by the Existing Lender and the New Lender once it is satisfied it has complied with all necessary "know your customer" or other similar checks under all applicable laws and regulations in relation to the assignment to such New Lender.

(c) Subject to Clause 28.9 (*Pro rata interest settlement*), on the Transfer Date:

(i) the Existing Lender will assign absolutely to the New Lender its rights under the Finance Documents and in respect of the Transaction Security expressed to be the subject of the assignment in the Assignment Agreement;

(ii) the Existing Lender will be released from the obligations (the "**Relevant Obligations**") expressed to be the subject of the release in the Assignment Agreement (and any corresponding obligations by which it is bound in respect of the Transaction Security); and

(iii) the New Lender shall become a Party as a "Lender" and will be bound by obligations equivalent to the Relevant Obligations.

(d) Lenders may utilise procedures other than those set out in this Clause 28.6 (*Procedure for assignment*) to assign their rights under the Finance Documents (but not, without the consent of the relevant Obligor or unless in accordance with Clause 28.5 (*Procedure for transfer*), to obtain a release by that Obligor from the obligations owed to that Obligor by the Lenders nor the assumption of equivalent obligations by a New Lender) **provided that** they comply with the conditions set out in Clause 28.2 (*Conditions of assignment or transfer*).

28.7 Copy of Transfer Certificate or Assignment Agreement to Borrowers

The Facility Agent shall, as soon as reasonably practicable after it has executed a Transfer Certificate or an Assignment Agreement, send to the Borrowers a copy of that Transfer Certificate or Assignment Agreement.

28.8 Security over Lenders' rights

In addition to the other rights provided to Lenders under this Clause 28 (*Changes to the Lenders*), each Lender may without consulting with or obtaining consent from any Obligor, at any time charge, assign or otherwise create Security in or over (whether by way of collateral or otherwise) all or any of its rights under any Finance Document to secure obligations of that Lender including, without limitation:

(a) any charge, assignment or other Security to secure obligations to a federal reserve or central bank; and

(b) in the case of any Lender which is a fund, any charge, assignment or other Security granted to any holders (or trustee or representatives of holders) of obligations owed, or securities issued, by that Lender as security for those obligations or securities,

except that no such charge, assignment or Security shall:

(i) release a Lender from any of its obligations under the Finance Documents or substitute the beneficiary of the relevant charge, assignment or Security for such Lender as a party to any of the Finance Documents; or

(ii) require any payments to be made by an Obligor other than or in excess of, or grant to any person any more extensive rights than, those required to be made or granted to the relevant Lender under the Finance Documents.

28.9 Pro rata interest settlement

If the Facility Agent has notified the Lenders that it is able to distribute interest payments on a "*pro rata* basis" to Existing Lenders and New Lenders then (in respect of any transfer pursuant to Clause 28.5 (*Procedure for transfer*) or any assignment pursuant to Clause 28.6 (*Procedure for assignment*) the Transfer Date of which, in each case, is after the date of such notification and is not on the last day of an Interest Period):

(a) any interest or fees in respect of the relevant participation which are expressed to accrue by reference to the lapse of time shall continue to accrue in favour of the Existing Lender up to but excluding the Transfer Date ("**Accrued Amounts**") and shall become due and payable to the Existing Lender (without further interest accruing on them) on the last day of the current Interest Period; and

(b) The rights assigned or transferred by the Existing Lender will not include the right to the Accrued Amounts, so that, for the avoidance of doubt:

(i) when the Accrued Amounts become payable, those Accrued Amounts will be payable to the Existing Lender; and

(ii) the amount payable to the New Lender on that date will be the amount which would, but for the application of this Clause 28.9 (*Pro rata interest settlement*), have been payable to it on that date, but after deduction of the Accrued Amounts.

(c) In this Clause 28.9 (*Pro rata interest settlement*) references to "Interest Period" shall be construed to include a reference to any other period for accrual of fees.

29 CHANGES TO THE OBLIGORS

29.1 Assignment or transfer by Obligors

No Obligor may assign any of its rights or transfer any of its rights or obligations under the Finance Documents.

29.2 Release of security

(a) If a disposal of any asset subject to security created by a Security Document is made in the following circumstances:

(i) the disposal is permitted by the terms of any Finance Document;

(ii) all the Lenders agree to the disposal;

(iii) the disposal is being made at the request of the Security Agent in circumstances where any security created by the Security Documents has become enforceable; or

(iv) the disposal is being effected by enforcement of a Security Document,

the Security Agent may release the asset(s) being disposed of from any security over those assets created by a Security Document. However, the proceeds of any disposal (or an amount corresponding to them) must be applied in accordance with the requirements of the Finance Documents (if any).

(b) If the Security Agent is satisfied that a release is allowed under this Clause 29.2 (*Release of security*) (at the request and expense of the Borrowers) each Finance Party must enter into any document and do all such other things which are reasonably required to achieve that release. Each other Finance Party irrevocably authorises the Security Agent to enter into any such document. Any release will not affect the obligations of any other Obligor under the Finance Documents.

SECTION 10

THE FINANCE PARTIES

30 THE FACILITY AGENT, THE ARRANGER AND THE REFERENCE BANKS

30.1 Appointment of the Facility Agent

(a) Each of the Arranger, the Lenders appoints the Facility Agent to act as its agent under and in connection with the Finance Documents.

(b) Each other Finance Party authorises the Facility Agent to perform the duties, obligations and responsibilities and to exercise the rights, powers, authorities and discretions specifically given to the Facility Agent under, or in connection with, the Finance Documents together with any other incidental rights, powers, authorities and discretions.

30.2 Instructions

(a) The Facility Agent shall:

(i) unless a contrary indication appears in a Finance Document, exercise or refrain from exercising any right, power, authority or discretion vested in it as Facility Agent in accordance with any instructions given to it by:

(A) all Lenders if the relevant Finance Document stipulates the matter is an all Lender decision; and

(B) in all other cases, the Majority Lenders; and

(ii) not be liable for any act (or omission) if it acts (or refrains from acting) in accordance with sub-paragraph (i) above (or, if this Agreement stipulates the matter is a decision for any other Finance Party or group of Finance Parties, in accordance with instructions given to it by that Finance Party or group of Finance Parties).

(b) The Facility Agent shall be entitled to request instructions, or clarification of any instruction, from the Majority Lenders (or, if the relevant Finance Document stipulates the matter is a decision for any other Finance Party or group of Finance Parties, from that Finance Party or group of Finance Parties) as to whether, and in what manner, it should exercise or refrain from exercising any right, power, authority or discretion and the Facility Agent may refrain from acting unless and until it receives any such instructions or clarification that it has requested.

(c) Save in the case of decisions stipulated to be a matter for any other Finance Party or group of Finance Parties under the relevant Finance Document and unless a contrary indication appears in a Finance Document, any instructions given to the Facility Agent by the Majority Lenders shall override any conflicting instructions given by any other Parties and will be binding on all Finance Parties.

(d) Paragraph (a) above shall not apply:

(i) where a contrary indication appears in a Finance Document;

(ii) where a Finance Document requires the Facility Agent to act in a specified manner or to take a specified action;

(iii) in respect of any provision which protects the Facility Agent's own position in its personal capacity as opposed to its role of Facility Agent for the relevant Finance Parties.

(e) If giving effect to instructions given by the Majority Lenders would in the Facility Agent's opinion have an effect equivalent to an amendment or waiver referred to in Clause 43 (*Amendments and Waivers*), the Facility Agent shall not act in accordance with those instructions unless consent to it so acting is obtained from each Party (other than the Facility Agent) whose consent would have been required in respect of that amendment or waiver.

(f) In exercising any discretion to exercise a right, power or authority under the Finance Documents where it has not received any instructions as to the exercise of that discretion the Facility Agent shall do so having regard to the interests of all the Finance Parties.

(g) The Facility Agent may refrain from acting in accordance with any instructions of any Finance Party or group of Finance Parties until it has received any indemnification and/or security that it may in its discretion require (which may be greater in extent than that contained in the Finance Documents and which may include payment in advance) for any cost, loss or liability (together with any applicable VAT) which it may incur in complying with those instructions.

(h) Without prejudice to the remainder of this Clause 30.2 (*Instructions*), in the absence of instructions, the Facility Agent shall not be obliged to take any action (or refrain from taking action) even if it considers acting or not acting to be in the best interests of the Finance Parties. The Facility Agent may act (or refrain from acting) as it considers to be in the best interest of the Finance Parties.

(i) The Facility Agent is not authorised to act on behalf of a Finance Party (without first obtaining that Finance Party's consent) in any legal or arbitration proceedings relating to any Finance Document. This paragraph (i) shall not apply to any legal or arbitration proceeding relating to the perfection, preservation or protection of rights under the Security Documents or enforcement of the Transaction Security or Security Documents.

30.3 Duties of the Facility Agent

(a) The Facility Agent's duties under the Finance Documents are solely mechanical and administrative in nature.

(b) Subject to paragraph (c) below, the Facility Agent shall promptly forward to a Party the original or a copy of any document which is delivered to the Facility Agent for that Party by any other Party.

(c) Without prejudice to Clause 28.7 (*Copy of Transfer Certificate or Assignment Agreement to Borrower*), paragraph (b) above shall not apply to any Transfer Certificate or any Assignment Agreement.

(d) Except where a Finance Document specifically provides otherwise, the Facility Agent is not obliged to review or check the adequacy, accuracy or completeness of any document it forwards to another Party.

(e) If the Facility Agent receives notice from a Party referring to any Finance Document, describing a Default and stating that the circumstance described is a Default, it shall promptly notify the other Finance Parties.

(f) If the Facility Agent is aware of the non-payment of any principal, interest, commitment fee or other fee payable to a Finance Party (other than the Facility Agent, the Arranger or the Security Agent) under this Agreement, it shall promptly notify the other Finance Parties.

(g) The Facility Agent shall provide to the Borrowers within 10 Business Days of a request by the Borrowers (but no more frequently than once per calendar month), a list (which may be in electronic form) setting out the names of the Lenders as at that Business Day, their respective Commitments, the address and fax number (and the department or officer, if any, for whose attention any communication is to be made) of each Lender for any communication to be made or document to be delivered under or in connection with the Finance Documents, the electronic mail address and/or any other information required to enable the sending and receipt of information by electronic mail or other electronic means to and by each Lender to whom any communication under or in connection with the Finance Documents may be made by that means and the account details of each Lender for any payment to be distributed by the Facility Agent to that Lender under the Finance Documents.

(h) The Facility Agent shall have only those duties, obligations and responsibilities expressly specified in the Finance Documents to which it is expressed to be a party (and no others shall be implied).

30.4 Role of the Arranger

Except as specifically provided in the Finance Documents, the Arranger has no obligations of any kind to any other Party under or in connection with any Finance Document.

30.5 No fiduciary duties

(a) Nothing in any Finance Document constitutes the Facility Agent or the Arranger as a trustee or fiduciary of any other person.

(b) Neither the Facility Agent nor the Arranger shall be bound to account to other Finance Party for any sum or the profit element of any sum received by it for its own account.

30.6 Application of receipts

Except as expressly stated to the contrary in any Finance Document, any moneys which the Facility Agent receives or recovers in its capacity as Facility Agent shall be applied by the Facility Agent in accordance with Clause 34.5 (*Application of receipts; partial payments*).

30.7 Business with the Group

The Facility Agent and the Arranger may accept deposits from, lend money to, and generally engage in any kind of banking or other business with, any member of the Group.

30.8 Rights and discretions

(a) The Facility Agent may:

(i) rely on any representation, communication, notice or document believed by it to be genuine, correct and appropriately authorised;

(ii) assume that:

(A) any instructions received by it from the Majority Lenders, any Finance Parties or any group of Finance Parties are duly given in accordance with the terms of the Finance Documents; and

(B) unless it has received notice of revocation, that those instructions have not been revoked; and

(iii) rely on a certificate from any person:

(A) as to any matter of fact or circumstance which might reasonably be expected to be within the knowledge of that person; or

(B) to the effect that such person approves of any particular dealing, transaction, step, action or thing,

as sufficient evidence that that is the case and, in the case of paragraph (A) above, may assume the truth and accuracy of that certificate.

(b) The Facility Agent may assume (unless it has received notice to the contrary in its capacity as agent for the Finance Parties) that:

(i) no Default has occurred (unless it has actual knowledge of a Default arising under Clause 27.2 (*Non-payment*));

(ii) any right, power, authority or discretion vested in any Party or any group of Finance Parties has not been exercised; and

(iii) any notice or request made by any Borrower (other than the Utilisation Request or a Selection Notice) is made on behalf of and with the consent and knowledge of all the Obligors.

(c) The Facility Agent may reasonably engage and pay for the advice or services of any lawyers, accountants, tax advisers, surveyors or other professional advisers or experts.

(d) Without prejudice to the generality of paragraph (c) above or paragraph (e) below, the Facility Agent may at any time engage and pay for the services of any lawyers to act as independent counsel to the Facility Agent (and so separate from any lawyers instructed by the Lenders) if the Facility Agent in its reasonable opinion deems this to be desirable.

(e) The Facility Agent may rely on the advice or services of any lawyers, accountants, tax advisers, surveyors or other professional advisers or experts (whether obtained by the Facility Agent or by any other Party) and shall not be liable for any damages, costs or losses to any person, any diminution in value or any liability whatsoever arising as a result of its so relying.

(f) The Facility Agent may act in relation to the Finance Documents and the Security Property through its officers, employees and agents and shall not:

(i) be liable for any error of judgment made by any such person; or

(ii) be bound to supervise, or be in any way responsible for any loss incurred by reason of misconduct, omission or default on the part of any such person,

unless such error or such loss was directly caused by the Facility Agent's gross negligence or wilful misconduct.

(g) Unless a Finance Document expressly provides otherwise the Facility Agent may disclose to any other Party any information it reasonably believes it has received as agent under the Finance Documents.

(h) Notwithstanding any other provision of any Finance Document to the contrary, neither the Facility Agent nor the Arranger is obliged to do or omit to do anything if it would or might, in its reasonable opinion, constitute a breach of any law or regulation or a breach of a fiduciary duty or duty of confidentiality.

(i) Notwithstanding any provision of any Finance Document to the contrary, the Facility Agent is not obliged to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties, obligations or responsibilities or the exercise of any right, power, authority or discretion if it has grounds for believing the repayment of such funds or adequate indemnity against, or security for, such risk or liability is not reasonably assured to it.

30.9 Responsibility for documentation

Neither the Facility Agent nor the Arranger is responsible or liable for:

(a) the adequacy, accuracy or completeness of any information (whether oral or written) supplied by the Facility Agent, the Security Agent, the Arranger, an Obligor or any other person in, or in connection with, any Transaction Document or the transactions contemplated in the Transaction Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Transaction Document;

(b) the legality, validity, effectiveness, adequacy or enforceability of any Transaction Document or the Security Property or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with, any Transaction Document or the Security Property; or

(c) any determination as to whether any information provided or to be provided to any Finance Party or Secured Party is non-public information the use of which may be regulated or prohibited by applicable law or regulation relating to insider dealing or otherwise.

30.10 No duty to monitor

The Facility Agent shall not be bound to enquire:

(a) whether or not any Default has occurred;

(b) as to the performance, default or any breach by any Obligor of its obligations under any Transaction Document; or

(c) whether any other event specified in any Transaction Document has occurred.

