UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 20-F

(Mark One)

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

OR

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended December 31, 2022

OR

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

OR

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

Date of event requiring this shell company report _____

For the transition period from _____ to _____

Commission file number 001-35025

PERFORMANCE SHIPPING INC.
(Exact name of Registrant as specified in its charter)

Not applicable
(Translation of Registrant's name into English)

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

373 Syngrou Avenue, 175 64 Palaio Faliro, Athens, Greece
(Address of principal executive offices)

Mr. Andreas Michalopoulos, 373 Syngrou Avenue, 175 64 Palaio Faliro, Athens, Greece
Tel: + 30-216-600-2400, Fax: + 30-216-600-2599, E-mail: amichalopoulos@pshipping.com
(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, $0.01 par value, including the Preferred stock purchase rights	"PSHG"	The Nasdaq Stock Market LLC

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

None
(Title of Class)

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

None
(Title of Class)

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

As of December 31, 2022, there were 4,187,588 of the registrant's common shares, par value $0.01, outstanding, 136,261 shares of the registrant's Series B Convertible Cumulative Perpetual Preferred Stock outstanding and 1,314,792 shares of the registrant's Series C Convertible Cumulative Redeemable Perpetual Preferred Stock outstanding.

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

☐ Yes☒ No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

☐ Yes☒ No

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

☒ Yes☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit 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. ☐

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

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

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

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

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FORWARD-LOOKING STATEMENTS

Matters discussed in this annual report and the documents incorporated by reference may constitute forward-looking statements. The Private Securities Litigation Reform Act of 1995 provides safe harbor protections for forward-looking statements in order to encourage companies to provide prospective information about their business. Forward-looking statements include, but are not limited to, statements concerning plans, objectives, goals, strategies, future events or performance, underlying assumptions and other statements, which are other than statements of historical facts.

Performance Shipping Inc., or the Company, desires to take advantage of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and is including this cautionary statement in connection with this safe harbor legislation. This document and any other written or oral statements made by the Company or on its behalf may include forward-looking statements, which reflect its current views with respect to future events and financial performance, and are not intended to give any assurance as to future results. When used in this document, the words "believe," "anticipate," "intends," "estimate," "forecast," "project," "plan," "potential," "will," "may," "should," "expect," "targets," "likely," "would," "could," "seeks," "continue," "possible," "might," "pending" and similar expressions, terms or phrases may identify forward-looking statements.

Please note in this annual report, "we," "us," "our," and "the Company" all refer to Performance Shipping Inc. and its subsidiaries, unless the context requires otherwise.

The forward-looking statements in this document 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 its records and other data available from third parties. Although the Company believes 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 its control, the Company cannot assure you that it will achieve or accomplish these expectations, beliefs or projections.

Such statements reflect the Company's current views with respect to future events and are subject to certain risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein as anticipated, believed, estimated, expected or intended. The Company is making investors aware that such forward-looking statements, because they relate to future events, are by their very nature subject to many important factors that could cause actual results to differ materially from those contemplated.

In addition to these important factors and matters discussed elsewhere herein, including under the heading "Item 3. Key Information – D. Risk Factors," and in the documents incorporated by reference herein, important factors that, in its view, could cause actual results to differ materially from those discussed in the forward-looking statements include, but are not limited to: the strength of world economies, fluctuations in currencies and interest rates, general market conditions, including fluctuations in charter rates and vessel values, changes in demand in the tanker shipping industry, changes in the supply of vessels, changes in worldwide oil production and consumption and storage, changes in our operating expenses, including bunker prices, crew costs, drydocking and insurance costs, our future operating or financial results, availability of financing and refinancing and changes to our financial condition and liquidity, including our ability to pay amounts that it owes and obtain additional financing to fund capital expenditures, acquisitions and other general corporate activities and our ability to obtain financing and comply with the restrictions and other covenants in our financing arrangements, our ability to continue as a going concern, our ability to pay dividends to holders of our preferred shares and common shares, potential liability from pending or future litigation and potential costs due to environmental damage and vessel collisions, the market for our vessels, availability of skilled workers and the related labor costs, compliance with governmental, tax, environmental and safety regulation, any non-compliance with the U.S. Foreign Corrupt Practices Act of 1977 (FCPA) or other applicable regulations relating to bribery, the impact of the discontinuance of LIBOR on interest rates of our debt that reference LIBOR, general economic conditions and conditions in the oil industry, effects of new products and new technology in our industry, the failure of counter parties to fully perform their contracts with us, our dependence on key personnel, adequacy of insurance coverage, our ability to obtain indemnities from customers, changes in laws, treaties or regulations, the volatility of the price of our common shares, our incorporation under the laws of the Marshall Islands and the different rights to relief that may be available compared to other countries, including the United States, changes in governmental rules and regulations or actions taken by regulatory authorities, general domestic and international political conditions or events, including "trade wars," acts by terrorists or acts of piracy on ocean-going vessels, the length and severity of epidemics and pandemics, including the outbreak of the novel coronavirus (COVID-19) and its impact on the demand for seaborne transportation of petroleum and other types of products, potential disruption of shipping routes due to accidents, labor disputes or political events, and other important factors described from time to time in the reports filed by the Company with the Securities and Exchange Commission, or the SEC.

This report may contain assumptions, expectations, projections, intentions, and beliefs about future events. These statements are intended as forward-looking statements. The Company may also, from time to time, make forward-looking statements in other documents and reports that are filed with or submitted to the Commission, in other information sent to the Company's security holders,

and in other written materials. The Company also cautions that assumptions, expectations, projections, intentions, and beliefs about future events may, and often do, vary from actual results and the differences can be material. The Company undertakes no obligation to publicly update or revise any forward-looking statement contained in this report, whether as a result of new information, future events, or otherwise, except as required by law.

PART I

Item 1. Identity of Directors, Senior Management, and Advisers

Not Applicable.

Item 2. Offer Statistics and Expected Timetable

Not Applicable.

Item 3. Key Information

A. ***[Reserved]***

B. ***Capitalization and Indebtedness***

Not Applicable.

C. ***Reasons for the Offer and Use of Proceeds***

Not Applicable.

D. ***Risk Factors***

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

Summary of Risk Factors

Industry Specific Risk Factors

- The tanker vessel industry is cyclical and volatile, which may lead to reductions and volatility in the charter rates we are able to obtain, in vessel values, and in our earnings and available cash flow.
- An over-supply of tanker capacity may lead to a reduction in charter rates, vessel values, and profitability.
- Our results of operations are subject to seasonal fluctuations, which may adversely affect our financial condition.
- The current state of the global financial markets and current economic conditions may adversely impact our results of operation, financial condition, cash flows, and ability to obtain financing or refinance our existing and future credit facilities on acceptable terms, which may negatively impact our business.
- If economic conditions throughout the world continue to deteriorate or become more volatile, it could impede our operations.
- Increasing growth of electric vehicles and renewable fuels could lead to a decrease in trading and the movement of crude oil and petroleum products worldwide.
- An increase in operating costs could adversely affect our cash flows and financial condition.
- Rising fuel prices may adversely affect our profits.
- Compliance with safety and other vessel requirements imposed by classification societies may be very costly and may adversely affect our business.
- We are subject to complex laws and regulations, including environmental regulations, that could require significant expenditures and affect our cash flows and net income.
- We, or our in-house managers, may be unable to attract and retain qualified, skilled employees or crew necessary to operate our

business. In addition, labor interruptions could disrupt our business.

- We operate our vessels worldwide and, as a result, our vessels are exposed to international risks and inherent operational risks of the tanker vessel industry, which may adversely affect our business and financial condition.

- International hostilities and terrorist attacks could affect our results of operations and financial condition.
- Outbreaks of epidemic and pandemic of diseases, such as the outbreak of COVID-19, and governmental responses thereto, could adversely affect our business.
- Acts of piracy on ocean-going vessels could adversely affect our business.
- If our vessels call on ports located in countries or territories that are the subject of sanctions or embargoes imposed by the U.S. government or other governmental authorities, it could lead to monetary fines or penalties and adversely affect our business, reputation and the market for our common shares.
- Changing laws and evolving reporting requirements could have an adverse effect on our business.

Company Specific Risk Factors

- The market values of our vessels are highly volatile and may decline, which could limit the amount of funds that we can borrow and trigger breaches of certain financial covenants under our future loan facilities.
- We are currently subject to litigation, and we may be subject to similar or other litigation in the future.
- Our business, operating results, financial condition, and growth will depend on our ability to successfully charter our tanker vessels, for which we will face substantial competition.
- The failure of our counterparties to meet their obligations to us under any vessel purchase agreements or charter agreements could cause us to suffer losses or otherwise adversely affect our business.
- We may be unable to locate suitable vessels or dispose of vessels at reasonable prices, which would adversely affect our ability to operate our business.
- Our purchasing and operating secondhand vessels, and the aging of our fleet may result in increased operating costs and vessels off-hire, which could adversely affect our earnings.
- There is a lack of historical operating history provided with our secondhand vessel acquisitions, and profitable operation of the vessels will depend on our skill and expertise.
- Technical innovation and technical quality and efficiency requirements from our customers could reduce our charter hire income and the value of our tanker vessels.
- The Public Company Accounting Oversight Board inspection of our independent accounting firm could lead to findings in our auditors' reports and challenge the accuracy of our published audited consolidated financial statements.
- Our ability to obtain debt financing in the future may be dependent on the performance of our then existing charters and the creditworthiness of our charterers.
- We may be unable to attract and retain key management personnel and other employees in the shipping industry, which may negatively impact the effectiveness of our management and results of operations.
- Aliki Paliou, the Chairperson of the Board, controls a majority of voting power over matters on which our shareholders are entitled to vote, and accordingly, may exert considerable influence over us and may have interests that are different from the interests of our other shareholders.
- We may be subject to increased premium payments, or calls, because we obtain some of our insurance through protection and indemnity associations.
- We are subject to international safety regulations and requirements imposed by classification societies 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 international nature of our operations may make the outcome of any bankruptcy proceedings difficult to predict.