30.11 Exclusion of liability

(a) Without limiting paragraph (b) below (and without prejudice to paragraph (e) of Clause 34.11 (*Disruption to Payment Systems etc.*) or any other provision of any Finance Document excluding or limiting the liability of the Facility Agent), the Facility Agent will not be liable for:

(i) any damages, costs or losses to any person, any diminution in value, or any liability whatsoever arising as a result of taking or not taking any action under or in connection with any Transaction Document or the Security Property, unless directly caused by its gross negligence or wilful misconduct;

(ii) exercising, or not exercising, any right, power, authority or discretion given to it by, or in connection with, any Transaction Document, the Security Property or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with, any Transaction Document or the Security Property; or

(iii) any shortfall which arises on the enforcement or realisation of the Security Property; or

(iv) without prejudice to the generality of paragraphs (i) to (iii) above, any damages, costs or losses to any person, any diminution in value or any liability whatsoever arising as a result of:

(A) any act, event or circumstance not reasonably within its control; or

(B) the general risks of investment in, or the holding of assets in, any jurisdiction,

including (in each case and without limitation) such damages, costs, losses, diminution in value or liability arising as a result of nationalisation, expropriation or other governmental actions; any regulation, currency restriction, devaluation or fluctuation; market conditions affecting the execution or settlement of transactions or the value of assets (including any Disruption Event); breakdown, failure or malfunction of any third party transport, telecommunications, computer services or systems; natural disasters or acts of God; war, terrorism, insurrection or revolution; or strikes or industrial action.

(b) No Party other than the Facility Agent may take any proceedings against any officer, employee or agent of the Facility Agent in respect of any claim it might have against the Facility Agent or in respect of any act or omission of any kind by that officer, employee or agent in relation to any Transaction Document or any Security Property and any officer, employee or agent of the Facility Agent may rely on this Clause subject to Clause 1.5 (*Third party rights*) and the provisions of the Third Parties Act.

(c) The Facility Agent will not be liable for any delay (or any related consequences) in crediting an account with an amount required under the Finance Documents to be paid by the Facility Agent if the Facility Agent has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognised clearing or settlement system used by the Facility Agent for that purpose.

(d) Nothing in this Agreement shall oblige the Facility Agent or the Arranger to carry out:

(i) any "know your customer" or other checks in relation to any person; or

(ii) any check on the extent to which any transaction contemplated by this Agreement might be unlawful for any Finance Party,

on behalf of any Finance Party and each Finance Party confirms to the Facility Agent and the Arranger that it is solely responsible for any such checks it is required to carry out and that it may not rely on any statement in relation to such checks made by the Facility Agent or the Arranger.

(e) Without prejudice to any provision of any Finance Document excluding or limiting the Facility Agent's liability, any liability of the Facility Agent arising under or in connection with any Transaction Document or the Security Property shall be limited to the amount of actual loss which has been finally judicially determined to have been suffered (as determined by reference to the date of default of the Facility Agent or, if later, the date on which the loss arises as a result of such default) but without reference to any special conditions or circumstances known to the Facility Agent at any time which increase the amount of that loss. In no event shall the Facility Agent be liable for any loss of profits, goodwill, reputation, business opportunity or anticipated saving, or for special, punitive, indirect or consequential damages, whether or not the Facility Agent has been advised of the possibility of such loss or damages.

30.12 Lenders' indemnity to the Facility Agent

(a) Each Lender shall (in proportion to its share of the Total Commitments or, if the Total Commitments are then zero, to its share of the Total Commitments immediately prior to their reduction to zero) indemnify the Facility Agent, within three Business Days of demand, against any cost, loss or liability incurred by the Facility Agent (otherwise than by reason of the Facility Agent's gross negligence or wilful misconduct) (or, in the case of any cost, loss or liability pursuant to Clause 34.11 (*Disruption to Payment Systems etc.*) notwithstanding the Facility Agent's negligence, gross negligence or any other category of liability whatsoever but not including any claim based on the fraud of the Facility Agent) in acting as Facility Agent under the Finance Documents (unless the Facility Agent has been reimbursed by an 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 a Lender claims reimbursement relates to a liability of the Facility Agent to an Obligor.

30.13 Resignation of the Facility Agent

(a) The Facility Agent may resign and appoint one of its Affiliates as successor by giving notice to the other Finance Parties and the Borrowers.

(b) Alternatively, the Facility Agent may resign by giving 30 days' notice to the other Finance Parties and the Borrowers, in which case the Majority Lenders may appoint a successor Facility Agent.

(c) If the Majority Lenders have not appointed a successor Facility Agent in accordance with paragraph (b) above within 20 days after notice of resignation was given, the retiring Facility Agent may appoint a successor Facility Agent.

(d) If the Facility Agent wishes to resign because (acting reasonably) it has concluded that it is no longer appropriate for it to remain as agent and the Facility Agent is entitled to appoint a successor Facility Agent under paragraph (c) above, the Facility Agent may (if it concludes (acting reasonably) that it is necessary to do so in order to persuade the proposed successor Facility Agent to become a party to this Agreement as Facility Agent) agree with the proposed successor Facility Agent amendments to this Clause 30 (*The Facility Agent, the Arranger and the Reference Banks*) and any other term of this Agreement dealing with the rights or obligations of the Facility Agent consistent with then current market practice for the appointment and protection of corporate trustees together with any reasonable amendments to the agency fee payable under this Agreement which are consistent with the successor Facility Agent's normal fee rates and those amendments will bind the Parties.

(e) The retiring Facility Agent shall 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 reasonable and documented costs and expenses (including reasonable and documented legal fees) properly incurred by it in making available such documents and records and providing such assistance.

(f) The Facility Agent's resignation notice shall only take effect upon the appointment of a successor.

(g) Upon the appointment of a successor, the retiring Facility Agent shall be discharged from any further obligation in respect of the Finance Documents (other than its obligations under paragraph (e) above) but shall remain entitled to the benefit of Clause 14.4 (*Indemnity to the Facility Agent*) and this Clause 30 (*The Facility Agent, the Arranger and the Reference Banks*) and any other provisions of a Finance Document which are expressed to limit or exclude its liability (or to indemnify it) in acting as Facility Agent. Any fees for the account of the retiring Facility Agent shall cease to accrue from (and shall be payable on) that date). Any successor and each of the other Parties shall have the same rights and obligations amongst themselves as they would have had if such successor had been an original Party.

(h) The Majority Lenders may, by notice to the Facility Agent, require it to resign in accordance with paragraph (b) above. In this event, the Facility Agent shall resign in accordance with paragraph (b) above but the cost referred to in paragraph (e) above shall be for the account of the Borrowers.

(i) The consent of any Borrower (or any other Obligor) is not required for an assignment or transfer of rights and/or obligations by the Facility Agent.

(j) The Facility Agent shall resign in accordance with paragraph (b) above (and, to the extent applicable, shall use reasonable endeavours to appoint a successor Facility Agent pursuant to paragraph (c) above) if on or after the date which is three months before the earliest FATCA Application Date relating to any payment to the Facility Agent under the Finance Documents, either:

(i) the Facility Agent fails to respond to a request under Clause 12.7 (*FATCA Information*) and the Borrowers or a Lender reasonably believes that the Facility Agent will not be (or will have ceased to be) a FATCA Exempt Party on or after that FATCA Application Date;

(ii) the information supplied by the Facility Agent pursuant to Clause 12.7 (*FATCA Information*) indicates that the Facility Agent will not be (or will have ceased to be) a FATCA Exempt Party on or after that FATCA Application Date; or

(iii) the Facility Agent notifies the Borrowers and the Lenders that the Facility Agent will not be (or will have ceased to be) a FATCA Exempt Party on or after that FATCA Application Date;

and (in each case) a Lender reasonably believes that a Party will be required to make a FATCA Deduction that would not be required if the Facility Agent were a FATCA Exempt Party, and that Lender, by notice to the Facility Agent, requires it to resign.

30.14 Confidentiality

(a) In acting as Facility Agent for the Finance Parties, the Facility Agent shall be regarded as acting through its agency division which shall be treated as a separate entity from any other of its divisions or departments.

(b) If information is received by a division or department of the Facility Agent other than the division or department responsible for complying with the obligations assumed by it under the Finance Documents, that information may be treated as confidential to that division or department, and the Facility Agent shall not be deemed to have notice of it nor shall it be obliged to disclose such information to any Party.

(c) Notwithstanding any other provision of any Finance Document to the contrary, neither the Facility Agent nor the Arranger is obliged to disclose to any other person (i) any confidential information or (ii) any other information if the disclosure would, or might in its reasonable opinion, constitute a breach of any law or regulation or a breach of a fiduciary duty.

30.15 Relationship with the other Finance Parties

(a) Subject to Clause 28.9 (*Pro rata interest settlement*), the Facility Agent may treat the person shown in its records as Lender at the opening of business (in the place of the Facility Agent's principal office as notified to the Finance Parties from time to time) as such Lender acting through its Facility Office:

(i) entitled to or liable for any payment due under any Finance Document on that day; and

(ii) entitled to receive and act upon any notice, request, document or communication or make any decision or determination under any Finance Document made or delivered on that day,

unless it has received not less than five Business Days' prior notice from that Lender to the contrary in accordance with the terms of this Agreement.

(b) Each Finance Party shall supply the Facility Agent with any information that the Security Agent may reasonably specify (through the Facility Agent) as being necessary or desirable to enable the Security Agent to perform its functions as Security Agent. Each Finance Party shall deal with the Security Agent exclusively through the Facility Agent and shall not deal directly with the Security Agent and any reference to any instructions being given by or sought from any Finance Party or group of Finance Parties by or to the Security Agent in this Agreement must be given or sought through the Facility Agent.

(c) Any Lender may by notice to the Facility Agent appoint a person to receive on its behalf all notices, communications, information and documents to be made or despatched to that Lender under the Finance Documents. Such notice shall contain the address, fax number and (where communication by electronic mail or other electronic means is permitted under Clause 37.5 (*Electronic communication*) electronic mail address and/or any other information required to enable the transmission of information by that means (and, in each case, the department or officer, if any, for whose attention communication is to be made) and be treated as a notification of a substitute address, fax number, electronic mail address (or such other information), department and officer by that Lender for the purposes of Clause 37.2 (*Addresses*) and sub-paragraph (ii) of paragraph (a) of Clause 37.5 (*Electronic communication*) and the Facility Agent shall be entitled to treat such person as the person entitled to receive all such notices, communications, information and documents as though that person were that Lender.

30.16 Credit appraisal by the Finance Parties

Without affecting the responsibility of any Obligor for information supplied by it or on its behalf in connection with any Transaction Document, each Finance Party confirms to the Facility Agent and the Arranger that it has been, and will continue to be, solely responsible for making its own independent appraisal and investigation of all risks arising under, or in connection with, any Transaction Document including but not limited to:

(a) the financial condition, status and nature of each member of the Group;

(b) the legality, validity, effectiveness, adequacy or enforceability of any Transaction Document, the Security Property and any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Transaction Document or the Security Property;

(c) whether that Finance Party has recourse, and the nature and extent of that recourse, against any Party or any of its respective assets under, or in connection with, any Transaction Document, the Security Property, the transactions contemplated by the Transaction Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Transaction Document or the Security Property;

(d) the adequacy, accuracy or completeness of any other information provided by the Facility Agent, any Party or by any other person under, or in connection with, any Transaction Document, the transactions contemplated by any Transaction Document or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Transaction Document; and

(e) the right or title of any person in or to or the value or sufficiency of any part of the Security Assets, the priority of any of the Transaction Security or the existence of any Security affecting the Security Assets.

30.17 Deduction from amounts payable by the Facility Agent

If any Party owes an amount to the Facility Agent under the Finance Documents, the Facility Agent may, after giving notice to that Party, deduct an amount not exceeding that amount from any payment to that Party which the Facility Agent would otherwise be obliged to make under the Finance Documents and apply the amount deducted in or towards satisfaction of the amount owed. For the purposes of the Finance Documents that Party shall be regarded as having received any amount so deducted.

30.18 Reliance and engagement letters

Each Secured Party confirms that each of the Arranger and the Facility Agent has authority to accept on its behalf (and ratifies the acceptance on its behalf of any letters or reports already accepted by the Arranger or the Facility Agent) the terms of any reliance letter or engagement letters or any reports or letters provided by accountants, auditors or providers of due diligence reports in connection with the Finance Documents or the transactions contemplated in the Finance Documents and to bind it in respect of those, reports or letters and to sign such letters on its behalf and further confirms that it accepts the terms and qualifications set out in such letters.

30.19 Full freedom to enter into transactions

Without prejudice to Clause 30.7 (*Business with the Group*) or any other provision of a Finance Document and notwithstanding any rule of law or equity to the contrary, the Facility Agent shall be absolutely entitled:

(a) to enter into and arrange banking, derivative, investment and/or other transactions of every kind with or affecting any 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 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 Obligor or any other person; or

(ii) any options or other derivatives in connection with such securities; and

(c) to provide advice or other services to any Borrower or any person who is a party to, or referred to in, a Finance Document,

and, in particular, the Facility Agent shall be absolutely entitled, in proposing, evaluating, negotiating, entering into and arranging all such transactions and in connection with all other matters covered by paragraphs (a), (b) and (c) above, to use (subject only to insider dealing legislation) any information or opportunity, howsoever acquired by it, to pursue its own interests exclusively, to refrain from disclosing such dealings, transactions or other matters or any information acquired in connection with them and to retain for its sole benefit all profits and benefits derived from the dealings transactions or other matters.

30.20 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 30.20 (*Role of Reference Banks*) subject to Clause 1.5 (*Third party rights*) and the provisions of the Third Parties Act.

30.21 Third Party Reference Banks

A Reference Bank which is not a Party may rely on Clause 30.20 (*Role of Reference Banks*), Clause 43.3 (*Other exceptions*) and Clause 45 (*Confidentiality of Funding Rates and Reference Bank Quotations*) subject to Clause 1.5 (*Third party rights*) and the provisions of the Third Parties Act.

31 THE SECURITY AGENT

31.1 Trust

(a) The Security Agent declares that it holds the Security Property on trust for the Secured Parties on the terms contained in this Agreement and shall deal with the Security Property in accordance with this Clause 31 (*The Security Agent*) and the other provisions of the Finance Documents.

(b) Each other Finance Party authorises the Security Agent to perform the duties, obligations and responsibilities and to exercise the rights, powers, authorities and discretions specifically given to the Security Agent under, or in connection with, the Finance Documents together with any other incidental rights, powers, authorities and discretions.

31.2 Parallel Debt (Covenant to pay the Security Agent)

(a) Each Obligor irrevocably and unconditionally undertakes to pay to the Security Agent its Parallel Debt which shall be amounts equal to, and in the currency or currencies of, its Corresponding Debt.

(b) The Parallel Debt of an Obligor:

(i) shall become due and payable at the same time as its Corresponding Debt;

(ii) is independent and separate from, and without prejudice to, its Corresponding Debt.

(c) For purposes of this Clause 31.2 (*Parallel Debt (Covenant to pay the Security Agent)*), the Security Agent:

(i) is the independent and separate creditor of each Parallel Debt;

(ii) acts in its own name and not as agent, representative or trustee of the Finance Parties and its claims in respect of each Parallel Debt shall not be held on trust; and

(iii) shall have the independent and separate right to demand payment of each Parallel Debt in its own name (including, without limitation, through any suit, execution, enforcement of security, recovery of guarantees and applications for and voting in any kind of insolvency proceeding).