- A cyber-attack could materially disrupt our business.
- If we do not identify suitable vessels for acquisition or successfully integrate any acquired vessels, we may not be able to grow or to effectively manage our growth.
- The IMO 2020 regulations may cause us to incur substantial costs and to procure low-sulfur fuel oil directly on the wholesale market for storage at sea and onward consumption on our tanker vessels.
- Climate change and greenhouse gas restrictions may adversely impact our operations and markets.

- 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.

- If we are unable to operate our vessels profitably, we may be unsuccessful in competing in the highly competitive international tanker vessel market, which would negatively affect our financial condition and our ability to expand our business.

- A shift in consumer demand from crude oil towards other energy sources or changes to trade patterns for crude oil and refined petroleum products may have a material adverse effect on our business.

Risks Relating to our Common Shares and Preferred Shares

- Future sales of our common shares, including through the exercise of conversion rights under our outstanding convertible preferred shares, could cause the market price of our common shares to decline.

- As a key component of our business strategy, we intend to issue additional common shares or other securities to finance our growth as market conditions warrant. These issuances, which would generally not be subject to shareholder approval, may lower your ownership interests and may depress the market price of our common shares.

- Our ability to pay dividends on and to redeem our Series B Preferred Shares and Series C Preferred Shares, and therefore your ability to receive payments on the Series B Preferred Shares and Series C Preferred Shares, is limited by the requirements of Marshall Islands law and by our contractual obligations.

- Our Series B Preferred Shares and Series C Preferred Shares are subordinated to our debt obligations, and the interests of the holders of Series B Preferred Shares and Series C Preferred Shares could be diluted by the issuance of additional shares, including other preferred shares, or by other transactions.

- The Series B Preferred Shares and Series C Preferred Shares represent perpetual equity interests in us.

- There is no established trading market for the Series B Preferred Shares or Series C Preferred Shares, which may negatively affect the market value of the Series B Preferred Shares and Series C Preferred Shares and your ability to transfer or sell them.

- The Series B Preferred Shares and Series C Preferred Shares are only redeemable at our option and investors should not expect us to redeem the Series B Preferred Shares or Series C Preferred Shares in the future.

- We are a holding company, and we depend on the ability of our current and future subsidiaries to distribute funds to us in order to satisfy our financial obligations and to make dividend payments.

- Because we are a foreign corporation, you may not have the same rights or protections that a shareholder in a U.S. corporation may have.

Industry Specific Risk Factors

The tanker vessel industry is cyclical and volatile, which may lead to reductions and volatility in the charter rates we are able to obtain, in vessel values, and in our earnings and available cash flow.

The tanker industry is both cyclical and volatile in terms of charter rates and profitability. For example, during the ten year period from 2013 through 2022, time charter equivalent, or TCE, spot rates for an Aframax tanker trading between Curacao and Texas City fluctuated between $3,331 to $84,425 per day. Periodic adjustments to the supply of and demand for oil tankers cause the industry to be cyclical in nature. We expect continued volatility in market rates for our vessels in the foreseeable future with a consequent effect on our short- and medium-term liquidity. A worsening of the current global economic conditions may adversely affect our ability to charter or re-charter our vessels or to sell them on the expiration or termination of their charters, or any renewal or replacement charters that we enter into may not be sufficient to allow us to operate our vessels profitably. Fluctuations in charter rates and vessel values result from changes in the supply and demand for tanker capacity and changes in the supply and demand for oil and oil products. The carrying values of our vessels may not represent their fair market values or the amount that could be obtained by selling the vessels 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 newbuildings.

The factors affecting the supply and demand for tanker vessels are outside of our control, and the nature, timing, and degree of changes in industry conditions are unpredictable.

The factors that influence demand for tanker vessel capacity include:

- supply and demand for energy resources and oil and petroleum products;
- competition from, and supply and demand for, alternative sources of energy;
- regional availability of refining capacity and inventories;
- global and regional economic and political conditions and developments, including national oil reserve policies, fluctuations in industrial and agricultural production, armed conflicts, terrorist activities, trade wars, tariffs embargoes, and strikes;
- currency exchange rates;
- changes in seaborne and other transportation patterns, including shifts in transportation demand between crude oil and refined oil products and the distance they are transported by sea and changes in the price of crude oil and changes to the West Texas Intermediate and Brent Crude Oil pricing benchmarks, and changes in trade patterns;
- changes in governmental or maritime self-regulatory organizations' rules and regulations or actions taken by regulatory authorities;
- environmental and other legal and regulatory developments;
- government subsidies of shipbuilding;
- increases in the production of oil in areas linked by pipelines to consuming areas, construction or expansion of new or existing pipelines or railways or conversion of existing non-oil pipelines to oil pipelines;
- weather, natural disasters, and other acts of God;
- economic slowdowns caused by public health events such as the COVID-19 pandemic or inflationary pressures and resultant governmental responses;
- developments in international trade, including those relating to the imposition of tariffs;
- changes in the production levels of crude oil (including in particular production by OPEC, the United States, and other key producers); and
- international sanctions, embargoes, import and export restrictions, nationalizations, and wars or other conflicts, including the conflict in Ukraine.

The factors that influence the supply of tanker vessel capacity include:

- demand for alternative sources of energy;
- the number of newbuilding orders and deliveries;
- the number of shipyards and availability of shipyards to deliver vessels;
- the scrapping rate of older vessels;
- vessel casualties;
- the recycling of older vessels, depending, amongst other things, on recycling rates and international recycling regulations;
- conversion of tanker vessels to other uses;

- the number of vessels that are out of service, namely those that are laid up, dry-docked, awaiting repairs, or otherwise not available for hire;
- availability of financing for new vessels;
- speed of vessel operation;
- vessel freight rates, which are affected by factors that may affect the rate of newbuilding, swapping and laying up of vessels;
- the price of steel and vessel equipment;
- technological advances in the design and capacity of vessels;
- changes in national or international regulations that may effectively cause reductions in the carrying capacity of vessels or early obsolescence of tonnages;

- changes in environmental and other regulations that may limit the useful lives of vessels;
- port or canal congestion and weather delays; and
- sanctions (in particular, sanctions on Russia, Iran and Venezuela, amongst others).

Declines in crude oil and natural gas prices for an extended period of time, or market expectations of potential decreases in these prices, could negatively affect our future growth in the tanker vessel sector. Sustained periods of low oil and natural gas prices typically result in reduced exploration and extraction because oil and natural gas companies' capital expenditure budgets are subject to cash flow from such activities and are therefore sensitive to changes in energy prices. These changes in commodity prices can have a material effect on demand for our services, and periods of low demand can cause excess vessel supply and intensify the competition in the industry, which often results in vessels, particularly older and less technologically-advanced vessels, being idle for long periods of time. We cannot predict the future level of demand for our services or future conditions of the oil and natural gas industry. Any decrease in exploration, development, or production expenditures by oil and natural gas companies could reduce our revenues and materially harm our business, results of operations, and cash available for distribution.

An over-supply of tanker capacity may lead to a reduction in charter rates, vessel values, and profitability.

The market supply of tanker vessels is affected by a number of factors, such as supply and demand for energy resources, including oil and petroleum products, supply and demand for seaborne transportation of such energy resources, the current and expected price for newbuildings, and the number of vessels being recycled for scrap steel. If the capacity of new tanker vessels delivered exceeds the capacity of tanker vessels being recycled for scrap steel or converted to non-trading tanker vessels, tanker vessel capacity will increase. If the supply of tanker vessel capacity increases and if the demand for tanker vessel capacity decreases or does not increase correspondingly, charter rates could materially decline. A reduction in charter rates and the value of our tanker vessels may have a material adverse effect on our results of operations and earnings and available cash, and our ability to comply with the covenants in our loan agreements.

Our results of operations are subject to seasonal fluctuations, which may adversely affect our financial condition.

We operate our vessels in markets that have historically exhibited seasonal variations in demand and, as a result, charter rates. Peaks in tanker vessel demand quite often precede seasonal oil consumption peaks, as refiners and suppliers anticipate consumer demand. Seasonal peaks in oil demand can broadly be classified into two main categories: (1) increased demand prior to Northern Hemisphere winters as heating oil consumption increases and (2) increased demand for gasoline prior to the summer driving season in the United States. Unpredictable weather patterns and variations in oil reserves disrupt tanker scheduling. This seasonality may result in quarter-to-quarter volatility in our operating results, as many of our vessels trade in the spot market. Seasonal variations in tanker vessel demand will affect any spot market-related rates that we may receive.

The current state of the global financial markets and current economic conditions may adversely impact our results of operation, financial condition, cash flows, and ability to obtain financing or refinance our existing and future credit facilities on acceptable terms, which may negatively impact our business.

Global financial markets and economic conditions have been, and continue to be, volatile. Beginning in February 2020, due in part to the broad impacts of the COVID-19 pandemic (as more fully described below), global financial markets experienced volatility and a steep and abrupt downturn followed by a recovery, which volatility may continue. Credit markets and the debt and equity capital markets have been distressed, and the uncertainty surrounding the future of the global credit markets has resulted in reduced access to credit worldwide, particularly for the shipping industry. These issues, along with significant write-offs in the financial services sector, the re-pricing of credit risk, and the uncertain economic conditions, have made, and may continue to make, it difficult to obtain additional financing. The current state of global financial markets and current economic conditions might adversely impact our ability to issue additional equity at prices that will not be dilutive to our existing shareholders or preclude us from issuing equity at all. Economic conditions may also adversely affect the market price of our common shares.

Also, as a result of concerns about the stability of financial markets generally and the solvency of counterparties specifically, the availability and cost of obtaining money from the public and private equity and debt markets has become more difficult. 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 and other market participants, including equity and debt investors, and some have been unwilling to invest on attractive terms or even at all. Due to these factors, we cannot be certain that financing will be available if needed and to the extent required or that we will be able to refinance our existing and future credit facilities on acceptable terms or at all. If financing or refinancing is not available when needed, or is available only on unfavorable terms, we may be unable to meet our obligations as they come due, or we may be unable to enhance our existing business, complete

additional vessel acquisitions, or otherwise take advantage of business opportunities as they arise.

Credit markets in the United States and Europe have in the past experienced significant contraction, de-leveraging, and reduced liquidity, and there is a risk that the U.S. federal government and state governments, and European authorities continue to implement a broad variety of governmental action and/or new regulation of the financial markets. Global financial markets and economic conditions have been, and continue to be, disrupted and volatile. We face risks attendant to changes in economic environments, changes in interest rates, and instability in the banking and securities markets around the world, among other factors. Major market disruptions may adversely affect our business or impair our ability to borrow amounts under our credit facilities or any future financial arrangements. In the absence of available financing, we also may be unable to take advantage of business opportunities or respond to competitive pressures.

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

We face risks attendant to changes in economic environments, changes in interest rates, and instability in the banking and securities markets around the world, among other factors. We cannot predict how long the current market conditions will last. However, these recent and developing economic and governmental factors may have a material adverse effect on our results of operations and financial condition and may cause the price of our common shares to decline.

If economic conditions throughout the world continue to deteriorate or become more volatile, it could impede our operations.

Various macroeconomic factors, including rising inflation, higher interest rates, global supply chain constraints, and the effects of overall economic conditions and uncertainties such as those resulting from the current and future conditions in the global financial markets could adversely affect our results of operations and financial condition. Inflation and rising interest rates may negatively impact us by increasing our operating costs and our cost of borrowing. Interest rates, the liquidity of the credit markets and the volatility of the capital markets could also affect the operation of our business and our ability to raise capital on favorable terms, or at all.

The world economy is facing a number of actual and potential challenges, including the war between Ukraine and Russia, current trade tension between the United States and China, political instability in the Middle East and the South China Sea region and other geographic countries and areas, terrorist or other attacks, war (or threatened war) or international hostilities, such as those between the United States and North Korea or Iran, and epidemics or pandemics, such as COVID-19. For example, due in part to fears associated with the spread of COVID-19 (as more fully described above), global financial markets experienced significant volatility which may continue as the pandemic evolves or a new COVID-19 variant emerges. The lockdowns in certain cities in China resulted in port congestion, delays, temporary closures of shipyards and further continuation or expansion of these lockdowns may cause disruptions in the global economy. In addition, the continuing war in Ukraine led to increased economic uncertainty amidst fears of a more generalized military conflict or significant inflationary pressures, due to the increases in fuel and grain prices following the sanctions imposed on Russia. Whether the present dislocation in the markets and resultant inflationary pressures will transition to a long-term inflationary environment is uncertain, and the effects of such a development on charter rates, vessel demand and operating expenses in the sector in which we operate are uncertain. On the tanker market, the sanctions imposed by the EU on Russia affected imports of crude oil and petroleum products. This had a positive effect on the tankers' charter market, as Europe had to import these amounts of crude oil and petroleum products from other sources of greater distance, increasing the overall ton-mile demand. If these conditions are sustained, the longer-term net impact on the tanker freight market and our business would be difficult to predict with any degree of accuracy. Such events may have unpredictable consequences, and contribute to instability in the global economy, a decrease in supply or cause a decrease in worldwide demand for certain goods and, thus, shipping. We cannot predict how long current market conditions will last.

In Europe, concerns regarding the possibility of sovereign debt defaults by European Union member countries, including Greece, although generally alleviated, have in the past disrupted financial markets throughout the world, and may lead to weaker consumer demand in the European Union, the U.S. and other parts of the world. The withdrawal of the U.K. from the European Union, or Brexit, further increases the risk of additional trade protectionism. Brexit, or similar events in other jurisdictions, could continue to impact global markets, including foreign exchange and securities markets; any resulting changes in currency exchange rates, tariffs, treaties and other regulatory matters could in turn adversely impact our business, cash flows and operations.

In addition, the recent economic slowdown in the Asia Pacific region, particularly in China, may exacerbate the effect of the weak economic trends in the rest of the world. Before the global economic financial crisis that began in 2008, China had one of the world's fastest growing economies in terms of gross domestic product, or GDP, which had a significant impact on shipping demand. China's GDP growth rate for the year ended December 31, 2022 was approximately 3.0%, one of its lowest rates in 50 years, thought to be mainly caused by the country's zero-COVID policy and strict lockdowns, which was a marked decline from 8.4% growth recorded for the year ended December 31, 2021. It is possible that China and other countries in the Asia Pacific region will continue to experience volatile, slowed or even negative economic growth in the near future. Changes in the economic conditions of China, and changes in laws or policies adopted by its government or the implementation of these laws and policies by local authorities, including with regards to tax matters and environmental concerns (such as achieving carbon neutrality), could affect our vessels that are either chartered to Chinese customers or that call to Chinese ports, our vessels that undergo dry docking at Chinese shipyards and the financial institutions with whom we have entered into financing agreements, and could have a material adverse effect on our business, results of operations and financial condition.

Furthermore, governments may turn to trade barriers to protect their domestic industries against foreign imports, thereby depressing shipping demand. In particular, as indicated, the United States has sought to implement more protective trade measures. There is significant uncertainty about the future relationship between the United States, China, and other exporting countries, including with respect to trade policies, treaties, government regulations, and tariffs. Protectionist developments, or the perception that 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 (i) the cost of goods exported from regions globally, particularly from the Asia-Pacific region, (ii) the length of time required to transport goods and (iii) the risks associated with exporting goods. Such increases may further reduce the quantity of goods to be shipped, shipping time schedules, voyage costs and other associated costs, which could have an adverse impact on our charterers' business, operating results and financial condition and could thereby affect their ability to make timely charter hire payments to us and to renew and increase the number of their time charters with us. This could have a material adverse effect on our business, results of operations, financial condition and cash flows.

We face risks attendant to the trends in the global economy, such as changes in interest rates, instability in the banking and securities markets around the world, the risk of sovereign defaults, reduced levels of growth, and trade protectionism, among other factors. Major market disruptions and the current adverse changes in market conditions and regulatory climate worldwide may adversely affect our business or impair our ability to borrow under our loan agreements or any future financial arrangements. We cannot predict how long the current market conditions will last. However, these recent and developing economic and governmental factors, together with depressed charter rates and vessel values, may have a material adverse effect on our results of operations, financial condition or cash flows and the trading price of our common shares. In the absence of available financing, we may also be unable to complete vessel acquisitions, take advantage of business opportunities or respond to competitive pressures.

Tanker vessel values may fluctuate due to economic and technological factors, which may adversely affect our financial condition, or result in the incurrence of a loss upon disposal of a tanker vessel, impairment losses, or increases in the cost of acquiring additional tanker vessels.

Tanker vessel values may fluctuate due to a number of different factors, including: general economic and market conditions affecting the shipping industry; competition from other shipping companies; the types and sizes of available tanker vessels; the availability of other modes of transportation; increases in the supply of tanker vessel capacity; the cost of newbuildings; governmental or other regulations; and the need to upgrade secondhand and previously owned tanker vessels as a result of charterer requirements, technological advances in vessel design or equipment or otherwise, including as a result of compliance with more stringent emissions regulations. In addition, as tanker vessels grow older, they generally decline in value. Due to the cyclical nature of the shipping market, if we sell any of our owned tanker vessels at a time when prices are depressed, we could incur a loss and our business, results of operations, cash flow, and financial condition could be adversely affected. Moreover, if the book value of a tanker vessel is impaired due to unfavorable market conditions, we may incur a loss that could adversely affect our operating results. In 2022 and in 2021 we did not recognize any impairment losses, and in 2020, we recognized $0.34 million of impairment charges, from the classification of certain of our container vessels as held for sale within the respective year.

Conversely, if tanker vessel values are elevated at a time when we wish to acquire additional tanker vessels, the cost of acquisition may increase, and this could adversely affect our business, results of operations, cash flows, financial condition, and ability to pay dividends to our shareholders. Over the past ten years, the value of a ten-year-old Aframax tanker has fluctuated widely within a range of $18.0 million to $45.0 million.

An increase in operating costs could adversely affect our cash flows and financial condition.

Vessel operating expenses include the costs of crew, provisions, deck and engine stores, lube oil, bunkers, insurance, and maintenance and repairs, which depend on a variety of factors, many of which are beyond our control. Some of these costs, primarily relating to insurance and enhanced security measures implemented after September 11, 2001, and as a result of increases in the frequency

of acts of piracy, have been increasing. If our vessels suffer damage, they may need to be repaired at a drydocking facility. The costs of drydock repairs are unpredictable and can be substantial. Increases in any of these costs could have a material adverse effect on our business, results of operations, cash flows, financial condition, and ability to pay dividends to our shareholders.

Rising fuel prices may adversely affect our profits.

Fuel is a significant, if not the largest, expense in our shipping operations when vessels are operated on the spot market under voyage charters. While we do not directly bear the cost of fuel or bunkers under our time charters, fuel is also a significant factor in negotiating charter rates. As a result, an increase in the price of fuel beyond our expectations may adversely affect our profitability at the time of charter negotiation. The price and supply of fuel is unpredictable and fluctuates based on events outside our control, including geopolitical developments, supply, and demand for crude oil and natural gas, actions by the Organization of Petroleum Exporting Countries, or OPEC, and other oil and natural gas producers, war and unrest in oil producing countries and regions, regional production patterns and environmental concerns. In April 2020, the crude oil price fell to under $27.00 per barrel (the lowest price over the past ten years) following OPEC's inability to reach an agreement in respect of oil production cuts. However, fuel may become much more expensive in the future as a result of new regulations mandating a reduction in sulfur emissions to 0.5% as of January 2020. Over the past ten years, the price of crude oil has fluctuated widely within a range of $26.6 to $117.5 per barrel. An increase in oil prices in the future may reduce the profitability of our business. Other future regulations may have a similar impact.

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

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 the IMO's International Convention for the Safety of Life at Sea of 1974, or SOLAS.