(d) The Parallel Debt of an Obligor shall be:

(i) decreased to the extent that its Corresponding Debt has been irrevocably and unconditionally paid or discharged; and

(ii) increased to the extent that its Corresponding Debt has increased,

and the Corresponding Debt of an Obligor shall be:

(A) decreased to the extent that its Parallel Debt has been irrevocably and unconditionally paid or discharged; and

(B) increased to the extent that its Parallel Debt has increased,

in each case provided that the Parallel Debt of an Obligor shall never exceed its Corresponding Debt.

(e) All amounts received or recovered by the Security Agent in connection with this Clause 31.2 (*Parallel Debt (Covenant to pay the Security Agent)*) to the extent permitted by applicable law, shall be applied in accordance with Clause 34.5 (*Application of receipts; partial payments*).

(f) This Clause 31.2 (*Parallel Debt (Covenant to pay the Security Agent)*) shall apply, with any necessary modifications, to each Finance Document.

31.3 Enforcement through Security Agent only

The Secured Parties shall not have any independent power to enforce, or have recourse to, any of the Transaction Security or to exercise any right, power, authority or discretion arising under the Security Documents except through the Security Agent.

31.4 Instructions

(a) The Security Agent shall:

(i) unless a contrary indication appears in a Finance Document, exercise or refrain from exercising any right, power, authority or discretion vested in it as Security Agent in accordance with any instructions given to it by:

(A) all Lenders 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 Security Agent shall be entitled to request instructions, or clarification of any instruction, from the Majority Lenders (or, if the relevant Finance Document stipulates the matter is a decision for any other Finance Party or group of Finance Parties, from that Finance Party or group of Finance Parties) as to whether, and in what manner, it should exercise or refrain from exercising any right, power, authority or discretion and the Security Agent may refrain from acting unless and until it receives any such instructions or clarification that it has requested.

(c) Save in the case of decisions stipulated to be a matter for any other Finance Party or group of Finance Parties under the relevant Finance Document and unless a contrary indication appears in a Finance Document, any instructions given to the Security Agent by the Majority Lenders shall override any conflicting instructions given by any other Parties and will be binding on all Finance Parties.

(d) Paragraph (a) above shall not apply:

(i) where a contrary indication appears in a Finance Document;

(ii) where a Finance Document requires the Security Agent to act in a specified manner or to take a specified action;

(iii) in respect of any provision which protects the Security Agent's own position in its personal capacity as opposed to its role of Security Agent for the relevant Secured Parties.

(iv) in respect of the exercise of the Security Agent's discretion to exercise a right, power or authority under any of:

(A) Clause 31.27 (*Application of receipts*);

(B) Clause 31.28 (*Permitted Deductions*); and

(C) Clause 31.29 (*Prospective liabilities*).

(e) If giving effect to instructions given by the Majority Lenders would in the Security Agent's opinion have an effect equivalent to an amendment or waiver referred to in Clause 43 (*Amendments and Waivers*), the Security Agent shall not act in accordance with those instructions unless consent to it so acting is obtained from each Party (other than the Security Agent) whose consent would have been required in respect of that amendment or waiver.

(f) In exercising any discretion to exercise a right, power or authority under the Finance Documents where either:

(i) it has not received any instructions as to the exercise of that discretion; or

(ii) the exercise of that discretion is subject to sub-paragraph (iv) of paragraph (d) above,

the Security Agent shall do so having regard to the interests of all the Secured Parties.

(g) The Security Agent may refrain from acting in accordance with any instructions of any Finance Party or group of Finance Parties until it has received any indemnification and/or security that it may in its discretion require (which may be greater in extent than that contained in the Finance Documents and which may include payment in advance) for any cost, loss or liability (together with any applicable VAT) which it may incur in complying with those instructions.

(h) Without prejudice to the remainder of this Clause 31.4 (*Instructions*), in the absence of instructions, the Security Agent may (but shall not be obliged to) take such action in the exercise of its powers and duties under the Finance Documents as it considers in its discretion to be appropriate.

(i) The Security Agent is not authorised to act on behalf of a Finance Party (without first obtaining that Finance Party's consent) in any legal or arbitration proceedings relating to any Finance Document. This paragraph (i) shall not apply to any legal or arbitration proceeding relating to the perfection, preservation or protection of rights under the Security Documents or enforcement of the Transaction Security or Security Documents.

31.5 Duties of the Security Agent

(a) The Security Agent's duties under the Finance Documents are solely mechanical and administrative in nature.

(b) The Security Agent shall promptly forward to a Party the original or a copy of any document which is delivered to the Security Agent for that Party by any other Party.

(c) Except where a Finance Document specifically provides otherwise, the Security Agent is not obliged to review or check the adequacy, accuracy or completeness of any document it forwards to another Party.

(d) If the Security Agent receives notice from a Party referring to any Finance Document, describing a Default and stating that the circumstance described is a Default, it shall promptly notify the other Finance Parties.

(e) The Security Agent shall have only those duties, obligations and responsibilities expressly specified in the Finance Documents to which it is expressed to be a party (and no others shall be implied).

31.6 No fiduciary duties

(a) Nothing in any Finance Document constitutes the Security Agent as an agent, trustee or fiduciary of any Obligor.

(b) The Security Agent shall not be bound to account to any other Secured Party for any sum or the profit element of any sum received by it for its own account.

31.7 Business with the Group

The Security Agent may accept deposits from, lend money to, and generally engage in any kind of banking or other business with, any member of the Group.

31.8 Rights and discretions

(a) The Security Agent may:

(i) rely on any representation, communication, notice or document believed by it to be genuine, correct and appropriately authorised;

(ii) assume that:

(A) any instructions received by it from the Majority Lenders, any Finance Parties or any group of Finance Parties are duly given in accordance with the terms of the Finance Documents;

(B) unless it has received notice of revocation, that those instructions have not been revoked;

(C) if it receives any instructions to act in relation to the Transaction Security, that all applicable conditions under the Finance Documents for so acting have been satisfied; and

(iii) rely on a certificate from any person:

(A) as to any matter of fact or circumstance which might reasonably be expected to be within the knowledge of that person; or

(B) to the effect that such person approves of any particular dealing, transaction, step, action or thing,

as sufficient evidence that that is the case and, in the case of paragraph (A) above, may assume the truth and accuracy of that certificate.

(b) The Security Agent shall be entitled to carry out all dealings with the other Finance Parties through the Facility Agent and may give to the Facility Agent any notice or other communication required to be given by the Security Agent to any Finance Party.

(c) The Security Agent may assume (unless it has received notice to the contrary in its capacity as security agent for the Secured Parties) that:

(i) no Default has occurred;

(ii) any right, power, authority or discretion vested in any Party or any group of Finance Parties has not been exercised; and

(iii) any notice or request made by any Borrower (other than the Utilisation Request or a Selection Notice) is made on behalf of and with the consent and knowledge of all the Obligors.

(d) The Security Agent may engage and pay for the advice or services of any lawyers, accountants, tax advisers, surveyors or other professional advisers or experts.

(e) Without prejudice to the generality of paragraph (c) above or paragraph (f) below, the Security Agent may at any time engage and pay for the services of any lawyers to act as independent counsel to the Security Agent (and so separate from any lawyers instructed by the Facility Agent or the Lenders) if the Security Agent in its reasonable opinion deems this to be desirable.

(f) The Security Agent may rely on the advice or services of any lawyers, accountants, tax advisers, surveyors or other professional advisers or experts (whether obtained by the Security Agent or by any other Party) and shall not be liable for any damages, costs or losses to any person, any diminution in value or any liability whatsoever arising as a result of its so relying.

(g) The Security Agent may act in relation to the Finance Documents and the Security Property through its officers, employees and agents and shall not:

(i) be liable for any error of judgment made by any such person; or

(ii) be bound to supervise, or be in any way responsible for any loss incurred by reason of misconduct, omission or default on the part of any such person,

unless such error or such loss was directly caused by the Security Agent's gross negligence or wilful misconduct.

(h) Unless a Finance Document expressly provides otherwise the Security Agent may disclose to any other Party any information it reasonably believes it has received as security agent under the Finance Documents.

(i) Notwithstanding any other provision of any Finance Document to the contrary, the Security Agent is not obliged to do or omit to do anything if it would or might, in its reasonable opinion, constitute a breach of any law or regulation or a breach of a fiduciary duty or duty of confidentiality.

(j) Notwithstanding any provision of any Finance Document to the contrary, the Security Agent is not obliged to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties, obligations or responsibilities or the exercise of any right, power, authority or discretion if it has grounds for believing the repayment of such funds or adequate indemnity against, or security for, such risk or liability is not reasonably assured to it.

31.9 Responsibility for documentation

None of the Security Agent, any Receiver or any Delegate is responsible or liable for:

(a) the adequacy, accuracy or completeness of any information (whether oral or written) supplied by the Facility Agent, the Security Agent, the Arranger, an 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.

31.10 No duty to monitor

The Security Agent shall not be bound to enquire:

(a) whether or not any Default has occurred;

(b) as to the performance, default or any breach by any Obligor of its obligations under any Transaction Document; or

(c) whether any other event specified in any Transaction Document has occurred.

31.11 Exclusion of liability

(a) Without limiting paragraph (b) below (and without prejudice to any other provision of any Finance Document excluding or limiting the liability of the Security Agent or any Receiver or Delegate), none of the Security Agent nor any Receiver or Delegate will be liable for:

(i) any damages, costs or losses to any person, any diminution in value, or any liability whatsoever arising as a result of taking or not taking any action under or in connection with any Transaction Document or the Security Property, unless directly caused by its gross negligence or wilful misconduct;

(ii) exercising, or not exercising, any right, power, authority or discretion given to it by, or in connection with, any Transaction Document, the Security Property or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with, any Transaction Document or the Security Property; or

(iii) any shortfall which arises on the enforcement or realisation of the Security Property; or

(iv) without prejudice to the generality of paragraphs (i) to (iii) above, any damages, costs or losses to any person, any diminution in value or any liability whatsoever arising as a result of:

(A) any act, event or circumstance not reasonably within its control; or

(B) the general risks of investment in, or the holding of assets in, any jurisdiction,

including (in each case and without limitation) such damages, costs, losses, diminution in value or liability arising as a result of nationalisation, expropriation or other governmental actions; any regulation, currency restriction, devaluation or fluctuation; market conditions affecting the execution or settlement of transactions or the value of assets (including any Disruption Event); breakdown, failure or malfunction of any third party transport, telecommunications, computer services or systems; natural disasters or acts of God; war, terrorism, insurrection or revolution; or strikes or industrial action.

(b) No Party other than the Security Agent, that Receiver or that Delegate (as applicable) may take any proceedings against any officer, employee or agent of the Security Agent, a Receiver or a Delegate in respect of any claim it might have against the Security Agent, a Receiver or a Delegate or in respect of any act or omission of any kind by that officer, employee or agent in relation to any Transaction Document or any Security Property and any officer, employee or agent of the Security Agent, a Receiver or a Delegate may rely on this Clause subject to Clause 1.5 (*Third party rights*) and the provisions of the Third Parties Act.

(c) The Security Agent will not be liable for any delay (or any related consequences) in crediting an account with an amount required under the Finance Documents to be paid by the Security Agent if the Security Agent has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognised clearing or settlement system used by the Security Agent for that purpose.

(d) Nothing in this Agreement shall oblige the Security Agent to carry out:

(i) any "know your customer" or other checks in relation to any person; or

(ii) any check on the extent to which any transaction contemplated by this Agreement might be unlawful for any Finance Party,

on behalf of any Finance Party and each Finance Party confirms to the Security Agent that it is solely responsible for any such checks it is required to carry out and that it may not rely on any statement in relation to such checks made by the Security Agent.

(e) Without prejudice to any provision of any Finance Document excluding or limiting the liability of the Security Agent, any Receiver or Delegate, any liability of the Security Agent, any Receiver or Delegate arising under or in connection with any Transaction Document or the Security Property shall be limited to the amount of actual loss which has been finally judicially determined to have been suffered (as determined by reference to the date of default of the Security Agent, Receiver or Delegate or, if later, the date on which the loss arises as a result of such default) but without reference to any special conditions or circumstances known to the Security Agent, any Receiver or Delegate at any time which increase the amount of that loss. In no event shall the Security Agent, any Receiver or Delegate be liable for any loss of profits, goodwill, reputation, business opportunity or anticipated saving, or for special, punitive, indirect or consequential damages, whether or not the Security Agent, the Receiver or Delegate has been advised of the possibility of such loss or damages.

31.12 Lenders' indemnity to the Security Agent

(a) Each Lender shall (in proportion to its share of the Total Commitments or, if the Total Commitments are then zero, to its share of the Total Commitments immediately prior to their reduction to zero) indemnify the Security Agent and every Receiver and every Delegate, within three Business Days of demand, against any cost, loss or liability incurred by any of them (otherwise than by reason of the Security Agent's, Receiver's or Delegate's gross negligence or wilful misconduct) in acting as Security Agent, Receiver or Delegate under the Finance Documents (unless the Security Agent, Receiver or Delegate has been reimbursed by an 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 a Lender claims reimbursement relates to a liability of the Security Agent to an Obligor.

31.13 Resignation of the Security Agent

(a) The Security Agent may resign and appoint one of its Affiliates as successor by giving notice to the other Finance Parties and the Borrowers.

(b) Alternatively, the Security Agent may resign by giving 30 days' notice to the other Finance Parties and the Borrowers, in which case the Majority Lenders may appoint a successor Security Agent.

(c) If the Majority Lenders have not appointed a successor Security Agent in accordance with paragraph (b) above within 20 days after notice of resignation was given, the retiring Security Agent may appoint a successor Security Agent.

(d) The retiring Security Agent shall make available to the successor Security Agent such documents and records and provide such assistance as the successor Security Agent may reasonably request for the purposes of performing its functions as Security Agent under the Finance Documents. The Borrowers shall, within three Business Days of demand, reimburse the retiring Security Agent for the amount of all reasonable and documented costs and expenses (including reasonable and documented legal fees) properly incurred by it in making available such documents and records and providing such assistance.

(e) The Security Agent's resignation notice shall only take effect upon:

(i) the appointment of a successor; and

(ii) the transfer, by way of a document expressed as a deed, of all the Security Property to that successor.

(f) Upon the appointment of a successor, the retiring Security Agent shall be discharged, by way of a document executed as a deed, from any further obligation in respect of the Finance Documents (other than its obligations under paragraph (b) of Clause 31.24 (*Winding up of trust*) and paragraph (d) above) but shall remain entitled to the benefit of Clause 14.5 (*Indemnity to the Security Agent*) and this Clause 31 (*The Security Agent*) and any other provisions of a Finance Document which are expressed to limit or exclude its liability (or to indemnify it) in acting as Security Agent. Any fees for the account of the retiring Security Agent shall cease to accrue from (and shall be payable on) that date). Any successor and each of the other Parties shall have the same rights and obligations amongst themselves as they would have had if such successor had been an original Party.

(g) The Majority Lenders may, by notice to the Security Agent, require it to resign in accordance with paragraph (b) above. In this event, the Security Agent shall resign in accordance with paragraph (b) above but the cost referred to in paragraph (d) above shall be for the account of the Borrowers.