A vessel must undergo annual surveys, intermediate surveys, and special surveys. In lieu of a special survey, a vessel's machinery may be on a continuous survey cycle under which the machinery would be surveyed periodically over a five-year period. If any vessel does not maintain its class and/or fails any annual survey, intermediate survey, or special survey, the vessel will be unable to trade between ports and will be unemployable. If this were to happen to one or more of our vessels, it could negatively impact our results of operations and financial condition.

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

Our business and the operations of our vessels are materially affected by environmental regulation in the form of international conventions, national, state, and local laws and regulations in force in the jurisdictions in which our vessels operate, as well as in the country or countries of their registration, including those governing the management and disposal of hazardous substances and wastes, the cleanup of oil spills and other contamination, air emissions (including greenhouse gases), water discharges and ballast water management. These regulations include, but are not limited to, European Union regulations, the U.S. Oil Pollution Act of 1990, requirements of the U.S. Coast Guard and the U.S. Environmental Protection Agency, the U.S. Clean Air Act of 1970 (including its amendments of 1977 and 1990), the U.S. Clean Water Act, and the U.S. Maritime Transportation Security Act of 2002, and regulations of the IMO, including the International Convention on Civil Liability for Oil Pollution Damage of 1969, the International Convention for the Prevention of Pollution from Ships of 1973, as modified by the Protocol of 1978, collectively referred to as MARPOL 73/78 or MARPOL, including designations of Emission Control Areas, thereunder, SOLAS, the International Convention on Load Lines of 1966, the International Convention of Civil Liability for Bunker Oil Pollution Damage, and the ISM Code. Because such conventions, laws, and regulations are often revised, we cannot predict the ultimate cost of complying with such requirements or the impact thereof on the re-sale price or useful life of any vessel that we own or will acquire. Additional conventions, laws, and regulations may be adopted that could limit our ability to do business or increase the cost of our doing business and which may materially adversely affect our operations. Government regulation of vessels, particularly in the areas of safety and environmental requirements, continues to change, requiring us to incur significant capital expenditures on our vessels to keep them in compliance, or even to scrap or sell certain vessels altogether. In addition, we may incur significant costs in meeting new maintenance and inspection requirements, in developing contingency arrangements for potential environmental violations, and in obtaining insurance coverage.

In addition, we are required by various governmental and quasi-governmental agencies to obtain certain permits, licenses, certificates, approvals, and financial assurances with respect to our operations. Our failure to maintain necessary permits, licenses, certificates, approvals, or financial assurances could require us to incur substantial costs or temporarily suspend the operation of one or more of the vessels in our fleet or lead to the invalidation or reduction of our insurance coverage.

Environmental requirements can also affect the resale value or useful lives of our vessels, require a reduction in cargo capacity, ship modifications or operational changes or restrictions, lead to decreased availability of insurance coverage for environmental matters, or result in the denial of access to certain jurisdictional waters or ports, or detention in certain ports. Under local, national, and foreign laws, as well as international treaties and conventions, we could incur material liabilities, including for cleanup obligations and natural resource damages, in the event that there is a release of petroleum or hazardous substances from our vessels or otherwise in connection with our operations. We could also become subject to personal injury or property damage claims relating to the release of hazardous

substances associated with our existing or historic operations. Violations of, or liabilities under, environmental requirements can result in substantial penalties, fines, and other sanctions, including, in certain instances, seizure or detention of our vessels.

We, or our in-house managers, may be unable to attract and retain qualified, skilled employees or crew necessary to operate our business. In addition, labor interruptions could disrupt our business.

Our success will depend largely on our ability and on the ability of Unitized Ocean Transport Limited, or UOT, our wholly owned subsidiary, which acts as our in-house manager, to attract and retain highly skilled and qualified personnel. In crewing our vessels, we require technically skilled employees with specialized training who can perform physically demanding work. Competition to attract and retain qualified crew members is intense. If we are not able to increase our charter rates to compensate for any crew cost increases, it could have a material adverse effect on our business, results of operations, cash flows, and financial condition. Any inability we or UOT experience in the future to hire, train and retain a sufficient number of qualified employees could impair our ability to manage, maintain and grow our business, which could have a material adverse effect on our financial condition, results of operations and cash flows.

Our vessels are manned by masters, officers, and crews that are employed by our vessel-owning subsidiaries. If not resolved in a timely and cost-effective manner, industrial action or other labor unrest could prevent or hinder our operations from being carried out normally and could have a material adverse effect on our financial condition, results of operations, and cash flows.

We operate our vessels worldwide, and as a result, our vessels are exposed to international risks and inherent operational risks of the tanker vessel industry, which may adversely affect our business and financial condition.

The operation of an ocean-going vessel carries inherent risks. Our vessels and their cargoes are at risk of being damaged or lost because of events such as marine disasters, bad weather, and acts of God, business interruptions caused by mechanical failures, grounding, fire, explosions and collisions, human error, war, terrorism, piracy, and other circumstances or events. In addition, changing economic, regulatory, and political conditions in some countries, including political and military conflicts, have from time to time resulted in attacks on vessels, mining of waterways, piracy, terrorism, labor strikes, and boycotts. These events may result in death or injury to persons, loss of revenues or property, the payment of ransoms, environmental damage, higher insurance rates, damage to our customer relationships, and market disruptions, delay or rerouting, which may also subject us to litigation. In addition, the operation of tanker vessels has unique operational risks associated with the transportation of oil. An oil spill may cause significant environmental damage and the associated costs could exceed the insurance coverage available to us. Compared to other types of vessels, tanker vessels 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 tanker vessels.

If our vessels suffer damage, they may need to be repaired at a drydocking facility. The costs of drydock repairs and maintenance are unpredictable and may be substantial. We may have to pay drydocking costs that our insurance does not cover in full. The loss of revenues while these vessels are being repaired and repositioned, as well as the actual cost of these repairs, may adversely affect our business and financial condition. In addition, space at drydocking facilities is sometimes limited and not all drydocking facilities are conveniently located. We may be unable to find space at a suitable drydocking facility, or our vessels may be forced to travel to a drydocking facility that is not conveniently located to our vessels' positions. The loss of earnings while these vessels are forced to wait for space, or to travel to more distant drydocking facilities, may adversely affect our business and financial condition. Further, the total loss of any of our vessels could harm our reputation as a safe and reliable vessel owner and operator. If we are unable to adequately maintain or safeguard our vessels, we may be unable to prevent any such damage, costs, or loss which could negatively impact our business, financial condition, results of operations and available cash.

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

International hostilities and terrorist attacks could affect our results of operations and financial condition.

Continuing war in Ukraine, the Middle East, including tensions between the U.S. and Iran, as well as other geographic countries and areas, geopolitical events such as Brexit, terrorist or other attacks, and war (or threatened war) or international hostilities, China and Taiwan, or the U.S. and North Korea, may lead to armed conflict or acts of terrorism around the world, which may contribute to further economic instability in the global financial markets and international commerce. The war between Russia and Ukraine may lead to further regional and international conflicts or armed action. This conflict has disrupted supply chains and cause instability in the energy markets and the global economy, with effects on the tanker market, which has experienced volatility. The United States and the European Union, among other countries, have announced sanctions against Russia, including sanctions targeting the Russian oil sector, among those a prohibition on the import of oil from Russia to the United States. The ongoing war could result in the imposition of further economic sanctions by the United States and the European Union against Russia, with uncertain impacts on the tanker market. While much uncertainty remains regarding the global impact of the war in Ukraine, it is possible that such tensions could adversely affect our business, financial condition, results of operation and cash flows. Furthermore, it is possible that third parties with whom we have charter contracts may be impacted by the war in Russia and Ukraine, which could adversely affect our operations. Additionally, any further escalations of tension between the U.S. 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).

Beginning in February 2022, President Biden and several European leaders also announced various economic sanctions against Russia in connection with the aforementioned conflicts in the Ukraine region, which have continued to expand over the past year and which may adversely impact our business. The Russian Foreign Harmful Activities Sanctions program includes prohibitions on the import of certain Russian energy products into the United States, including crude oil, petroleum, petroleum fuels, oils, liquefied natural gas and coal, as well as prohibitions on all new investments in Russia by U.S. persons, among other restrictions. Furthermore, the United States, the EU and other countries has also prohibited a variety of specified services related to the maritime transport of Russian Federation origin crude oil and petroleum products, including trading/commodities brokering, financing, shipping, insurance (including reinsurance and protection and indemnity), flagging, and customs brokering. These prohibitions took effect on December 5, 2022 with respect to the maritime transport of crude oil and took effect on February 5, 2023 with respect to the maritime transport of other petroleum products. An exception exists to permit such services when the price of the seaborne Russian oil into non-EU countries does not exceed the relevant price cap; but implementation of this price exception relies on a recordkeeping and attestation process that allows each party in the supply chain of seaborne Russian oil to demonstrate or confirm that oil has been purchased at or below the price cap. Violations of the price cap policy or the risk that information, documentation, or attestations provided by parties in the supply chain are later determined to be false may pose additional risks adversely affecting our business. Our business could also be adversely impacted by trade tariffs, trade embargoes or other economic sanctions that limit trading activities by the United States or other countries against countries in the Middle East, Asia or elsewhere as a result of terrorist attacks, hostilities or diplomatic or political pressures.

These uncertainties could also adversely affect our ability to obtain additional financing on terms acceptable to us or at all. In the past, political conflicts have also resulted in attacks on vessels, mining of waterways and other efforts to disrupt international shipping, particularly in the Arabian Gulf region. The war in Ukraine has recently resulted in missile attacks on commercial vessels in the Black Sea. Acts of terrorism and piracy have also affected vessels trading in regions such as the South China Sea, the Gulf of Aden off the coast of Somalia, and in particular, the Gulf of Guinea region off Nigeria, which experienced increased incidents of piracy in recent years. Any of these occurrences could have a material adverse impact on our operating results. Additionally, Brexit, or similar events in other jurisdictions, could impact global markets, including foreign exchange and securities markets; any resulting changes in currency exchange rates, tariffs, treaties, and other regulatory matters could, in turn, adversely impact our business and operations.