(h) The consent of any Borrower (or any other Obligor) is not required for an assignment or transfer of rights and/or obligations by the Security Agent.

31.14 Confidentiality

(a) In acting as Security Agent for the Finance Parties, the Security Agent shall be regarded as acting through its trustee division which shall be treated as a separate entity from any other of its divisions or departments.

(b) If information is received by a division or department of the Security Agent other than the division or department responsible for complying with the obligations assumed by it under the Finance Documents, that information may be treated as confidential to that division or department, and the Security Agent shall not be deemed to have notice of it nor shall it be obliged to disclose such information to any Party.

(c) Notwithstanding any other provision of any Finance Document to the contrary, the Security Agent is not obliged to disclose to any other person (i) any confidential information or (ii) any other information if the disclosure would, or might in its reasonable opinion, constitute a breach of any law or regulation or a breach of a fiduciary duty.

31.15 Credit appraisal by the Finance Parties

Without affecting the responsibility of any 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 other information provided by the Security Agent, any Party or by any other person under, or in connection with, any Transaction Document, the transactions contemplated by any Transaction Document or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Transaction Document; and

(e) the right or title of any person in or to or the value or sufficiency of any part of the Security Assets, the priority of any of the Transaction Security or the existence of any Security affecting the Security Assets.

31.16 Reliance and engagement letters

Each Secured Party confirms that the Security Agent has authority to accept on its behalf (and ratifies the acceptance on its behalf of any letters or reports already accepted by the Security Agent) the terms of any reliance letter or engagement letters or any reports or letters provided by accountants, auditors or providers of due diligence reports in connection with the Finance Documents or the transactions contemplated in the Finance Documents and to bind it in respect of those, reports or letters and to sign such letters on its behalf and further confirms that it accepts the terms and qualifications set out in such letters.

31.17 No responsibility to perfect Transaction Security

The Security Agent shall not be liable for any failure to:

(a) require the deposit with it of any deed or document certifying, representing or constituting the title of any 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 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 Security Document.

31.18 Insurance by Security Agent

(a) The Security Agent shall not be obliged:

(i) to insure any of the Security Assets;

(ii) to require any other person to maintain any insurance; or

(iii) to verify any obligation to arrange or maintain insurance contained in any Finance Document,

and the Security Agent shall not be liable for any damages, costs or losses to any person as a result of the lack of, or inadequacy of, any such insurance.

(b) Where the Security Agent is named on any insurance policy as an insured party, it shall not be liable for any damages, costs or losses to any person as a result of its failure to notify the insurers of any material fact relating to the risk assumed by such insurers or any other information of any kind, unless the Majority Lenders request it to do so in writing and the Security Agent fails to do so within 14 days after receipt of that request.

31.19 Custodians and nominees

The Security Agent may appoint and pay any person to act as a custodian or nominee on any terms in relation to any asset of the trust as the Security Agent may determine, including for the purpose of depositing with a custodian this Agreement or any document relating to the trust created under this Agreement and the Security Agent shall not be responsible for any loss, liability, expense, demand, cost, claim or proceedings incurred by reason of the misconduct, omission or default on the part of any person appointed by it under this Agreement or be bound to supervise the proceedings or acts of any person.

31.20 Delegation by the Security Agent

(a) Each of the Security Agent, any Receiver and any Delegate may, at any time, delegate by power of attorney or otherwise to any person for any period, all or any right, power, authority or discretion vested in it in its capacity as such.

(b) That delegation may be made upon any terms and conditions (including the power to sub delegate) and subject to any restrictions that the Security Agent, that Receiver or that Delegate (as the case may be) may, in its discretion, think fit in the interests of the Secured Parties.

(c) No Security Agent, Receiver or Delegate shall be bound to supervise, or be in any way responsible for any damages, costs or losses incurred by reason of any misconduct, omission or default on the part of any such delegate or sub delegate.

31.21 Additional Security Agents

(a) The Security Agent may at any time appoint (and subsequently remove) any person to act as a separate trustee or as a co-trustee jointly with it:

(i) if it considers that appointment to be in the interests of the Secured Parties; or

(ii) for the purposes of conforming to any legal requirement, restriction or condition which the Security Agent deems to be relevant; or

(iii) for obtaining or enforcing any judgment in any jurisdiction,

and the Security Agent shall give prior notice to the Borrowers and the Finance Parties of that appointment.

(b) Any person so appointed shall have the rights, powers, authorities and discretions (not exceeding those given to the Security Agent under or in connection with the Finance Documents) and the duties, obligations and responsibilities that are given or imposed by the instrument of appointment.

(c) The remuneration that the Security Agent may pay to that person, and any costs and expenses (together with any applicable VAT) incurred by that person in performing its functions pursuant to that appointment shall, for the purposes of this Agreement, be treated as costs and expenses incurred by the Security Agent.

31.22 Acceptance of title

The Security Agent shall be entitled to accept without enquiry, and shall not be obliged to investigate, any right and title that any Obligor may have to any of the Security Assets and shall not be liable for or bound to require any Obligor to remedy any defect in its right or title.

31.23 Releases

Upon a disposal of any of the Security Assets pursuant to the enforcement of the Transaction Security by a Receiver, a Delegate or the Security Agent, the Security Agent is irrevocably authorised (at the cost of the Obligors and without any consent, sanction, authority or further confirmation from any other Secured Party) to release, without recourse or warranty, that property from the Transaction Security and to execute any release of the Transaction Security or other claim over that asset and to issue any certificates of non-crystallisation of floating charges that may be required or desirable.

31.24 Winding up of trust

If the Security Agent, with the approval of the Facility Agent determines that:

(a) all of the Secured Liabilities and all other obligations secured by the Security Documents have been fully and finally discharged; and

(b) no Secured Party is under any commitment, obligation or liability (actual or contingent) to make advances or provide other financial accommodation to any Obligor pursuant to the Finance Documents,

then

(i) the trusts set out in this Agreement shall be wound up and the Security Agent shall release, without recourse or warranty, all of the Transaction Security and the rights of the Security Agent under each of the Security Documents; and

(ii) any Security Agent which has resigned pursuant to Clause 31.13 (*Resignation of the Security Agent*) shall release, without recourse or warranty, all of its rights under each Security Document.

31.25 Powers supplemental to Trustee Acts

The rights, powers, authorities and discretions given to the Security Agent under or in connection with the Finance Documents shall be supplemental to the Trustee Act 1925 and the Trustee Act 2000 and in addition to any which may be vested in the Security Agent by law or regulation or otherwise.

31.26 Disapplication of Trustee Acts

Section 1 of the Trustee Act 2000 shall not apply to the duties of the Security Agent in relation to the trusts constituted by this Agreement and the other Finance Documents. Where there are any inconsistencies between (i) the Trustee Acts 1925 and 2000 and (ii) the provisions of this Agreement and any other Finance Document, the provisions of this Agreement and any other Finance Document shall, to the extent permitted by law and regulation, prevail and, in the case of any inconsistency with the Trustee Act 2000, the provisions of this Agreement and any other Finance Document shall constitute a restriction or exclusion for the purposes of the Trustee Act 2000.

31.27 Application of receipts

All amounts from time to time received or recovered by the Security Agent pursuant to the terms of any Finance Document, under Clause 31.2 (*Parallel Debt (Covenant to pay the Security Agent)*) or in connection with the realisation or enforcement of all or any part of the Security Property (for the purposes of this Clause 31 (*The Security Agent*), the "**Recoveries**") shall be held by the Security Agent on trust to apply them at any time as the Security Agent (in its discretion) sees fit, to the extent permitted by applicable law (and subject to the remaining provisions of this Clause 31 (*The Security Agent*), in the following order of priority:

(a) in discharging any sums owing to the Security Agent (in its capacity as such) (other than pursuant to Clause 31.2 (*Parallel Debt (Covenant to pay the Security Agent)*), any Receiver or any 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 Obligor under any of the Finance Documents in accordance with Clause 34.5 (*Application of receipts; partial payments*);

(c) if none of the 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 Obligor; and

(d) the balance, if any, in payment or distribution to the relevant Obligor.

31.28 Permitted Deductions

The Security Agent may, in its discretion:

(a) set aside by way of reserve amounts required to meet, and to make and pay, any deductions and withholdings (on account of Taxes or otherwise) which it is or may be required by any applicable law to make from any distribution or payment made by it under this Agreement; and

(b) pay all Taxes which may be assessed against it in respect of any of the Security Property, or as a consequence of performing its duties, or by virtue of its capacity as Security Agent under any of the Finance Documents or otherwise (other than in connection with its remuneration for performing its duties under this Agreement).

31.29 Prospective liabilities

Following acceleration the Security Agent may, in its discretion, or at the request of the Facility Agent, hold any Recoveries in an interest bearing suspense or impersonal account(s) in the name of the Security Agent with such financial institution (including itself) and for so long as the Security Agent shall think fit (the interest being credited to the relevant account) for later payment to the Facility Agent for application in accordance with Clause 31.27 (*Application of receipts*) in respect of:

(a) any sum to the Security Agent, any Receiver or any Delegate; and

(b) any part of the Secured Liabilities,

that the Security Agent or, in the case of paragraph (b) only, the Facility Agent, reasonably considers, in each case, might become due or owing at any time in the future.

31.30 Investment of proceeds

Prior to the payment of the proceeds of the Recoveries to the Facility Agent for application in accordance with Clause 31.27 (*Application of receipts*) the Security Agent may, in its discretion, hold all or part of those proceeds in an interest bearing suspense or impersonal account(s) in the name of the Security Agent with such financial institution (including itself) and for so long as the Security Agent shall think fit (the interest being credited to the relevant account) pending the payment from time to time of those moneys in the Security Agent's discretion in accordance with the provisions of Clause 31.27 (*Application of receipts*).

31.31 Currency conversion

(a) For the purpose of, or pending the discharge of, any of the Secured Liabilities the Security Agent may convert any moneys received or recovered by the Security Agent from one currency to another, at a market rate of exchange.

(b) The obligations of any Obligor to pay in the due currency shall only be satisfied to the extent of the amount of the due currency purchased after deducting the costs of conversion.

31.32 Good discharge

(a) Any payment to be made in respect of the Secured Liabilities by the Security Agent may be made to the Facility Agent on behalf of the Secured Parties and any payment made in that way shall be a good discharge, to the extent of that payment, by the Security Agent.

(b) The Security Agent is under no obligation to make the payments to the Facility Agent under paragraph (a) above in the same currency as that in which the obligations and liabilities owing to the relevant Finance Party are denominated.

31.33 Amounts received by Obligors

If any of the Obligors receives or recovers any amount which, under the terms of any of the Finance Documents, should have been paid to the Security Agent, that Obligor will hold the amount received or recovered on trust for the Security Agent and promptly pay that amount to the Security Agent for application in accordance with the terms of this Agreement.

31.34 Application and consideration

In consideration for the covenants given to the Security Agent by each Obligor in relation to Clause 31.2 (*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 31 (*The Security Agent*).

31.35 Full freedom to enter into transactions

Without prejudice to Clause 31.7 (*Business with the Group*) or any other provision of a Finance Document and notwithstanding any rule of law or equity to the contrary, the Security Agent shall be absolutely entitled:

(a) to enter into and arrange banking, derivative, investment and/or other transactions of every kind with or affecting any 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 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 Obligor or any other person; or

(ii) any options or other derivatives in connection with such securities; and

(c) to provide advice or other services to the Borrowers or any person who is a party to, or referred to in, a Finance Document,

and, in particular, the Security Agent shall be absolutely entitled, in proposing, evaluating, negotiating, entering into and arranging all such transactions and in connection with all other matters covered by paragraphs (a), (b) and (c) above, to use (subject only to insider dealing legislation) any information or opportunity, howsoever acquired by it, to pursue its own interests exclusively, to refrain from disclosing such dealings, transactions or other matters or any information acquired in connection with them and to retain for its sole benefit all profits and benefits derived from the dealings transactions or other matters.

32 CONDUCT OF BUSINESS BY THE FINANCE PARTIES

No provision of this Agreement will:

(a) interfere with the right of any Finance Party to arrange its affairs (tax or otherwise) in whatever manner it thinks fit;

(b) oblige any Finance Party to investigate or claim any credit, relief, remission or repayment available to it or the extent, order and manner of any claim; or

(c) oblige any Finance Party to disclose any information relating to its affairs (tax or otherwise) or any computations in respect of Tax.

33 SHARING AMONG THE FINANCE PARTIES

33.1 Payments to Finance Parties

If a Finance Party (a "**Recovering Finance Party**") receives or recovers any amount from an Obligor other than in accordance with Clause 34 (*Payment Mechanics*) (a "**Recovered Amount**") and applies that amount to a payment due to it under the Finance Documents then:

(a) the Recovering Finance Party shall, within three Business Days, notify details of the receipt or recovery, to the Facility Agent;

(b) the Facility Agent shall determine whether the receipt or recovery is in excess of the amount the Recovering Finance Party would have been paid had the receipt or recovery been received or made by the Facility Agent and distributed in accordance with Clause 34 (*Payment Mechanics*), without taking account of any Tax which would be imposed on the Facility Agent in relation to the receipt, recovery or distribution; and

(c) the Recovering Finance Party shall, within three Business Days of demand by the Facility Agent, pay to the Facility Agent an amount (the "**Sharing Payment**") equal to such receipt or recovery less any amount which the Facility Agent determines may be retained by the Recovering Finance Party as its share of any payment to be made, in accordance with Clause 34.5 (*Application of receipts; partial payments*).

33.2 Redistribution of payments

The Facility Agent shall treat the Sharing Payment as if it had been paid by the relevant Obligor and distribute it among the Finance Parties (other than the Recovering Finance Party) (the "**Sharing Finance Parties**") in accordance with Clause 34.5 (*Application of receipts; partial payments*) towards the obligations of that Obligor to the Sharing Finance Parties.

33.3 Recovering Finance Party's rights

On a distribution by the Facility Agent under Clause 33.2 (*Redistribution of payments*) of a payment received by a Recovering Finance Party from an Obligor, as between the relevant Obligor and the Recovering Finance Party, an amount of the Recovered Amount equal to the Sharing Payment will be treated as not having been paid by that Obligor.

33.4 Reversal of redistribution

If any part of the Sharing Payment received or recovered by a Recovering Finance Party becomes repayable and is repaid by that Recovering Finance Party, then:

(a) each Sharing Finance Party shall, upon request of the Facility Agent, pay to the Facility Agent for the account of that Recovering Finance Party an amount equal to the appropriate part of its share of the Sharing Payment (together with an amount as is necessary to reimburse that Recovering Finance Party for its proportion of any interest on the Sharing Payment which that Recovering Finance Party is required to pay) (the "**Redistributed Amount**"); and

(b) as between the relevant Obligor and each relevant Sharing Finance Party, an amount equal to the relevant Redistributed Amount will be treated as not having been paid by that Obligor.

33.5 Exceptions

(a) This Clause 33 (*Sharing among the Finance Parties*) shall not apply to the extent that the Recovering Finance Party would not, after making any payment pursuant to this Clause, have a valid and enforceable claim against the relevant Obligor.

(b) A Recovering Finance Party is not obliged to share with any other Finance Party any amount which the Recovering Finance Party has received or recovered as a result of taking legal or arbitration proceedings, if:

(i) it notified that other Finance Party of the legal or arbitration proceedings; and

(ii) that other Finance Party had an opportunity to participate in those legal or arbitration proceedings but did not do so as soon as reasonably practicable having received notice and did not take separate legal or arbitration proceedings.