Outbreaks of epidemic and pandemic diseases, such as COVID-19, and the related governmental responses thereto, could adversely affect our business.

Public health threats, such as the COVID-19 outbreak, 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, could adversely impact our operations, the timing of completion of any outstanding or future newbuilding projects, as well as the operations of our customers.

Since the beginning of the calendar year 2020, the outbreak of COVID-19 that originated in China in late 2019 and that spread to most nations around the globe resulted in numerous actions taken by governments and governmental agencies in an attempt to mitigate the spread of the virus, including travel bans, quarantines, lockdown measures, and other emergency public health measures. These measures resulted in a significant reduction in global economic activity and extreme volatility in the global financial markets. The impact of COVID-19 resulted in reduced industrial activity in China with temporary closures of factories and other facilities, labor shortages and restrictions on travel. We believe these disruptions along with other seasonal factors, including lower demand for some of the cargoes we carry, contributed to downward pressure on rates in the tanker industry at times.

Although the incidence and severity of COVID-19 and its variants have diminished over time, periodic spikes in incidence

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

The COVID-19 pandemic and measures to contain its spread negatively impacted regional and global economies and trade patterns in markets in which we operate, the way we operate our business, and the businesses of our charterers and suppliers. Over time, the incidence of COVID-19 and its variants has diminished although periodic spikes in incidence occur. Consequently, restrictions imposed by various governmental health organizations may change over time. Several countries have lifted restrictions only to reimpose such restrictions as the number of cases rise and new variants arise. Negative impacts could occur, even after the pandemic itself diminishes or ends.

Measures against COVID-19 in a number of countries restricted crew rotations on our vessels. As a result, vessel operators experienced and may continue to experience in the future disruptions to normal vessel operations caused by increased deviation time associated with positioning vessels to countries in which they can undertake a crew rotation in compliance with such measures. Our crews generally work on a rotation basis, relying exclusively on international air transport for crew changes plan fulfillment. Any such disruptions could impact the cost of rotating our crew further, and possibly impact our ability to maintain a full crew synthesis onboard our vessel and other vessels we may acquire at any given time. Delays in crew rotations have furthermore led to issues with crew fatigue and may continue to do so, which may result in delays or other operational issues. Additionally, we are particularly vulnerable to our crew members getting sick, as if even one of our crew members gets sick, local authorities could require us to detain and quarantine the vessel and its crew for an unspecified amount of time, disinfect and fumigate the vessel and cargo onboard, or take similar precautions, which would add costs, decrease our utilization, and substantially disrupt our cargo operations. We expect to incur increased expenses due to incremental fuel consumption and days in which our vessel and other vessels we may acquire are unable to earn revenue in order to deviate to certain ports on which we would ordinarily not call during a typical voyage. We may also incur additional expenses associated with testing, personal protective equipment, quarantines, and travel expenses such as airfare costs in order to perform crew rotations in the current environment.

Further, containment measures and quarantine restrictions adopted by many countries worldwide have caused a significant impact on our ability to embark and disembark crew members and on our seafarers themselves. During the global recovery from COVID-19, the Company continues to take proactive measures to ensure the health and wellness of its crew and onshore employees while endeavoring to maintain effective business continuity and uninterrupted service to its customers. During 2022 and 2021, the Company incurred increased costs as a result of the restrictions imposed in various jurisdictions creating delays and additional complexities with respect to port calls and crew rotations.

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 or other epidemics, could have a material adverse effect on our business, results of operations, cash flows, financial condition, the value of our vessels, and ability to pay dividends.

Increasing growth of electric vehicles and renewable fuels could lead to a decrease in trading and the movement of crude oil and petroleum products worldwide.

The IEA noted in its Global EV Outlook 2022 that total electric cars sold annually worldwide grew from about 120,000 in 2012 to 6.6 million in 2021, bringing the total number of electric cars to approximately 16.5 million, around triple the number from 2018. Electric car sales in the first quarter of 2022 were 2.1 million, up 75% from the same quarter of 2021. This was driven mainly by government subsidies and policy initiatives, such as the phasing-out of internal combustion engines and vehicle electrification targets. IEA forecasts are for electric vehicles ("EVs") to grow from 17 million in 2021 to 70 million registered vehicles by 2025 and 190 million by 2030, which the IEA forecasts would reduce worldwide demand for oil products by 3.4 million barrels per day in 2030. IEA stated that EV operations in 2019 avoided the consumption of almost 0.6 million barrels per day of oil products. According to the World Economic Forum, there were about 1.1 billion cars registered in 2015 and there will be about 2 billion cars registered by 2040.

According to the IEA, U.S. biodiesel production increased rapidly from 32,000 barrels per day in 2009 to 118,000 barrels per day in 2020, a growth of about 260% (that production was up from 112 thousand barrels per day in 2019). During the same period, diesel production from U.S. refineries grew from an average of 4.0 million barrels per day in 2009 to a maximum of 5.6 million barrels per day in December 2018 before declining to 4.6 million barrels per day in January 2021 during the pandemic. A growth in EVs or a slowdown in imports or exports of crude or petroleum products worldwide may result in decreased demand for our vessels and lower charter rates, which could have a material adverse effect on our business, results of operations, cash flows, financial condition, and ability to make cash distributions.

Acts of piracy 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, in the Gulf of Aden off the coast of Somalia, Sulu Sea and Celebes Sea, and in particular, the Gulf of Guinea region off Nigeria, which experienced increased incidents of piracy in recent years. Although the frequency of sea piracy worldwide has generally decreased since 2013, sea piracy incidents continue to occur. Acts of piracy could result in harm or danger to the crews that man our vessels. In addition, if these piracy attacks result in regions in which our vessels are deployed being characterized by insurers as "war risk" zones, or Joint War Committee "war and strikes" listed areas, premiums payable for such coverage could increase significantly, and such insurance coverage may be more difficult to obtain. In addition, crew costs due to employing onboard security guards could increase in such circumstances. We may not be adequately insured to cover losses from these incidents, which could have a material adverse effect on us. In addition, detention hijacking, involving the hostile detention of a vessel, as a result of an act of piracy against our vessels, or an increase in cost, or unavailability of insurance for our vessels, could have a material adverse impact on our business, financial condition, results of operations.

If our vessels call on ports located in countries or territories that are the subject of sanctions or embargoes imposed by the U.S. government or other governmental authorities, it could lead to monetary fines or adversely affect our business, reputation and the market for our common shares.

While none of our vessels have called on ports located in countries or territories that are the subject of country-wide or territory-wide sanctions or embargoes imposed by the U.S. government or other governmental authorities ("Sanctioned Jurisdictions") in 2022 and through the date of this report, and although we intend to maintain compliance with all applicable sanctions and embargo laws, and we endeavor to take precautions reasonably designed to ensure compliance with such laws, it is possible that, in the future, our vessels may call on ports in Sanctioned Jurisdictions on charterers' instructions and without our consent. If such activities result in a violation of sanctions or embargo laws, we could be subject to monetary fines, penalties, or other sanctions, and our reputation and the market for our common shares could be adversely affected.

The U.S. sanctions and embargo laws and regulations vary in their application, as they do not all apply to the same covered persons or proscribe the same activities, and such sanctions and embargo laws and regulations may be amended or expanded over time. In particular, the war in Ukraine could result in the imposition of further economic sanctions by the United States and the European Union against Russia. 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., European Union, and/or other international bodies. If we determine that such sanctions require us to terminate existing or future contracts to which we, or our subsidiaries, are party or if we are found to be in violation of such applicable sanctions, our results of operations may be adversely affected or we may suffer reputational harm.

Although we believe that we have been in compliance with all applicable sanctions and embargo laws and regulations, and intend to maintain such compliance, any such violation could result in fines, penalties or other sanctions that could severely impact our ability to access U.S. capital markets and conduct our business, and could result in some investors deciding, or being required, to divest their interest, or not to invest, in us. In addition, certain institutional investors may have investment policies or restrictions that prevent them from holding securities of companies that have contracts with countries identified by the U.S. government as state sponsors of terrorism. The determination by these investors not to invest in, or to divest from, our common shares may adversely affect the price at which our common shares trade. Moreover, our charterers may violate applicable sanctions and embargo laws and regulations as a result of actions that do not involve us or our vessels, and those violations could, in turn, negatively affect our reputation. 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 countries or territories that we operate in.

We conduct business in China, where the legal system is unpredictable and has inherent uncertainties that could limit the legal protections available to us.

Some of our vessels may be chartered to Chinese customers, and from time to time, on our charterers' instructions, our vessels may call on Chinese ports. Such charters and voyages may be subject to regulations in China that may require us to incur new or additional compliance or other administrative costs and may require that we pay to the Chinese government new taxes or other fees. Applicable laws and regulations in China may not be well-publicized and may not be known to us or to our charterers in advance of us or our charterers becoming subject to them, and the implementation of such laws and regulations may be inconsistent. Changes in Chinese laws and regulations, including with regards to tax matters, or changes in their implementation by local authorities, could affect our vessels if chartered to Chinese customers, as well as our vessels calling to Chinese ports, and could have a material adverse impact on our business, financial condition and results of operations.

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

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

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

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

A government of a vessel's registry could requisition for title or seize one or more of our vessels. Requisition for title occurs when a government takes control of a vessel and becomes the owner. A government could also requisition one or more of our vessels 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. Even if we were entitled to compensation in the event of a requisition of one or more of our vessels, the amount and timing of the payment would be uncertain. Government requisition of one or more of our vessels could have a material adverse effect on our business, results of operations, cash flows, and financial condition.

Failure to comply with the U.S. Foreign Corrupt Practices Act of 1977, or the FCPA, could result in fines, criminal penalties, and an adverse effect on our business.

We may 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 that is consistent and in full compliance with the FCPA. We are subject, however, to the risk that we, our affiliated entities or our or their respective officers, directors, employees, and agents may take actions determined to be in violation of such anti-corruption laws, including the FCPA. In addition, actual or alleged violations could damage our reputation and ability to do business. Furthermore, detecting, investigating, and resolving actual or alleged violations is expensive and can consume significant time and attention of our senior management. Any such violation could result in substantial fines, sanctions, civil and/or criminal penalties, curtailment of operations in certain jurisdictions, and might adversely affect our business, earnings or financial condition.