SECTION 11

ADMINISTRATION

34 PAYMENT MECHANICS

34.1 Payments to the Facility Agent

(a) On each date on which an Obligor or a Lender is required to make a payment under a Finance Document, that Obligor or Lender shall make an amount equal to such payment available to the Facility Agent (unless a contrary indication appears in a Finance Document) for value on the due date at the time and in such funds specified by the Facility Agent as being customary at the time for settlement of transactions in the relevant currency in the place of payment.

(b) Payment shall be made to such account in the principal financial centre of the country of that currency (or, in relation to euro, in a principal financial centre in such Participating Member State or London, as specified by the Facility Agent) and with such bank as the Facility Agent, in each case, specifies.

34.2 Distributions by the Facility Agent

Each payment received by the Facility Agent under the Finance Documents for another Party shall, subject to Clause 34.3 (*Distributions to an Obligor*) and Clause 34.4 (*Clawback and pre-funding*) be made available by the Facility Agent as soon as practicable after receipt to the Party entitled to receive payment in accordance with this Agreement (in the case of a Lender, for the account of its Facility Office), to such account as that Party may notify to the Facility Agent by not less than five Business Days' notice with a bank specified by that Party in the principal financial centre of the country of that currency (or, in relation to euro, in the principal financial centre of a Participating Member State or London), as specified by that Party or, in the case of an Advance, to such account of such person as may be specified by the Borrowers in the Utilisation Request.

34.3 Distributions to an Obligor

The Facility Agent may (with the consent of the Obligor or in accordance with Clause 35 (*Set-Off*)) apply any amount received by it for that Obligor in or towards payment (on the date and in the currency and funds of receipt) of any amount due from that Obligor under the Finance Documents or in or towards purchase of any amount of any currency to be so applied.

34.4 Clawback and pre-funding

(a) Where a sum is to be paid to the Facility Agent under the Finance Documents for another Party, the Facility Agent is not obliged to pay that sum to that other Party (or to enter into or perform any related exchange contract) until it has been able to establish to its satisfaction that it has actually received that sum.

(b) Unless paragraph (c) below applies, if the Facility Agent pays an amount to another Party and it proves to be the case that the Facility Agent had not actually received that amount, then the Party to whom that amount (or the proceeds of any related exchange contract) was paid by the Facility Agent shall on demand refund the same to the Facility Agent together with interest on that amount from the date of payment to the date of receipt by the Facility Agent, calculated by the Facility Agent to reflect its cost of funds.

(c) If the Facility Agent has notified the Lenders that it is willing to make available amounts for the account of the Borrowers before receiving funds from the Lenders then if and to the extent that the Facility Agent does so but it proves to be the case that it does not then receive funds from a Lender in respect of a sum which it paid to the Borrowers:

(i) the Facility Agent shall notify the Borrowers of that Lender's identity and the Borrowers shall on demand refund it to the Facility Agent; and

(ii) such Lender by whom those funds should have been made available or, if the Lender fails to do so, the Borrowers, shall on demand pay to the Facility Agent the amount (as certified by the Facility Agent) which will indemnify the Facility Agent against any funding cost incurred by it as a result of paying out that sum before receiving those funds from that Lender.

34.5 Application of receipts; partial payments

(a) If the Facility Agent receives a payment that is insufficient to discharge all the amounts then due and payable by an Obligor under the Finance Documents, the Facility Agent shall apply that payment towards the obligations of that 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 amounts other than those listed in (ii) through (v) below and owing to, the Facility Agent, the Security Agent, any Receiver and any Delegate under the Finance Documents;

(ii) **secondly**, in or towards payment of any accrued interest and fees due but unpaid to the Lenders under this Agreement;

(iii) **thirdly**, in or towards payment of any principal due but unpaid to the Lenders under this Agreement;

(iv) **fourthly**, in or towards payment *pro rata* of any other sum due to any Finance Party but unpaid under the Finance Documents.

(b) The Facility Agent shall, if so directed by the Lenders, vary 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 an Obligor.

34.6 No set-off by Obligors

All payments to be made by an Obligor under the Finance Documents shall be calculated and be made without (and free and clear of any deduction for) set-off or counterclaim.

34.7 Business Days

(a) Any payment under the Finance Documents which is due to be made on a day that is not a Business Day shall be made on the next Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is not).

(b) During any extension of the due date for payment of any principal or an Unpaid Sum under this Agreement interest is payable on the principal or Unpaid Sum at the rate payable on the original due date.

34.8 Currency of account

(a) Subject to paragraphs (b) and (c) below, dollars is the currency of account and payment for any sum due from an Obligor under any Finance Document.

(b) Each payment in respect of costs, expenses or Taxes shall be made in the currency in which the costs, expenses or Taxes are incurred.

(c) Any amount expressed to be payable in a currency other than dollars shall be paid in that other currency.

34.9 Change of currency

(a) Unless otherwise prohibited by law, if more than one currency or currency unit are at the same time recognised by the central bank of any country as the lawful currency of that country, then:

(i) any reference in the Finance Documents to, and any obligations arising under the Finance Documents in, the currency of that country shall be translated into, or paid in, the currency or currency unit of that country designated by the Facility Agent (after consultation with the Borrowers); and

(ii) any translation from one currency or currency unit to another shall be at the official rate of exchange recognised by the central bank for the conversion of that currency or currency unit into the other, rounded up or down by the Facility Agent (acting reasonably).

(b) If a change in any currency of a country occurs, this Agreement will, to the extent the Facility Agent (acting reasonably and after consultation with the Borrowers) specifies to be necessary, be amended to comply with any generally accepted conventions and market practice in the Relevant Market and otherwise to reflect the change in currency.

34.10 Currency Conversion

(a) For the purpose of, or pending any payment to be made by any Servicing Party under any Finance Document, such Servicing Party may convert any moneys received or recovered by it from one currency to another, at a market rate of exchange.

(b) The obligations of any Obligor to pay in the due currency shall only be satisfied to the extent of the amount of the due currency purchased after deducting the costs of conversion.

34.11 Disruption to Payment Systems etc.

If either the Facility Agent determines (in its discretion) that a Disruption Event has occurred or the Facility Agent is notified by a Borrower that a Disruption Event has occurred:

(a) the Facility Agent may, and shall if requested to do so by a Borrower, consult with the Borrowers with a view to agreeing with the Borrowers such changes to the operation or administration of the Facility as the Facility Agent may deem necessary in the circumstances;

(b) the Facility Agent shall not be obliged to consult with the Borrowers in relation to any changes mentioned in paragraph (a) above if, in its reasonable 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 Obligors as an amendment to (or, as the case may be, waiver of) the terms of the Finance Documents notwithstanding the provisions of Clause 43 (*Amendments and Waivers*);

(e) the Facility Agent shall not be liable for any damages, costs or losses to any person, any diminution in value or any liability whatsoever (including, without limitation for negligence, gross negligence or any other category of liability whatsoever but not including any claim based on the fraud of the Facility Agent) arising as a result of its taking, or failing to take, any actions pursuant to or in connection with this Clause 34.11 (*Disruption to Payment Systems etc.*); and

(f) the Facility Agent shall notify the Finance Parties of all changes agreed pursuant to paragraph (d) above.

35 SET-OFF

A Finance Party may set off any matured obligation due from an Obligor under the Finance Documents (to the extent beneficially owned by that Finance Party) against any matured obligation owed by that Finance Party to that Obligor, regardless of the place of payment, booking branch or currency of either obligation. If the obligations are in different currencies, the Finance Party may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off.

36 BAIL-IN

Notwithstanding any other term of any Finance Document or any other agreement, arrangement or understanding between the Parties, each Party acknowledges and accepts that any liability of any Party to any other Party under or in connection with the Finance Documents may be subject to Bail-In Action by the relevant Resolution Authority and acknowledges and accepts to be bound by the effect of:

(a) any Bail-In Action in relation to any such liability, including (without limitation):

(i) a reduction, in full or in part, in the principal amount, or outstanding amount due (including any accrued but unpaid interest) in respect of any such liability;

(ii) a conversion of all, or part of, any such liability into shares or other instruments of ownership that may be issued to, or conferred on, it; and

(iii) a cancellation of any such liability; and

(b) a variation of any term of any Finance Document to the extent necessary to give effect to any Bail-In Action in relation to any such liability.

37 NOTICES

37.1 Communications in writing

Any communication to be made under or in connection with the Finance Documents shall be made in writing and, unless otherwise stated, may be made by fax or letter.

37.2 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 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.

37.3 Delivery

(a) Any communication or document made or delivered by one person to another under or in connection with the Finance Documents will only be effective:

(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 37.2 (*Addresses*), if addressed to that department or officer.

(b) Any communication or document to be made or delivered to a Servicing Party will be effective only when actually received by that Servicing Party and then only if it is expressly marked for the attention of the department or officer of that Servicing Party specified in Schedule 1 (*The Parties*) (or any substitute department or officer as that Servicing Party shall specify for this purpose).

(c) All notices from or to an 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 Obligors.

(e) Any communication or document which becomes effective, in accordance with paragraphs (a) to (d) above, after 5.00 p.m. in the place of receipt shall be deemed only to become effective on the following day.

37.4 Notification of address and fax number

Promptly upon receipt of notification of an address and fax number or change of address or fax number pursuant to Clause 37.2 (*Addresses*) or changing its own address or fax number, the Facility Agent shall notify the other Parties.

37.5 Electronic communication

(a) Any communication to be made between any two Parties under or in connection with the Finance Documents may be made by electronic mail or other electronic means (including, without limitation, by way of posting to a secure website) if those two Parties:

(i) notify each other in writing of their electronic mail address and/or any other information required to enable the transmission of information by that means; and

(ii) notify each other of any change to their address or any other such information supplied by them by not less than five Business Days' notice.

(b) Any such electronic communication as specified in paragraph (a) above to be made between an Obligor and a Finance Party may only be made in that way to the extent that those two Parties agree that, unless and until notified to the contrary, this is to be an accepted from of communication.

(c) Any such electronic communication as specified in paragraph (a) above made between any two Parties will be effective only when actually received (or made available) in readable form and in the case of any electronic communication made by a Party to the Facility Agent or the Security Agent only if it is addressed in such a manner as the Facility Agent or the Security Agent shall specify for this purpose.

(d) Any electronic communication which becomes effective, in accordance with paragraph (c) above, after 5.00 p.m. in the place in which the Party to whom the relevant communication is sent or made available has its address for the purpose of this Agreement shall be deemed only to become effective on the following day.

(e) Any reference in a Finance Document to a communication being sent or received shall be construed to include that communication being made available in accordance with this Clause 37.5 (*Electronic communication*).

37.6 English language

(a) Any notice given under or in connection with any Finance Document must be in English.

(b) All other documents provided under or in connection with any Finance Document must be:

(i) in English; or

(ii) if not in English, and if so required by the Facility Agent, accompanied by a certified English translation prepared by a translator approved by the Facility Agent and, in this case, the English translation will prevail unless the document is a constitutional, statutory or other official document.

38 CALCULATIONS AND CERTIFICATES

38.1 Accounts

In any litigation or arbitration proceedings arising out of or in connection with a Finance Document, the entries made in the accounts maintained by a Finance Party are *prima facie* evidence of the matters to which they relate.

38.2 Certificates and determinations

Any certification or determination by a Finance Party of a rate or amount under any Finance Document is, in the absence of manifest error, conclusive evidence of the matters to which it relates.

38.3 Day count convention and interest calculation

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 Market differs, in accordance with that market practice.

39 PARTIAL INVALIDITY

If, at any time, any provision of a Finance Document is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions under the law of that jurisdiction nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will in any way be affected or impaired.

40 REMEDIES AND WAIVERS

No failure to exercise, nor any delay in exercising, on the part of any Secured Party, any right or remedy under a Finance Document shall operate as a waiver of any such right or remedy or constitute an election to affirm any Finance Document. No election to affirm any Finance Document on the part of a Secured Party shall be effective unless it is in writing. No single or partial exercise of any right or remedy shall prevent any further or other exercise or the exercise of any other right or remedy. The rights and remedies provided in each Finance Document are cumulative and not exclusive of any rights or remedies provided by law.

41 SETTLEMENT OR DISCHARGE CONDITIONAL

Any settlement or discharge under any Finance Document between any Finance Party and any Obligor shall be conditional upon no security or payment to any Finance Party by any Obligor or any other person being set aside, adjusted or ordered to be repaid, whether under any insolvency law or otherwise.

42 IRREVOCABLE PAYMENT

If the Facility Agent considers that an amount paid or discharged by, or on behalf of, an Obligor or by any other person in purported payment or discharge of an obligation of that Obligor to a Finance Party under the Finance Documents is capable of being avoided or otherwise set aside on the liquidation or administration of that Obligor or otherwise, then that amount shall not be considered to have been unconditionally and irrevocably paid or discharged for the purposes of the Finance Documents.

43 AMENDMENTS AND WAIVERS

43.1 Required consents

(a) Subject to Clause 43.2 (*All Lender matters*) and Clause 43.3 (*Other exceptions*) any term of the Finance Documents may be amended or waived only with the consent of the Majority Lenders and, in the case of an amendment, the Obligors and any such amendment or waiver will be binding on all Parties.

(b) The Facility Agent may effect, on behalf of any Finance Party, any amendment or waiver permitted by this Clause 43 (*Amendments and Waivers*).

(c) Without prejudice to the generality of Clause 30.8 (*Rights and discretions*), the Facility Agent may engage, pay for and rely on the services of lawyers in determining the consent level required for and effecting any amendment, waiver or consent under this Agreement.

43.2 All Lender matters

Subject to Clause 43.4 (*changes to reference rates*), 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 (other than in relation to Clause 7.4 (*Voluntary prepayment of Loan*) in respect of a prepayment made pursuant to Clause 25.2 (*Provision of additional security; prepayment*), Clause 7.5 (*Mandatory prepayment on sale or Total Loss*);

(c) a reduction in the Margin or the amount of any payment of principal, interest, fees or commission payable;

(d) a change in currency of payment of any amount under the Finance Documents;

(e) an increase in any Commitment or the Total Commitments, an extension of any Availability Period or any requirement that a cancellation of Commitments reduces the Commitments rateably under the Facility;

(f) a change to any Obligor;

(g) any provision which expressly requires the consent of all the Lenders;

(h) this Clause 43 (*Amendments and Waivers*);

(i) any change to the preamble (Background), Clause 2 (*The Facility*), Clause 3 (*Purpose*), Clause 5 (*Utilisation*), Clause 9 (*Interest*), Clause 22.11 (*Negative pledge*), Clause 22.12 (*Disposals*), Clause 22.13 (*Merger*), paragraph (c) of Clause 22.14 (*Change of business*), Clause 24.2 (*Ships' names and registration*), Clause 24.3 (*Repair and classification*), Clause 24.4 (*Modifications*), Clause 24.5 (*Removal and installation of parts*), Clause 26 (*Application of Earnings and Accounts*), Clause 28 (*Changes to the Lenders*), Clause 47 (*Governing Law*) or Clause 48 (*Enforcement*);

(j) any release (whether in part or in full) of, or material variation to, or limitation of enforcement to any Transaction Security, guarantee, indemnity or subordination arrangement set out in a Finance Document (except in the case of a release of Transaction Security as it relates to the disposal of an asset which is the subject of the Transaction Security and where such disposal is expressly permitted by the Majority Lenders or otherwise under a Finance Document);

(k) (other than as expressly permitted by the provisions of any Finance Document), the nature or scope of:

(i) the guarantee and indemnity granted under Clause 17 (*Guarantee and Indemnity – Parent Guarantor*);

(ii) the joint and several liability of the Borrowers under Clause 18 (*Joint and Several Liability of the Borrowers*);

(iii) the Security Assets; or

(iv) the manner in which the proceeds of enforcement of the Transaction Security are distributed,

(except in the case of sub-paragraphs (iii) and (iv) above, insofar as it relates to a sale or disposal of an asset which is the subject of the Transaction Security where such sale or disposal is expressly permitted under this Agreement or any other Finance Document);

(v) the release of the guarantees and indemnities granted under Clause 17 (*Guarantee and Indemnity – Parent Guarantor*), the joint and several liability of the Borrowers under Clause 18 (*Joint and Several Liability of the Borrowers*) or of any Transaction Security unless permitted under this Agreement or any other Finance Document or relating to a sale or disposal of an asset which is the subject of the Transaction Security where such sale or disposal is expressly permitted under this Agreement or any other Finance Document,

shall not be made, or given, without the prior consent of all the Lenders.

43.3 Other exceptions

An amendment or waiver which relates to the rights or obligations of a Servicing Party, the Arranger or a Reference Bank (each in their capacity as such) may not be effected without the consent of that Servicing Party, or the Arranger or that Reference Bank, as the case may be, the Arranger.

43.4 Changes to reference rates

(a) Subject to Clause 43.3 (*Other exceptions*), if a Published Rate Replacement Event has occurred in relation to a Published Rate, any amendment or waiver which relates to:

(i) providing for the use of a Replacement Reference Rate in place of that Published Rate; and

(ii)

(A) aligning any provision of any Finance Document to the use of that Replacement Reference Rate;

(B) enabling that Replacement Reference Rate to be used for the calculation of interest under this Agreement (including, without limitation, any consequential changes required to enable that Replacement Reference Rate to be used for the purposes of this Agreement);

(C) implementing market conventions applicable to that Replacement Reference Rate;

(D) providing for appropriate fallback (and market disruption) provisions for that Replacement Reference Rate; or

(E) adjusting the pricing to reduce or eliminate, to the extent reasonably practicable, any transfer of economic value from one Party to another as a result of the application of that Replacement Reference Rate (and if any adjustment or method for calculating any adjustment has been formally designated, nominated or recommended by the Relevant Nominating Body, the adjustment shall be determined on the basis of that designation, nomination or recommendation),

may be made with the consent of the Facility Agent (acting on the instructions of the Majority Lenders) and the Borrower.

(b) If any Lender fails to respond to a request for an amendment or waiver described in paragraph (a) or (b) above within three Business Days (or such longer time period in relation to any request which the Borrower and the Facility Agent may agree) of that request being made:

(i) its Commitment or its participation in the Loan (as the case may be) shall not be included for the purpose of calculating the Total Commitments or the amount of the Loan (as applicable) when ascertaining whether any relevant percentage of Total Commitments or the aggregate of participations in the Loan (as applicable) has been obtained to approve that request; and

(ii) its status as a Lender shall be disregarded for the purpose of ascertaining whether the agreement of any specified group of Lenders has been obtained to approve that request.

(c) In this Clause 43.4 (*Changes to reference rates*):

"**Published Rate**" means:

(a) Term SOFR for any Term SOFR Quoted Tenor;

(b) SOFR; or

(c) the Screen Rate.

"**Published Rate Replacement Event**" means, in relation to a Published Rate:

(a) the methodology, formula or other means of determining that Published Rate has, in the opinion of the Majority Lenders, and the Borrower materially changed;

(b)

(i)

(A) the administrator of that Published Rate or its supervisor publicly announces that such administrator is insolvent; or

(B) information is published in any order, decree, notice, petition or filing, however described, of or filed with a court, tribunal, exchange, regulatory authority or similar administrative, regulatory or judicial body which reasonably confirms that the administrator of that Published Rate is insolvent,

provided that, in each case, at that time, there is no successor administrator to continue to provide that Published Rate;

(ii) the administrator of that Published Rate publicly announces that it has ceased or will cease, to provide that Published Rate permanently or indefinitely and, at that time, there is no successor administrator to continue to provide that Published Rate;

(iii) the supervisor of the administrator of that Published Rate publicly announces that such Published Rate has been or will be permanently or indefinitely discontinued; or

(iv) the administrator of that Published Rate or its supervisor announces that that Published Rate may no longer be used; or

(c) in the case of the Screen Rate for any Quoted Tenor, the supervisor of the administrator of that Screen Rate makes a public announcement or publishes information:

(i) stating that that Screen Rate for that Quoted Tenor is no longer, or as of a specified future date will no longer be, representative of the underlying market or the economic reality that it is intended to measure and that representativeness will not be restored (as determined by such supervisor); and

(ii) with awareness that any such announcement or publication will engage certain triggers for fallback provisions in contracts which may be activated by any such pre-cessation announcement or publication; or

(d) in the opinion of the Majority Lenders and the Borrower, that Published Rate is otherwise no longer appropriate for the purposes of calculating interest under this Agreement.

"**Relevant Nominating Body**" means any applicable central bank, regulator or other supervisory authority or a group of them, or any working group or committee sponsored or chaired by, or constituted at the request of, any of them or the Financial Stability Board.

"**Replacement Reference Rate**" means a reference rate which is:

(a) formally designated, nominated or recommended as the replacement for a Published Rate by:

(i) the administrator of that Published Rate (provided that the market or economic reality that such reference rate measures is the same as that measured by that Published Rate); or

(ii) any Relevant Nominating Body,

(iii) and if replacements have, at the relevant time, been formally designated, nominated or recommended under both paragraphs, the "Replacement Reference Rate" will be the replacement under sub-paragraph (ii) above;

(b) in the opinion of the Majority Lenders and the Borrower, generally accepted in the international or any relevant domestic syndicated loan markets as the appropriate successor or alternative to a Published Rate; or

(c) in the opinion of the Majority Lenders and the Borrower, an appropriate successor or alternative to a Published Rate.

"**Term SOFR Quoted Tenor**" means any period for which Term SOFR is customarily displayed on the relevant page or screen of an information service.

44 CONFIDENTIAL INFORMATION

44.1 Confidentiality

Each Finance Party agrees to keep all Confidential Information confidential and not to disclose it to anyone, save to the extent permitted by Clause 44.2 (*Disclosure of Confidential Information*) and Clause 44.4 (*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.

44.2 Disclosure of Confidential Information

Any Finance Party may disclose:

(a) to any of its Affiliates and Related Funds and any of its or their officers, directors, employees, professional advisers, auditors, partners and Representatives such Confidential Information as that Finance Party shall consider appropriate if any person to whom the Confidential Information is to be given pursuant to this paragraph (a) is informed in writing of its confidential nature and that some or all of such Confidential Information may be price-sensitive information except that there shall be no such requirement to so inform if the recipient is subject to professional obligations to maintain the confidentiality of the information or is otherwise bound by requirements of confidentiality in relation to the Confidential Information;

(b) to any person:

(i) to (or through) whom it assigns or transfers (or may potentially assign or transfer) 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 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 30.15 (*Relationship with the other Finance Parties*));

(iv) who invests in or otherwise finances (or may potentially invest in or otherwise finance), directly or indirectly, any transaction referred to in sub-paragraph (i) or (ii) of paragraph (b) above;

(v) to whom information is required or requested to be disclosed by any court of competent jurisdiction or any governmental, banking, taxation or other regulatory authority or similar body, the rules of any relevant stock exchange or pursuant to any applicable law or regulation;

(vi) to whom information is required to be disclosed in connection with, and for the purposes of, any litigation, arbitrations, administrative or other investigations, proceedings or disputes;

(vii) to whom or for whose benefit that Finance Party charges, assigns or otherwise creates Security (or may do so) pursuant to Clause 28.8 (*Security over Lenders' rights*);

(viii) which is a classification society or other entity which a Lender has engaged to make the calculations necessary to enable that Lender to comply with its reporting obligations under the Poseidon Principles;

(ix) who is a Party, a member of the Group or any related entity of an Obligor;

(x) 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

(xi) 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 Obligors if the rating agency to whom the Confidential Information is to be given is informed of its confidential nature and that some or all of such Confidential Information may be price-sensitive information.

44.3 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.

44.4 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 Obligors the following information:

(i) names of Obligors;

(ii) country of domicile of Obligors;

(iii) place of incorporation of Obligors;

(iv) date of this Agreement;

(v) Clause 47 (*Governing Law*);

(vi) the names of the Facility Agent and the Arranger;

(vii) date of each amendment and restatement of this Agreement;

(viii) amount of Total Commitments;

(ix) currency of the Facility;

(x) type of Facility;

(xi) ranking of Facility;

(xii) Termination Date for Facility;

(xiii) changes to any of the information previously supplied pursuant to sub-paragraphs (i) to (xii) above; and

(xiv) such other information agreed between such Finance Party and the 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 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 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.

(d) The Facility Agent shall notify the Parent Guarantor and the other Finance Parties of:

(i) the name of any numbering service provider appointed by the Facility Agent in respect of this Agreement, the Facility and/or one or more Obligors; and

(ii) the number or, as the case may be, numbers assigned to this Agreement, the Facility and/or one or more Obligors by such numbering service provider.

44.5 Entire agreement

This Clause 44 (*Confidential Information*) constitutes the entire agreement between the Parties in relation to the obligations of the Finance Parties under the Finance Documents regarding Confidential Information and supersedes any previous agreement, whether express or implied, regarding Confidential Information.

44.6 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.

44.7 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 44.2 (*Disclosure of Confidential Information*) except where such disclosure is made to any of the persons referred to in that paragraph during the ordinary course of its supervisory or regulatory function; and

(b) upon becoming aware that Confidential Information has been disclosed in breach of this Clause 44 (*Confidential Information*).

44.8 Continuing obligations

The obligations in this Clause 44 (*Confidential Information*) are continuing and, in particular, shall survive and remain binding on each Finance Party for a period of 12 months from the earlier of:

(a) the date on which all amounts payable by the Obligors under or in connection with this Agreement have been paid in full and all Commitments have been cancelled or otherwise cease to be available; and

(b) the date on which such Finance Party otherwise ceases to be a Finance Party.

45 CONFIDENTIALITY OF FUNDING RATES AND REFERENCE BANK QUOTATIONS

45.1 Confidentiality and disclosure

(a) The Facility Agent and each Obligor agree to keep each Funding Rate (and, in the case of the Facility Agent, each Reference Bank Quotation) confidential and not to disclose it to anyone, save to the extent permitted by paragraphs (b), (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 Borrowers pursuant to Clause 8.4 (*Notification of rates of interest*); and

(ii) any Funding Rate or any Reference Bank Quotation to any person appointed by it to provide administration services in respect of one or more of the Finance Documents to the extent necessary to enable such service provider to provide those services if the service provider to whom that information is to be given has entered into a confidentiality agreement substantially in the form of the LMA Master Confidentiality Undertaking for Use With Administration/Settlement Service Providers or such other form of confidentiality undertaking agreed between the Facility Agent and the relevant Lender or Reference Bank, as the case may be.

(c) The Facility Agent may disclose any Funding Rate or any Reference Bank Quotation, and each Obligor may disclose any Funding Rate, to:

(i) any of its Affiliates and any of its or their officers, directors, employees, professional advisers, auditors, partners and Representatives, if any person to whom that Funding Rate or Reference Bank Quotation is to be given pursuant to this sub-paragraph (i) is informed in writing of its confidential nature and that it may be price sensitive information except that there shall be no such requirement to so inform if the recipient is subject to professional obligations to maintain the confidentiality of that Funding Rate or Reference Bank Quotation or is otherwise bound by requirements of confidentiality in relation to it;

(ii) any person to whom information is required or requested to be disclosed by any court of competent jurisdiction or any governmental, banking, taxation or other regulatory authority or similar body, the rules of any relevant stock exchange or pursuant to any applicable law or regulation if the person to whom that Funding Rate or Reference Bank Quotation is to be given is informed in writing of its confidential nature and that it may be price sensitive information except that there shall be no requirement to so inform if, in the opinion of the Facility Agent or the relevant Obligor, as the case may be, it is not practicable to do so in the circumstances;

(iii) any person to whom information is required to be disclosed in connection with, and for the purposes of, any litigation, arbitration, administrative or other investigations, proceedings or disputes if the person to whom that Funding Rate or Reference Bank Quotation is to be given is informed in writing of its confidential nature and that it may be price sensitive information except that there shall be no requirement to so inform if, in the opinion of the Facility Agent or the relevant Obligor, as the case may be, it is not practicable to do so in the circumstances; and

(iv) any person with the consent of the relevant Lender or Reference Bank, as the case may be.

(d) The Facility Agent's obligations in this Clause 45 (*Confidentiality of Funding Rates and Reference Bank Quotations*) relating to Reference Bank Quotations are without prejudice to its obligations to make notifications under Clause 8.4 (*Notification of rates of interest*) **provided that** (other than pursuant to sub-paragraph (i) of paragraph (b) above) the Facility Agent shall not include the details of any individual Reference Bank Quotation as part of any such notification.

45.2 Related obligations

(a) The Facility Agent and each Obligor acknowledge that each Funding Rate (and, in the case of the Facility Agent, each Reference Bank Quotation) is or may be price sensitive information and that its use may be regulated or prohibited by applicable legislation including securities law relating to insider dealing and market abuse and the Facility Agent and each Obligor undertake not to use any Funding Rate or, in the case of the Facility Agent, any Reference Bank Quotation for any unlawful purpose.

(b) The Facility Agent and each Obligor agree (to the extent permitted by law and regulation) to inform the relevant Lender or Reference Bank, as the case may be:

(i) of the circumstances of any disclosure made pursuant to sub-paragraph (ii) of paragraph (c) of Clause 45.1 (*Confidentiality and disclosure*) except where such disclosure is made to any of the persons referred to in that paragraph during the ordinary course of its supervisory or regulatory function; and

(ii) upon becoming aware that any information has been disclosed in breach of this Clause 45 (*Confidentiality of Funding Rates and Reference Bank Quotations*).

45.3 No Event of Default

No Event of Default will occur under Clause 27.4 (*Other obligations*) by reason only of an Obligor's failure to comply with this Clause 45 (*Confidentiality of Funding Rates and Reference Bank Quotations*).

46 COUNTERPARTS

Each Finance Document may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of the Finance Document.

SECTION 12

GOVERNING LAW AND ENFORCEMENT

47 GOVERNING LAW

This Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.

48 ENFORCEMENT

48.1 Jurisdiction

(a) The courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with this Agreement (including a dispute regarding the existence, validity or termination of this Agreement or any non-contractual obligation arising out of or in connection with this Agreement) (a "**Dispute**").

(b) The Obligors accept that the courts of England are the most appropriate and convenient courts to settle Disputes and accordingly no Obligor will argue to the contrary.

(c) This Clause 48.1 (*Jurisdiction*) is for the benefit of the Secured Parties only. As a result, no Secured Party shall be prevented from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law, the Secured Parties may take concurrent proceedings in any number of jurisdictions.