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 and our vessels may be detained for a prolonged period of time which could have an adverse effect on our business, results of operations, cash flows, and financial condition.

Maritime claimants could arrest or attach our vessels, which would interrupt our business or have a negative effect on our cash flows.

Crew members, suppliers of goods and services to a vessel, shippers of cargo, lenders, and other parties may be entitled to a maritime lien against that vessel for unsatisfied debts, claims, or damages. In many jurisdictions, a maritime lien holder may enforce its lien by arresting or attaching a vessel through foreclosure proceedings. The arrest or attachment of one or more of our vessels could interrupt our business or require us to pay large sums of funds to have the arrest or attachment lifted, which would have a negative effect on our cash flows.

In addition, in some jurisdictions, such as South Africa, under the "sister-ship" theory of liability, a claimant may arrest both the vessel that is subject to the claimant's maritime lien and any "associated" vessel, which is any vessel owned or controlled by the same owner. Claimants could try to assert "sister-ship" liability against one vessel in our fleet for claims relating to another of our ships.

Changing laws and evolving reporting requirements could have an adverse effect on our business.

Changing laws, regulations, and standards relating to reporting requirements, including the EU General Data Protection Regulation, or GDPR, may create additional compliance requirements for us.

GDPR broadens the scope of personal privacy laws to protect the rights of EU citizens and requires organizations to report on data breaches within 72 hours and be bound by more stringent rules for obtaining the consent of individuals on how their data can be used. GDPR was enforced on May 25, 2018, and non-compliance exposes entities to significant fines or other regulatory claims which could have an adverse effect on our business, financial condition, and operations.

Company Specific Risk Factors

The market values of our vessels are highly volatile and may decline, which could limit the amount of funds that we can borrow and trigger breaches of certain financial covenants under our future loan facilities.

The market values of our vessels are related to prevailing charter rates. While the market values of vessels and the charter market have a very close relationship as the charter market moves from trough to peak, the time lag between the effects of charter rates on market values of ships can vary. The market values of our vessels have generally experienced high volatility, and you should expect the market value of our vessels to fluctuate depending on a number of factors, including:

- the prevailing level of charter rates;
- general economic and market conditions affecting the shipping industry;
- competition from other shipping companies and other modes of transportation;
- the types, sizes, and ages of vessels;
- the supply of and demand for vessels;
- applicable governmental or other regulations;
- the need to upgrade secondhand and previously owned vessels as a result of charterer requirements;
- technological advances in vessel design or equipment or otherwise;
- fuel efficiency and level of air emissions;
- the cost of newbuildings; and
- shipyard capacity.

The market values of our vessels are at low levels compared to historical averages. At times when we have loans outstanding with covenants based on vessels' market values, if the market values of our vessels decline further, we may not be in compliance with certain covenants contained in such loan facilities, and we may not be able to refinance our debt or obtain additional financing or incur debt on terms that are acceptable to us or at all. As of December 31, 2022, we had $128.5 million outstanding under our loan facilities and were in compliance with all our loan covenants. In the future, if we are not in compliance with the covenants in our loan facilities or are unable to obtain waivers or amendments or otherwise remedy the relevant breaches, our lenders under the facilities could accelerate our debt and foreclose on our fleet. We may not be successful in obtaining any such waiver or amendment, and we may not be able to refinance our debt or obtain additional financing. Moreover, our loan facilities, as amended or pursuant to any waiver, and any refinancing or additional financing, may be more expensive and carry more onerous terms than those in our existing debt agreements.

In addition, if the book value of a vessel is impaired due to unfavorable market conditions, or if a vessel is sold at a price below its book value, we would incur a loss that could adversely affect our operating results.

We are currently subject to litigation and we may be subject to similar or other litigation in the future.

We, and our former Chief Executive Officer, are defendants in a purported class action lawsuit pending in the U.S. District Court for the Eastern District of New York. The lawsuit alleges violations of the Securities Exchange Act of 1934, as amended.

While we believe these claims to be without merit and intend to defend these lawsuits vigorously, we cannot predict their outcome. Furthermore, we may, from time to time, be a party to other litigation in the normal course of business. Monitoring and defending against legal actions, whether or not meritorious, is time-consuming for our management and detracts from our ability to fully focus our internal resources on our business activities. In addition, legal fees and costs incurred in connection with such activities may be significant, and we could in the future be subject to judgments or enter into settlements of claims for significant monetary damages. A decision adverse to our interests could result in the payment of substantial damages and could have a material adverse effect on our cash flow, results of operations, and financial position.

With respect to any litigation, our insurance may not reimburse us or may not be sufficient to reimburse us for the expenses or losses we may suffer in contesting and concluding such a lawsuit. Substantial litigation costs, including the substantial self-insured retention that we are required to satisfy before any insurance is applied to the claim, or an adverse result in any litigation may adversely impact our business, operating results, or financial condition.

Our business, operating results, financial condition, and growth will depend on our ability to successfully charter our vessels, for which we will face substantial competition.

The process of obtaining new charters is highly competitive and generally involves an intensive screening process and competitive bids, and often extends for several months. Charters are awarded based upon a variety of factors relating to the vessel operator, including:

- shipping industry relationships and reputation for customer service and safety;
- the experience and quality of ship operations, including cost-effectiveness;
- quality and experience of the seafaring crew;
- the ability to finance vessels at competitive rates and financial stability generally;
- relationships with shipyards and the ability to get suitable berths;
- the technical specifications of the vessel;
- construction management experience, including the ability to obtain on-time delivery of new ships 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.

We expect substantial competition for providing tanker vessel transportation services from a number of experienced companies, including state-sponsored entities and major shipping companies. Many of these competitors have significantly greater financial resources than we do and can therefore operate larger fleets and may be able to offer better charter rates. As a result of these factors, we may be unable to attract new customers or secure charters at profitable charter rates, if at all, which will impede our operating results, financial condition, and growth.

Furthermore, if our vessels become available for employment under new charters during periods when charter rates are at depressed levels, we may have to employ our tanker vessels at depressed charter rates, if we are able to secure employment for our vessels at all, which would lead to reduced or volatile earnings. Future charter rates may not be at a level that will enable us to operate our vessels profitably.

The failure of our counterparties to meet their obligations to us under any vessel purchase agreements or charter agreements could cause us to suffer losses or otherwise adversely affect our business.

Generally, we intend to selectively employ our vessels in the spot market under short to medium term time charters or voyage charters, and pool arrangements, which exposes us to counterparty risks. The ability and willingness of each of our counterparties to perform its obligations under a vessel purchase agreement or charter agreement 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 market and the overall financial condition of the counterparty. From time to time, we may enter into agreements to acquire vessels, and if the seller of a vessel fails to deliver a vessel to us as agreed, or if we cancel a purchase agreement because a seller has not met its obligations, this may have a material adverse effect on our business.

In addition, in depressed market conditions, there have been reports of charterers renegotiating their charters or defaulting on their obligations under charters, and our future customers may fail to pay charter hire or attempt to renegotiate charter rates. Furthermore, it is possible that third parties with whom we have charter contracts may be impacted by the war between Russia and Ukraine or the resulting sanctions, which could adversely affect their ability to perform. If our future charterers fail to meet their obligations to us or attempt to renegotiate our future charter agreements, it may be difficult to secure substitute employment for such vessels, and any new charter arrangements we secure may be at lower rates. As a result, we could sustain significant losses, which could have a material

adverse effect on our business, financial condition, results of operations, and cash flows.

We may be unable to locate suitable vessels or dispose of vessels at reasonable prices, which would adversely affect our ability to operate our business.

There are periods when we may be interested in further growing our fleet through selective acquisitions. Our business strategy is dependent on identifying and purchasing suitable vessels. Changing market and regulatory conditions may limit the availability of suitable vessels because of customer preferences or because they are not or will not be compliant with existing or future rules, regulations, and conventions. Additional vessels of the age and quality we desire may not be available for purchase at prices we are prepared to pay or at delivery times acceptable to us, and we may not be able to dispose of vessels at reasonable prices, if at all. If we are unable to purchase and dispose of vessels at reasonable prices in accordance with our business strategy or in response to changing market and regulatory conditions, our business would be adversely affected.

Our purchasing and operating secondhand vessels, and the aging of our fleet may result in increased operating costs and vessels off-hire, which could adversely affect our earnings.

While we will typically inspect secondhand vessels before purchase, this does not provide us with the same knowledge about their condition that we would have had if these vessels had been built for and operated exclusively by us. Accordingly, we may not discover defects or other problems with such vessels before purchase. Any such hidden defects or problems, when detected, may be expensive to repair, and if not detected, may result in accidents or other incidents for which we may become liable to third parties. In addition, when purchasing secondhand vessels, we do not receive the benefit of any builder warranties if the vessels we buy are older than one year.

In general, the costs to maintain a vessel in good operating condition increase with the age of the vessel. Older vessels are typically less fuel efficient than more recently constructed vessels due to improvements in engine technology. Potential charterers may also choose not to charter older vessels. Governmental regulations, safety, and other equipment standards related to the age of vessels may require expenditures for alterations or the addition of new equipment to some of our vessels and may restrict the type of activities in which these vessels may engage. We cannot assure you that, as our vessels age, market conditions will justify those expenditures or enable us to operate our vessels profitably during the remainder of their useful lives. As a result, regulations and standards could have a material adverse effect on our business, financial condition, results of operations, and cash flows.

There is a lack of historical operating history provided with our secondhand vessel acquisitions, and profitable operation of the vessels will depend on our skill and expertise.