48.2 Service of process

(a) Without prejudice to any other mode of service allowed under any relevant law, each Obligor (other than an Obligor incorporated in England and Wales):

(i) irrevocably appoints Hill Dickinson Services (London) Limited at its registered office for the time being presently at The Broadgate Tower, 20 Primrose Street, London EC2A 2EW, England as its agent for service of process in relation to any proceedings before the English courts in connection with any Finance Document; and

(ii) agrees that failure by a process agent to notify the relevant Obligor of the process will not invalidate the proceedings concerned.

(b) If any person appointed as an agent for service of process is unable for any reason to act as agent for service of process, the Borrowers (on behalf of all the Obligors) must immediately (and in any event within 5 days of such event taking place) appoint another agent on terms acceptable to the Facility Agent. Failing this, the Facility Agent may appoint another agent for this purpose.

This Agreement has been entered into on the date stated at the beginning of this Agreement.

SCHEDULE 1

THE PARTIES

PART A

THE OBLIGORS

Name of Borrower	**Place of Incorporation**	**Address for Communication**
MULAN SHIPPING CO.	Republic of the Marshall Islands	c/o Castor Ships S.A. 25 Foinikos Str. 14564 Nea Kifissia, Athens Greece Fax No: + 357 25357796
JOHNNY BRAVO SHIPPING CO.	Republic of the Marshall Islands	c/o Castor Ships S.A. 25 Foinikos Str. 14564 Nea Kifissia, Athens Greece Fax No: + 357 25357796
SONGOKU SHIPPING CO.	Republic of the Marshall Islands	c/o Castor Ships S.A. 25 Foinikos Str. 14564 Nea Kifissia, Athens Greece Fax No: + 357 25357796
ASTERIX SHIPPING CO.	Republic of the Marshall Islands	c/o Castor Ships S.A. 25 Foinikos Str. 14564 Nea Kifissia, Athens Greece Fax No: + 357 25357796
STEWIE SHIPPING CO.	Republic of the Marshall Islands	c/o Castor Ships S.A. 25 Foinikos Str. 14564 Nea Kifissia, Athens Greece Fax No: + 357 25357796
Name of Parent Guarantor	**Place of Incorporation**	**Address for Communication**
CASTOR MARITIME INC.	The Republic of the Marshall Islands	c/o Castor Ships S.A. 25 Foinikos Str. 14564 Nea Kifissia, Athens Greece Fax No: + 357 25357796

PART B

THE ORIGINAL LENDERS

Name of Original Lender	Commitment	Address for Communication
DEUTSCHE BANK AG	$55,000,000	Adolphsplatz 7 20457 Hamburg Germany

PART C

THE SERVICING PARTIES

Name of Facility Agent	**Address for Communication**
DEUTSCHE BANK AG	Adolphsplatz 7 20457 Hamburg Germany

Name of Security Agent	**Address for Communication**
DEUTSCHE BANK AG	Adolphsplatz 7 20457 Hamburg Germany

SCHEDULE 2

CONDITIONS PRECEDENT

PART A

CONDITIONS PRECEDENT TO UTILISATION REQUEST

1 Obligors

1.1 A copy of the constitutional documents of each Obligor.

1.2 A copy of a resolution of the manager of each Obligor:

(a) approving the terms of, and the transactions contemplated by, the Finance Documents to which it is a party and resolving that it execute the Finance Documents to which it is a party;

(b) authorising a specified person or persons to execute the Finance Documents to which it is a party on its behalf; and

(c) authorising a specified person or persons, on its behalf, to sign and/or despatch all documents and notices (including, if relevant, the Utilisation Request and each Selection Notice) to be signed and/or despatched by it under, or in connection with, the Finance Documents to which it is a party.

1.3 An original of the power of attorney of any Obligor authorising a specified person or persons to execute the Finance Documents to which it is a party.

1.4 A copy of a resolution signed by the Parent Guarantor as the owner of all of the Equity Interests of that Borrower, approving the terms of, and the transactions contemplated by, the Finance Documents to which the Borrower is a party.

1.5 A certificate of each Obligor (signed by a manager (or equivalent)) confirming that borrowing or guaranteeing, as appropriate, the Total Commitments would not cause any borrowing, guaranteeing or similar limit binding on that Obligor to be exceeded.

1.6 A certificate of each Obligor that is incorporated outside the UK (signed by a manager (or equivalent)) certifying either that (i) it has not delivered particulars of any UK Establishment to the Registrar of Companies as required under the Overseas Regulations or (ii) it has a UK Establishment and specifying the name and registered number under which it is registered with the Registrar of Companies.

1.7 A certificate of an authorised signatory of the relevant Obligor certifying that each copy document relating to it specified in this Part A of Schedule 2 (*Conditions Precedent*) is correct, complete and in full force and effect as at a date no earlier than the date of this Agreement.

1.8 Written confirmation of the ultimate legal and beneficial ownership of each Borrower and the Parent Guarantor in a form approved by the Lenders, such ultimate legal and beneficial owner to be approved by the Lenders.

2 Finance Documents

2.1 A duly executed original of any Finance Document not otherwise referred to in this Schedule 2 (*Conditions Precedent*).

2.2 A duly executed original of any other document required to be delivered by each Finance Document if not otherwise referred to this Schedule 2 (*Conditions Precedent*).

3 Security

3.1 A duly executed original of the Account Security in relation to each Account.

4 Legal opinions

4.1 A legal opinion of Watson, Farley & Williams LLP, legal advisers to the Arranger, the Facility Agent and the Security Agent in England, substantially in the form distributed to the Original Lenders before signing this Agreement.

4.2 A legal opinion of Watson, Farley & Williams LLP, legal advisers to the Arranger, the Facility Agent and the Security Agent in the Marshall Islands, substantially in the form distributed to the Original Lenders before signing this Agreement.

5 Other documents and evidence

5.1 Details of any financial covenants which any member of the Group may have in relation to any of their current vessel financings.

5.2 Evidence that any process agent referred to in Clause 48.2 (*Service of process*), if not an Obligor, has accepted its appointment.

5.3 Documentary evidence that the Borrowers are in the absolute and unencumbered ownership of the Parent Guarantor.

5.4 A copy of any other Authorisation or other document, opinion or assurance which the Facility Agent considers to be necessary (if it has notified the Borrowers accordingly) in connection with the entry into and performance of the transactions contemplated by any Transaction Document or for the validity and enforceability of any Transaction Document.

5.5 The Original Financial Statements of the Parent Guarantor.

5.6 The original of any mandates or other documents required in connection with the opening or operation of the Accounts.

5.7 Evidence that the fees, costs and expenses then due from the Borrowers pursuant to Clause 11 (*Fees*) and Clause 16 (*Costs and Expenses*) have been paid or will be paid by the Utilisation Date.

5.8 Such evidence as the Facility Agent may require for the Finance Parties to be able to satisfy each of their "know your customer" or similar identification procedures in relation to the transactions contemplated by the Finance Documents.

PART B

CONDITIONS PRECEDENT TO UTILISATION OF AN ADVANCE

In Part B of this Schedule 2, the following definitions have the following meanings:

(a) "**Relevant Borrower**" means any Borrower which is utilising the its Tranche on the relevant Utilisation Date; and

(b) "**Relevant Ship**" means the Ship which is owned by the Relevant Borrower.

1 Borrowers

A certificate of an authorised signatory of each Borrower certifying that each copy document which it is required to provide under this Part B of Schedule 2 (*Conditions Precedent*) is correct, complete and in full force and effect as at the Utilisation Date of the Advance under Tranche A.

2 Ship and other security

2.1 A duly executed original of the Shares Security in respect of the Relevant Borrower (and of each document to be delivered under it).

2.2 A duly executed original of the Mortgage and the General and Charterparty Assignment in respect of the Relevant Ship and of each document to be delivered under or pursuant to each of them together with documentary evidence that the Mortgage in respect of the Relevant Ship has been duly registered as a valid first preferred ship mortgage in accordance with the laws of the jurisdiction of its Approved Flag.

2.3 Documentary evidence that the Relevant Ship:

(a) is definitively and permanently registered in the name of the Relevant Borrower under the Approved Flag applicable to that Ship;

(b) is in the absolute and unencumbered ownership of the Relevant Borrower save as contemplated by the Finance Documents;

(c) maintains the Approved Classification with the Approved Classification Society free of all overdue recommendations and conditions of the Approved Classification Society; and

(d) is insured in accordance with the provisions of this Agreement and all requirements in this Agreement in respect of insurances have been complied with.

2.4 Documents establishing that the Relevant Ship will, as from the Utilisation Date of the Advance under the relevant Tranche, be managed by the Approved Managers on terms acceptable to the Facility Agent acting with the authorisation of all of the Lenders, together with:

(a) a Manager's Undertaking for each Approved Manager of the Relevant Ship; and

(b) copies of the relevant Approved Manager's Document of Compliance and of the Relevant Ship's Safety Management Certificate (together with any other details of the applicable Safety Management System which the Facility Agent requires) and of any other documents required under the ISM Code and the ISPS Code in relation to the Relevant Ship including without limitation an ISSC.

2.5 An opinion from an independent insurance consultant acceptable to the Facility Agent on such matters relating to the Insurances as the Facility Agent may require.

2.6 Valuations of the Relevant Ship, addressed to the Facility Agent on behalf of the Finance Parties, stated to be for the purposes of this Agreement and dated not earlier than 30 days before the Utilisation Date for the Advance under the relevant Tranche from an Approved Valuer which shows that upon Utilisation of the Advance under the relevant Tranche, the amount of the relevant Tranche will not exceed 40 per cent of the Fair Market Value for the Relevant Ship.

2.7 An inspection report satisfactory to the Facility Agent by an independent surveyor acceptable to, or instructed by, the Facility Agent following a physical inspection of the Relevant Ship. Costs for such inspection reports to be borne by the Borrowers

3 Legal opinions

Legal opinions of the legal advisers to the Arranger, the Facility Agent and the Security Agent in the jurisdiction of the Approved Flag of the Relevant Ship, England and the Republic of the Marshall Islands and such other relevant jurisdictions as the Facility Agent may require.

4 Other documents and evidence

4.1 Evidence that the fees, costs and expenses then due from the Borrowers pursuant to Clause 11 (Fees) and Clause 16 (Costs and Expenses) have been paid or will be paid by the Utilisation Date for the Advance.

4.2 A copy of any other Authorisation or other document, opinion or assurance which the Facility Agent considers to be necessary (if it has notified the Borrowers accordingly) in connection with the entry into and performance of the transactions contemplated by any Transaction Document or for the validity and enforceability of any Transaction Document.

SCHEDULE 3

REQUESTS

PART A

UTILISATION REQUEST

From: **MULAN SHIPPING CO., JOHNNY BRAVO SHIPPING CO., SONGOKU SHIPPING CO., ASTERIX SHIPPING CO. and STEWIE SHIPPING CO.**

To: **DEUTSCHE BANK AG**

Dated: [●]

Dear Sirs

MULAN SHIPPING CO., JOHNNY BRAVO SHIPPING CO., SONGOKU SHIPPING CO., ASTERIX SHIPPING CO. and STEWIE SHIPPING CO. – $55,000,000 Facility Agreement dated [●] 2022 (the "Agreement")

1 We refer to the Agreement. This is a Utilisation Request. Terms defined in the Agreement have the same meaning in this Utilisation Request unless given a different meaning in this Utilisation Request.

2 We wish to borrow the Advance under each Tranche on the following terms:

Proposed Utilisation Date:	[●] (or, if that is not a Business Day, the next Business Day)
Amount:	[●] or, if less, the Available Facility
Interest Period for the first Advance:	[●]

3 You are authorised and requested to deduct from the Advance prior to funds being remitted the following amounts set out against the following items:

Deductible Items	$
[Fees]	[●]
Net proceeds of Advance	

4 We confirm that each condition specified in Clause 4.1 (*Initial conditions precedent*) and Clause 4.2 (*Further conditions precedent*) of this Agreement as they relate to the Advance to which this Utilisation Request refers is satisfied on the date of this Utilisation Request.

5 The net proceeds of this Advance should be credited to [account].

6 This Utilisation Request is irrevocable.

Yours faithfully

[●]
authorised signatory for
MULAN SHIPPING CO.

[●]
authorised signatory for
JOHNNY BRAVO SHIPPING CO.

[●]
authorised signatory for
SONGOKU SHIPPING CO.

[●]
authorised signatory for
ASTERIX SHIPPING CO.

[●]
authorised signatory for
STEWIE SHIPPING CO.

PART B

SELECTION NOTICE

From: **MULAN SHIPPING CO., JOHNNY BRAVO SHIPPING CO., SONGOKU SHIPPING CO., ASTERIX SHIPPING CO. and STEWIE SHIPPING CO.**

To: **DEUTSCHE BANK AG**

Dated: [●]

Dear Sirs

MULAN SHIPPING CO., JOHNNY BRAVO SHIPPING CO., SONGOKU SHIPPING CO., ASTERIX SHIPPING CO. and STEWIE SHIPPING CO. – $55,000,000 Facility Agreement dated -[●] 2022 (the "Agreement")

1 We refer to the Agreement. This is a Selection Notice. Terms defined in the Agreement have the same meaning in this Selection Notice unless given a different meaning in this Selection Notice.

2 We request that the next Interest Period for the Loan be [●].

3 This Selection Notice is irrevocable.

Yours faithfully

[●]
authorised signatory for
MULAN SHIPPING CO.

[●]
authorised signatory for
JOHNNY BRAVO SHIPPING CO.

[●]
authorised signatory for
SONGOKU SHIPPING CO.

[●]
authorised signatory for
ASTERIX SHIPPING CO.

[●]
authorised signatory for
STEWIE SHIPPING CO.

SCHEDULE 4

FORM OF TRANSFER CERTIFICATE

To: DEUTSCHE BANK AG as Facility Agent

From: [The Existing Lender] (the "**Existing Lender**") and [The New Lender] (the "**New Lender**")

Dated: [●]

Dear Sirs

MULAN SHIPPING CO., JOHNNY BRAVO SHIPPING CO., SONGOKU SHIPPING CO., ASTERIX SHIPPING CO. and STEWIE SHIPPING CO.– $55,000,000 Facility Agreement dated [●] 2022 (the "Agreement")

1 We refer to the Agreement. This is a Transfer Certificate. Terms defined in the Agreement have the same meaning in this Transfer Certificate unless given a different meaning in this Transfer Certificate.

2 We refer to Clause 28.5 (*Procedure for transfer*) of the Agreement:

(a) The Existing Lender and the New Lender agree to the Existing Lender transferring to the New Lender by novation all of the Existing Lender's rights and obligations under the Agreement and the other Finance Documents which relate to that portion of the Existing Lender's Commitment and participation in the Loan under the Agreement as specified in the Schedule in accordance with Clause 28.5 (*Procedure for transfer*) of the Agreement.

(b) The proposed Transfer Date is [●].

(c) The Facility Office and address, fax number and attention details for notices of the New Lender for the purposes of Clause 37.2 (*Addresses*) of the Agreement are set out in the Schedule.

3 The New Lender expressly acknowledges the limitations on the Existing Lender's obligations set out in paragraph (c) of Clause 28.4 (*Limitation of responsibility of Existing Lenders*) of the Agreement.