Consistent with shipping industry practice, other than inspection of the physical condition of the vessels and examinations of classification society records, neither we, nor UOT, will conduct any historical financial due diligence process at times when we acquire vessels. Accordingly, neither we, nor UOT, will obtain the historical operating data for any secondhand vessels we may acquire in the future from the sellers because that information is not material to our decision to make acquisitions, nor do we believe it would be helpful to potential investors in assessing our business or profitability. Most vessels are sold under a standardized agreement, which, among other things, provides the buyer with the right to inspect the vessel and the vessel's classification society records. The standard agreement does not give the buyer the right to inspect, or receive copies of, the historical operating data of the vessel. Prior to the delivery of a purchased vessel, the seller typically removes from the vessel all records, including past financial records and accounts related to the vessel. In addition, the technical management agreement between the seller's technical manager and the seller is automatically terminated and the vessel's trading certificates are revoked by its flag state following a change in ownership.

Consistent with shipping industry practice, we treat the acquisition of a vessel (whether acquired with or without charter) as the acquisition of an asset rather than a business. Although vessels are generally acquired free of charter, we have acquired and may also in the future acquire some vessels with time charters. Where a vessel has been under a voyage charter, the vessel is delivered to the buyer free of charter, and it is rare in the shipping industry for the last charterer of the vessel in the hands of the seller to continue as the first charterer of the vessel in the hands of the buyer. In most cases, when a vessel is under time charter, and the buyer wishes to assume that charter, the vessel cannot be acquired without the charterer's consent and the buyer's entering into a separate direct agreement with the charterer to assume the charter. The purchase of a vessel itself does not transfer the charter, because it is a separate service agreement between the vessel owner and the charterer.

Due to the differences between the prior owners of these vessels and the Company with respect to the routes we expect to operate, our future customers, the cargoes we expect to carry, the freight rates and charter rates we will charge in the future, and the costs we expect to incur in operating our vessels, we believe that our operating results will be significantly different from the operating results of the vessels while owned by the prior owners. The profitable operation of the vessels will depend on our skill and expertise. If we are unable to operate the vessels profitably, it may have an adverse effect on our financial condition, results of operations, and cash flows.

Technical innovation and technical quality and efficiency requirements from our customers could reduce our charter hire income and the value of our tanker vessels.

Our customers, in particular those in the oil industry, 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 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, 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. If new vessels are built that are more efficient or more flexible or have longer physical lives than our vessels, competition from these more technologically advanced vessels could adversely affect the amount of charter hire payments we receive for our vessels, and the resale value of our vessels could significantly decrease. This could have an adverse effect on our results of operations, cash flows, financial condition, and ability to pay dividends.

The Public Company Accounting Oversight Board inspection of our independent accounting firm could lead to findings in our auditors' reports and challenge the accuracy of our published audited consolidated financial statements.

Auditors of U.S. public companies are required by law to undergo periodic Public Company Accounting Oversight Board, or PCAOB, inspections that assess their compliance with U.S. law and professional standards in connection with the performance of audits of financial statements filed with the SEC. For several years certain European Union countries, including Greece, did not permit the PCAOB to conduct inspections of accounting firms established and operating in such European Union countries, even if they were part of major international firms. Accordingly, unlike most U.S. public companies, the PCAOB was prevented from evaluating our auditor's performance of audits and its quality control procedures, and, unlike stockholders of most U.S. public companies, we, and our stockholders, were deprived of the possible benefits of such inspections. Since 2015, Greece has agreed to allow the PCAOB to conduct inspections of accounting firms operating in Greece. In the future, such PCAOB inspections could result in findings in our auditors' quality control procedures, question the validity of the auditor's reports on our published consolidated financial statements and the effectiveness of our internal control over financial reporting, and cast doubt upon the accuracy of our published audited financial statements.

Our ability to obtain debt financing in the future may be dependent on the performance of our then existing charters and the creditworthiness of our charterers.

The actual or perceived credit quality of our charterers, and any defaults by them, may materially affect our ability to obtain the additional capital resources that we will require to purchase additional vessels in the future or may significantly increase our costs of obtaining such capital. Our inability to obtain financing at all or at a higher than anticipated cost may materially affect our results of operation and our ability to implement our business strategy.

We may be unable to attract and retain key management personnel and other employees in the shipping industry, which may negatively impact the effectiveness of our management and results of operations.

Our success depends to a significant extent upon the abilities and efforts of our management team, the Chairperson of the Board, Aliki Paliou, and our Chief Executive Officer, Director and Secretary, Andreas Michalopoulos. Our success will depend upon our ability to retain key members of our management team and to hire new members as may be necessary. The loss of any of these individuals could adversely affect our business prospects and financial condition. Difficulty in hiring and retaining replacement personnel could adversely affect our business, results of operations, and ability to pay dividends. We do not intend to maintain "key man" life insurance on any of our officers or other members of our management team.

Aliki Paliou, the Chairperson of the Board, controls a majority of voting power over matters on which our shareholders are entitled to vote, and accordingly, may exert considerable influence over us and may have interests that are different from the interests of our other shareholders.

Aliki Paliou may be deemed to beneficially own 1,314,792 Series C Preferred Shares, and through the beneficial ownership of such Series C Preferred Shares currently controls in excess of 84.8% of the voting power of our capital stock. As a result, Ms. Paliou has the power to exert considerable influence over our actions through her ability to control the outcome of any matter submitted to a vote of our shareholders, including the election of our directors and other significant corporate actions. The Series C Preferred Shares bear superior voting rights to our common shares and are entitled to vote on all matters on which our shareholders are entitled to vote, and further are convertible into our common shares. The superior voting rights of our Series C Preferred Shares may limit our common shareholders' ability to influence corporate matters. The interests of the holders of the Series C Preferred Shares may conflict with the interests of our common shareholders, and as a result, the holders of our capital stock may approve actions that our common shareholders do not view as beneficial. Any such conflicts of interest could adversely affect our business, financial condition and results of operations,

and the trading price of our common shares. For additional information regarding the terms of our Series C Preferred Shares, please see "Description of Capital Stock."

Our Chief Financial Officer participates in business activities not associated with us, and does not devote all of his time to our business, which may create conflicts of interest and hinder our ability to operate successfully.

Anthony Argyropoulos, our Chief Financial Officer, participates in business activities not associated with us, and as a result, may devote less time to us than if he was not engaged in other business activities. This may create conflicts of interest in matters involving or affecting us and our customers, and it is not certain that any of these conflicts of interest will be resolved in our favor. This could have a material adverse effect on our business, financial condition, results of operations and cash flows.

We expect to continue to operate substantially outside the United States, which will expose us to political and governmental instability, which could harm our operations.

We expect that our operations will continue to be primarily conducted outside the United States and may be adversely affected by changing or adverse political and governmental conditions in the countries where our vessels are flagged or registered and in the regions where we otherwise engage in business. Any disruption caused by these factors may interfere with the operation of our vessels, which could harm our business, financial condition, and results of operations. Past political efforts to disrupt shipping in these regions, particularly in the Arabian Gulf, have included attacks on ships and mining of waterways. In addition, terrorist attacks outside this region and continuing hostilities in the Middle East and the world may lead to additional armed conflicts or to further acts of terrorism and civil disturbance in the United States and elsewhere. Any such attacks or disturbances may disrupt our business, increase vessel operating costs, including insurance costs, and adversely affect our financial condition and results of operations. Our operations may also be adversely affected by expropriation of vessels, taxes, regulation, tariffs, trade embargoes, economic sanctions, or disruption of or limit to trading activities or other adverse events or circumstances in or affecting the countries and regions where we operate or where we may operate in the future.

We generate all of our revenues in U.S. dollars and incur a portion of our expenses in other currencies, and therefore exchange rate fluctuations could have an adverse impact on our results of operations.

We generate all of our revenues in U.S. dollars and incur a portion of our expenses in currencies other than the dollar. This difference could lead to fluctuations in net income due to changes in the value of the U.S. dollar relative to the other currencies, in particular the Euro. Expenses incurred in foreign currencies against which the U.S. dollar falls in value can increase, decreasing our revenues. Further declines in the value of the dollar could lead to higher expenses payable by us.

While we historically have not mitigated the risk associated with exchange rate fluctuations through the use of financial derivatives, we may employ such instruments from time to time in the future in order to minimize this risk. Our use of financial derivatives would involve certain risks, including the risk that losses on a hedged position could exceed the nominal amount invested in the instrument and the risk that the counterparty to the derivative transaction may be unable or unwilling to satisfy its contractual obligations, which could have an adverse effect on our results.

If volatility in the London InterBank Offered Rate, or LIBOR, occurs, or if LIBOR is replaced as the reference rate under our debt obligations, it could affect our profitability, earnings and cash flow.

LIBOR is the subject of recent national, international and other regulatory guidance and proposals for reform. These reforms and other pressures may cause LIBOR to be eliminated or to perform differently than in the past. The consequences of these developments cannot be entirely predicted but could include an increase in the cost of any of our future variable rate indebtedness and obligations. LIBOR has been volatile in the past, with the spread between LIBOR and the prime lending rate widening significantly at times. Currently, two of our debt facilities have interest rates that fluctuate with changes in LIBOR and hence significant changes in LIBOR could have a material effect on the amount of interest payable on any future indebtedness, which in turn, could have an adverse effect on our financial condition.

Furthermore, the calculation of interest in most financing agreements in our industry has been based on published LIBOR rates. Due in part to uncertainty relating to the LIBOR calculation process in recent years, it is likely that the publication of LIBOR will be phased out in mid-2023. As a result, lenders have insisted, and our lenders could in the future insist, on provisions that entitle the lenders, to replace published LIBOR as the base for the interest calculation with another equivalent rate negotiated between the parties and/or their cost-of-funds rate. The triggering of such provisions could significantly increase our lending costs, which would have an adverse effect on our profitability, earnings and cash flow. Certain of our existing financing arrangements include fallback provisions in the event of the unavailability of LIBOR, but those fallback provisions and related successor benchmarks may create additional risks and uncertainties. The Alternative Reference Rate Committee, a committee convened by the Federal Reserve that includes major market participants, has proposed the Secured Overnight Financing Rate, or "SOFR," an alternative rate to replace U.S. Dollar LIBOR. The impact of such a transition from LIBOR to SOFR could be significant for us. Although we intend to agree to an alternative, market acceptable basis with the lenders under our credit facilities, and with the counterparties under any derivative instruments, to replace the applicable LIBOR rates with another reference rate in terms of rapidly developing marking practice being established by the Loan

Markets Association (“LMA”) prior to any cessation of LIBOR there can be no assurance that we will be able to reach agreement on favorable terms or at all.