4 This Transfer Certificate may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of this Transfer Certificate.

5 This Transfer Certificate and any non-contractual obligations arising out of or in connection with it are is governed by English law.

6 This Transfer Certificate has been entered into on the date stated at the beginning of this Transfer Certificate.

Note: The execution of this Transfer Certificate may not transfer a proportionate share of the Existing Lender's interest in the Transaction Security in all jurisdictions. It is the responsibility of the New Lender to ascertain whether any other documents or other formalities are required to perfect a transfer of such a share in the Existing Lender's Transaction Security in any jurisdiction and, if so, to arrange for execution of those documents and completion of those formalities.

THE SCHEDULE

Commitment/rights and obligations to be transferred

[insert relevant details]

[Facility Office address, fax number and attention details

for notices and account details for payments.]

[Existing Lender] [New Lender]

By: [●] By: [●]

This Transfer Certificate is accepted by the Facility Agent and the Transfer Date is confirmed as [●].

[Facility Agent]

By: [●]

SCHEDULE 5

FORM OF ASSIGNMENT AGREEMENT

To: [●] as Facility Agent and **MULAN SHIPPING CO., JOHNNY BRAVO SHIPPING CO., SONGOKU SHIPPING CO., ASTERIX SHIPPING CO. and STEWIE SHIPPING CO.** as Borrowers, for and on behalf of each [Transaction] Obligor

From: [the Existing Lender] (the "**Existing Lender**") and [the New Lender] (the "**New Lender**")

Dated: [●]

Dear Sirs

MULAN SHIPPING CO., JOHNNY BRAVO SHIPPING CO., SONGOKU SHIPPING CO., ASTERIX SHIPPING CO. and STEWIE SHIPPING CO. – $55,000,000 Facility Agreement dated [●] 2022 (the "Agreement")

1 We refer to the Agreement. This is an Assignment Agreement. Terms defined in the Agreement have the same meaning in this Assignment Agreement unless given a different meaning in this Assignment Agreement.

2 We refer to Clause 28.6 (*Procedure for assignment*).

(a) The Existing Lender assigns absolutely to the New Lender all the rights of the Existing Lender under the Agreement, the other Finance Documents and in respect of the Transaction Security which correspond to that portion of the Existing Lender's Commitment and participations in the Loan under the Agreement as specified in the Schedule.

(b) The Existing Lender is released from all the obligations of the Existing Lender which correspond to that portion of the Existing Lender's Commitments and participations in the Loan under the Agreement specified in the Schedule.

(c) The New Lender becomes a Party as a Lender and is bound by obligations equivalent to those from which the Existing Lender is released under paragraph (b) above.

(d) All rights and interests (present, future or contingent) which the Existing Lender has under or by virtue of the Finance Documents are assigned to the New Lender absolutely, free of any defects in the Existing Lender's title and of any rights or equities which the Borrowers or any other [Transaction] Obligor had against the Existing Lender.

3 The proposed Transfer Date is [●].

4 On the Transfer Date the New Lender becomes Party to the Finance Documents as a Lender.

5 The Facility Office and address, fax, number and attention details for notices of the New Lender for the purposes of Clause 37.2 (*Addresses*) are set out in the Schedule.

6 The New Lender expressly acknowledges the limitations on the Existing Lender's obligations set out in paragraph (c) of Clause 28.4 (*Limitation of responsibility of Existing Lenders*).

7 This Assignment Agreement acts as notice to the Facility Agent (on behalf of each Finance Party) and, upon delivery in accordance with Clause 28.7 (*Copy of Transfer Certificate or Assignment Agreement to Borrowers*), to the Borrowers (on behalf of each [Transaction] Obligor) of the assignment referred to in this Assignment Agreement.

8 This Assignment Agreement may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of this Assignment Agreement.

9 This Assignment Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.

10 This Assignment Agreement has been entered into on the date stated at the beginning of this Assignment Agreement.

Note: The execution of this Assignment Agreement may not transfer a proportionate share of the Existing Lender's interest in the Transaction Security in all jurisdictions. It is the responsibility of the New Lender to ascertain whether any other documents or other formalities are required to perfect a transfer of such a share in the Existing Lender's Transaction Security in any jurisdiction and, if so, to arrange for execution of those documents and completion of those formalities.

THE SCHEDULE

Commitment rights and obligations to be transferred by assignment, release and accession

[insert relevant details]

[Facility office address, fax number and attention details for notices and account details for payments]

[Existing Lender] [New Lender]

By: [●] By: [●]

This Assignment Agreement is accepted by the Facility Agent and the Transfer Date is confirmed as [●].

Signature of this Assignment Agreement by the Facility Agent constitutes confirmation by the Facility Agent of receipt of notice of the assignment referred to herein, which notice the Facility Agent receives on behalf of each Finance Party.

[Facility Agent]

By:

SCHEDULE 6

FORM OF COMPLIANCE CERTIFICATE[1]

To: DEUTSCHE BANK AG as Facility Agent

From: CASTOR MARITIME INC.

Dated: [●]

Dear Sirs

MULAN SHIPPING CO., JOHNNY BRAVO SHIPPING CO., SONGOKU SHIPPING CO., ASTERIX SHIPPING CO. and STEWIE SHIPPING CO. – $55,000,000 Facility Agreement dated [●] 2022 (the "Agreement")

1 We refer to the Agreement. This is a Compliance Certificate. Terms defined in the Agreement have the same meaning when used in this Compliance Certificate unless given a different meaning in this Compliance Certificate.

2 We confirm that:

(a) the Interest Cover Ratio is no less than 3 to 1;

(b) the Parent Guarantor's Value Adjusted Net Leverage Ratio is not more than 0.65 to 1;

(c) the Parent Guarantor maintains at least [$20,000,000 in unencumbered cash that is freely available] *or* [[●] being 10 per cent. of the consolidated debt balance sheet of the Parent Guarantor and its Subsidiaries, plus the aggregate Pledged Liquidity, in each case evidenced either as a credit balance in the Parent Guarantor's bank statement or as a cash item on the consolidated balance sheet of the Parent Guarantor and its Subsidiaries]; and

3 We confirm that no Default is continuing.

Signed:

Chief Financial Officer
of
CASTOR MARITIME INC.

[1] Supporting documentation to be submitted with the Compliance Certificate

SCHEDULE 7

TIMETABLES

Delivery of a duly completed Utilisation Request (Clause 5.1 (*Delivery of the Utilisation Request*)) or a Selection Notice (Clause 9.1 (*Interest Periods*))	Three Business Days before the intended Utilisation Date (Clause 5.1 (*Delivery of the Utilisation Request*)) or the expiry of the preceding Interest Period (Clause 9.1 (*Interest Period*)) or such shorter period as the Facility Agent agrees.
Facility Agent notifies the Lenders of the Advance in accordance with Clause 5.4 (*Lenders' participation*)	Three Business Days before the intended Utilisation Date or such shorter period as the Facility Agent agrees.
Reference Rate is fixed	Quotation Day as of 11:00 am London time
TERM SOFR Reference Rate is fixed	Quotation Day as of approximately 5:00 a.m., Chicago time

SCHEDULE 8

REPAYMENT INSTALMENTS

	Total Commitments (USD)	Tranche A (USD)	Tranche B (USD)	Tranche C (USD)	Tranche D (USD)	Tranche E (USD)
Drawdown amount	55,000,000.00	12,150,000.00	11,700,000.00	11,200,000.00	11,700,000.00	8,250,000.00
1st Quarterly repayment	3,535,000.00	780,913.64	751,990.91	719,854.55	751,990.91	530,250.00
2nd Quarterly repayment	3,535,000.00	780,913.64	751,990.91	719,854.55	751,990.91	530,250.00
3rd Quarterly repayment	3,535,000.00	780,913.64	751,990.91	719,854.55	751,990.91	530,250.00
4th Quarterly repayment	3,535,000.00	780,913.64	751,990.91	719,854.55	751,990.91	530,250.00
5th Quarterly repayment	3,535,000.00	780,913.64	751,990.91	719,854.55	751,990.91	530,250.00
6th Quarterly repayment	3,535,000.00	780,913.64	751,990.91	719,854.55	751,990.91	530,250.00
7th Quarterly repayment	1,750,000.00	386,590.91	372,272.73	356,363.64	372,272.73	262,500.00
8th Quarterly repayment	1,750,000.00	386,590.91	372,272.73	356,363.64	372,272.73	262,500.00

9th Quarterly repayment	1,750,000.00	386,590.91	372,272.73	356,363.64	372,272.73	262,500.00
10th Quarterly repayment	1,750,000.00	386,590.91	372,272.73	356,363.64	372,272.73	262,500.00
11th Quarterly repayment	1,750,000.00	386,590.91	372,272.73	356,363.64	372,272.73	262,500.00
12th Quarterly repayment	1,750,000.00	386,590.91	372,272.73	356,363.64	372,272.73	262,500.00
13th Quarterly repayment	1,340,000.00	296,018.18	285,054.55	272,872.73	285,054.55	201,000.00
14th Quarterly repayment	1,340,000.00	296,018.18	285,054.55	272,872.73	285,054.55	201,000.00
15th Quarterly repayment	1,340,000.00	296,018.18	285,054.55	272,872.73	285,054.55	201,000.00
16th Quarterly repayment	1,340,000.00	296,018.18	285,054.55	272,872.73	285,054.55	201,000.00
17th Quarterly repayment	1,340,000.00	296,018.18	285,054.55	272,872.73	285,054.55	201,000.00
18th Quarterly repayment	1,340,000.00	296,018.18	285,054.55	272,872.73	285,054.55	201,000.00
19th Quarterly repayment	1,340,000.00	296,018.18	285,054.55	272,872.73	285,054.55	201,000.00
20th Quarterly repayment	1,340,000.00	296,018.18	285,054.55	272,872.73	285,054.55	201,000.00
Balloon payable together with 20th Quarterly repayment	12,570,000.00	2,776,827.27	2,673,981.82	2,559,709.09	2,673,981.82	1,885,500.00

BORROWERS

SIGNED by)
)
duly authorised)
for and on behalf of)
MULAN SHIPPING CO.)
its:)

in the presence of:)

Witness' signature:)
Witness' name:)
Witness' address:)

SIGNED by)
)
duly authorised)
for and on behalf of)
JOHNNY BRAVO SHIPPING CO.)
its:)
in the presence of:)

Witness' signature:)
Witness' name:)
Witness' address:)

SIGNED by)
)
duly authorised)
for and on behalf of)
SONGOKU SHIPPING CO.)
its:)
in the presence of:)

Witness' signature:)
Witness' name:)
Witness' address:)

SIGNED by)
)
duly authorised)
for and on behalf of)
ASTERIX SHIPPING CO.)
its:)
in the presence of:)

Witness' signature:)
Witness' name:)
Witness' address:)

SIGNED by)
)
duly authorised)
for and on behalf of)
STEWIE SHIPPING CO.)
its:)
in the presence of:)

Witness' signature:)
Witness' name:)
Witness' address:)

PARENT GUARANTOR

SIGNED by)
)
duly authorised)
for and on behalf of)
CASTOR MARITIME INC.)
its:)
in the presence of:)

Witness' signature:)
Witness' name:)
Witness' address:)

ORIGINAL LENDERS

SIGNED by)
)
duly authorised)
for and on behalf of)
DEUTSCHE BANK AG)
)
in the presence of:)

Witness' signature:)
Witness' name:)
Witness' address:)

ARRANGER

SIGNED by)
)
duly authorised)
for and on behalf of)
DEUTSCHE BANK AG)
)
in the presence of:)

Witness' signature:)
Witness' name:)
Witness' address:)

FACILITY AGENT

SIGNED by)
)
duly authorised)
for and on behalf of)
DEUTSCHE BANK AG)
in the presence of:)

Witness' signature:)
Witness' name:)
Witness' address:)

SECURITY AGENT

SIGNED by	)
	)
duly authorised	)
for and on behalf of	)
DEUTSCHE BANK AG	)
	)
in the presence of:	)
Witness' signature:	)
Witness' name:	)
Witness' address:	)

Exhibit 8.1

Subsidiary	Vessel	Jurisdiction
Spetses Shipping Co.	Magic P	Marshall Islands
Bistro Maritime Co.	Magic Sun	Marshall Islands
Pikachu Shipping Co.	Magic Moon	Marshall Islands
Bagheera Shipping Co.	Magic Rainbow	Marshall Islands
Pocahontas Shipping Co.	Magic Horizon	Marshall Islands
Jumaru Shipping Co.	Magic Nova	Marshall Islands
Pumba Shipping Co.	Magic Orion	Marshall Islands
Super Mario Shipping Co.	Magic Venus	Marshall Islands
Kabamaru Shipping Co.	Magic Argo	Marshall Islands
Gamora Shipping Co.	Wonder Sirius	Marshall Islands
Rocket Shipping Co.	Wonder Polaris	Marshall Islands
Luffy Shipping Co.	Magic Twilight	Marshall Islands
Snoopy Shipping Co.	Magic Nebula	Marshall Islands
Liono Shipping Co.	Magic Thunder	Marshall Islands
Cinderella Shipping Co.	Magic Eclipse	Marshall Islands
Mulan Shipping Co.	Magic Starlight	Marshall Islands
Starlord Shipping Co.	Wonder Vega	Marshall Islands
Asterix Shipping Co.	Magic Perseus	Marshall Islands
Songoku Shipping Co.	Magic Pluto	Marshall Islands
Stewie Shipping Co.	Magic Vela	Marshall Islands
Johnny Bravo Shipping Co.	Magic Mars	Marshall Islands
Elektra Shipping Co.	Wonder Arcturus	Marshall Islands
Vision Shipping Co.	Wonder Mimosa	Marshall Islands
Colossus Shipping Co.	Wonder Musica	Marshall Islands
Xavier Shipping Co.	Wonder Formosa	Marshall Islands
Hawkeye Shipping Co.	Wonder Avior	Marshall Islands
Garfield Shipping Co.	Magic Phoenix	Marshall Islands
Drax Shipping Co.	Wonder Bellatrix	Marshall Islands
Mickey Shipping Co.	Magic Callisto	Marshall Islands
Castor Maritime SCR Corp.	N/A	Marshall Islands

Exhibit 12.1

I, Petros Panagiotidis, certify that:

1) I have reviewed this annual report on Form 20-F of Castor Maritime Inc. (the "**Company**");
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 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 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 31, 2022

By: /s/ Petros Panagiotidis
Name: Petros Panagiotidis
Title: Chairman, Chief Executive Officer and
Chief Financial Officer

Exhibit 13.1

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), the undersigned officer of Castor Maritime Inc. (the "**Company**"), hereby certifies, to such officer's knowledge, that:

The Annual Report on Form 20-F for the year ended December 31, 2021 (the "**Form 20-F**") of the Company fully complies with the requirements of Section 13(a) or Section 15(d), as applicable, of the Securities Exchange Act of 1934 and information contained in the Form 20-F fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 31, 2022

By: /s/ Petros Panagiotidis
Name: Petros Panagiotidis
Title: Chairman, Chief Executive Officer and Chief Financial Officer

Exhibit 15.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 333-236331, 333-240262 and 333-254977 on Form F-3 of our report dated March 31, 2022, relating to the consolidated financial statements of Castor Maritime Inc. appearing in this Annual Report on Form 20-F for the year ended December 31, 2021.

/s/ Deloitte Certified Public Accountants S.A.
Athens, Greece
March 31, 2022