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

We may have to pay tax on United States source income, which would reduce our earnings.

Under the United States Internal Revenue Code of 1986, or the Code, 50% of the gross shipping income of a vessel owning or chartering corporation, such as us 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% United States federal income tax without allowance for deduction, unless that corporation qualifies for exemption from tax under Section 883 of the Code, or Section 883, and the applicable Treasury Regulations promulgated thereunder.

We intend to take the position that we qualified for this statutory tax exemption for U.S. federal income tax return reporting purposes for our 2022 taxable year. However, there are factual circumstances that could cause us to lose the benefit of this tax exemption for any future taxable year and thereby become subject to U.S. federal income tax on our U.S.-source shipping income. Due to the factual nature of the issues involved, there can be no assurances on our tax-exempt status.

If we are not entitled to exemption under Section 883 for any taxable year, we would be subject for those years to an effective 2% U.S. federal income tax on the shipping income we derive during the year, which is attributable to the transport of cargoes to or from the United States. The imposition of this taxation would have a negative effect on our business and would result in decreased earnings available for distribution to our shareholders.

We may be treated as a "passive foreign investment company," which could have certain adverse U.S. federal income tax consequences to U.S. holders.

A foreign corporation will be treated as a "passive foreign investment company," or 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, cash will be treated as an asset held for the production of passive income. For purposes of these tests, "passive income" generally includes dividends, interest, and gains from the sale or exchange of investment property and rents and royalties other than those received from unrelated parties in connection with the active conduct of a trade or business. For purposes of these tests, income derived from the performance of services does not constitute "passive income." U.S. holders of stock in 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 stock in the PFIC.

Whether we will be treated as a PFIC will depend upon our method of operation. In this regard, we intend to treat the gross income we derive or are deemed to derive from time or voyage chartering activities as services income rather than rental income. Accordingly, we believe that any income from time or voyage chartering activities will not constitute "passive income," and any assets that we may own and operate in connection with the production of that income will not constitute passive assets. However, any gross income that we may be deemed to have derived from bareboat chartering activities will be treated as rental income and thus will constitute "passive income," and any assets that we may own and operate in connection with the production of that income will constitute passive assets. There is substantial legal authority supporting this position consisting of case law and Internal Revenue Service, or IRS, pronouncements concerning the characterization of income derived from time charters and voyage charters as services income for other tax purposes. However, it should be noted that there is also authority which characterizes time charter income as rental income rather than services income for other tax purposes. Accordingly, no assurance can be given that the IRS or a court of law will accept our position with regard to our status from time to time as a PFIC, and there is a risk that the IRS or a court of law could determine that we are or have been a PFIC for a particular taxable year.

If we are or have been a PFIC for any taxable year, U.S. holders of our common shares will face certain adverse U.S. federal income tax consequences and information reporting obligations. Under the PFIC rules, unless such U.S. holders make certain elections available under the Code (which elections could themselves have certain adverse consequences for such U.S. holders), such U.S. holders would be liable to pay U.S. federal income tax at the then-prevailing income tax rates on ordinary income plus interest upon excess distributions and upon any gain from the disposition of our common shares, as if the excess distribution or gain had been recognized ratably over such U.S. holder's holding period for such common shares. See "Item 10. Additional Information—E. Taxation—United States Federal Income Tax Considerations—United States Federal Income Taxation of U.S. Holders—PFIC Status and Significant Tax Consequences" for a more comprehensive discussion of the U.S. federal income tax consequences to U.S. holders of our common shares if we are or were to be treated as a PFIC.

We may be subject to increased premium payments, or calls, because we obtain some of our insurance through protection and indemnity associations.

We may be subject to increased premium payments, or calls, in amounts based on our claim records as well as the claim records of other members of the protection and indemnity associations in the International Group, which is comprised of 13 mutual protection and indemnity associations and insures approximately 90% of the world's commercial tonnage and through which we receive insurance coverage for tort liability, including pollution-related liability, as well as actual claims. Amounts we may be required to pay as a result of such calls will be unavailable for other purposes.

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

We are incorporated under the laws of the Republic of the Marshall Islands and we conduct operations in countries around the world. Consequently, in the event of any bankruptcy, insolvency, liquidation, dissolution, reorganization, or similar proceeding involving us or any of our subsidiaries, bankruptcy laws other than those of the United States could apply. If we become a debtor under U.S. bankruptcy law, bankruptcy courts in the United States may seek to assert jurisdiction over all of our assets, wherever located, including property situated in other countries. There can be no assurance, however, that we would become a debtor in the United States, or that a U.S. bankruptcy court would be entitled to, or accept, jurisdiction over such a bankruptcy case, or that courts in other countries that have jurisdiction over us and our operations would recognize a U.S. bankruptcy court's jurisdiction if any other bankruptcy court would determine it had jurisdiction.

A cyber-attack could materially disrupt our business.

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

Additionally, any changes in the nature of cyber threats might require us to adopt additional procedures for monitoring cybersecurity, which could require additional expenses and/or capital expenditures. Most recently, the escalation of the war between Russia and Ukraine has been accompanied by cyber-attacks against the Ukrainian government and other countries in the region. It is possible that these attacks could have collateral effects on additional critical infrastructure and financial institutions globally, which could adversely affect our operations. It is difficult to assess the likelihood of such threat and any potential impact at this time.

If we do not identify suitable vessels for acquisition or successfully integrate any acquired vessels, we may not be able to grow or to effectively manage our growth.

One of our strategies is to continue to grow by expanding our operations and adding tanker vessels to our fleet. Our future growth will depend upon a number of factors, some of which may not be within our control. These factors include our ability to:

- identify suitable vessels for acquisitions at attractive prices, which may not be possible if asset prices rise too quickly;
- obtain financing for our existing and new operations;

- manage relationships with customers and suppliers;
- identify businesses engaged in managing, operating, or owning tanker vessels for acquisitions or joint ventures;

- integrate any acquired vessels successfully with our then-existing operations;
- attract, hire, train, integrate and retain qualified, highly trained personnel and crew to manage and operate our growing business and fleet;
- identify additional new markets;
- enhance our customer base;
- improve our operating, financial, and accounting systems and controls; and
- obtain required financing for our existing and new operations.

Our failure to effectively identify, purchase, develop, and integrate any new vessels could adversely affect our business, financial condition, and results of operations. The number of employees that perform services for us and our current operating and financial systems may not be adequate as we implement our plan to expand the size of our fleet, and we may not be able to effectively hire more employees, or adequately improve those systems. We may incur unanticipated expenses as an operating company. Our current operating and financial systems may not be adequate as we implement our plan to expand the size of our fleet. Finally, additional 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 reduce our cash flow. If we are unable to execute the points noted above, our financial condition may be adversely affected.

Growing any business by acquisition 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 expansion of our fleet may impose significant additional responsibilities on our management and staff, and the management and staff of our commercial and technical managers, and may necessitate that we, and they, increase the number of personnel. We cannot give any assurance that we will be successful in executing our growth plans or that we will not incur significant expenses and losses in connection with our future growth.

Inflation could adversely affect our operating results and financial condition.

Inflation could have an adverse impact on our operating results and subsequently on our financial condition both directly through the increase of various costs necessary for the operation of our vessels such as crew, repairs and materials, and indirectly through its adverse impact on the world economy in terms of increasing interest rates and slowdown of global growth. If inflationary pressures intensify further, we may be unable to raise our charter rates enough to offset the increasing costs of our operations, which would decrease our profit margins. Inflation may also raise our costs of capital, which would result in the deterioration of our financial condition.

The IMO 2020 regulations may cause us to incur substantial costs and to procure low-sulfur fuel oil directly on the wholesale market for storage at sea and onward consumption on our vessels.

Effective January 1, 2020, the IMO implemented a new regulation for a 0.50% global sulfur cap on emissions from vessels (the "IMO 2020 Regulations"). Under this new global cap, vessels are required to use marine fuels with a sulfur content of no more than 0.50% against the former regulations specifying a maximum of 3.50% sulfur in an effort to reduce the emission of sulfur oxide into the atmosphere.

We have incurred increased costs to comply with these revised standards. Additional or new conventions, laws, and regulations may be adopted that could require, among others, the installation of expensive emission control systems and could adversely affect our business, results of operations, cash flows, and financial condition.

As of January 1, 2020, our fleet has been burning IMO compliant fuels except for our vessel P. Aliki that was acquired with an approved exhaust gas cleaning system for the compliance with the existing sulfur emission regulations. Low sulfur fuel is more expensive than standard marine fuel containing 3.5% sulfur content and may become more expensive or difficult to obtain as a result of increased demand. If the cost differential between low sulfur fuel and high sulfur fuel is significantly higher than anticipated, or if low sulfur fuel is not available at ports on certain trading routes, it may not be feasible or competitive to operate our vessels on certain trading routes without installing scrubbers or without incurring deviation time to obtain compliant fuel. Scrubbers may not be available to be installed on such vessels at a favorable cost or at all if we seek them at a later date.

Furthermore, although as of the date of this annual report, over two years has passed since the IMO 2020 Regulations became effective, it is uncertain how the availability of high-sulfur fuel around the world will be affected by the implementation of the IMO

2020 Regulations, and both the price of high-sulfur fuel generally and the difference between the cost of high-sulfur fuel and that of low-sulfur fuel are also uncertain. Scarcity in the supply of high-sulfur fuel, or a lower-than-anticipated difference in the costs between the two types of fuel, may cause us to fail to recognize anticipated benefits from installing scrubbers.

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. Our operations and the performance of our vessels, and as a result, our results of operations, face a host of challenges. These include concerns over higher costs, international compliance, and the availability of low-sulfur fuel at key international bunkering hubs such as Rotterdam and Singapore. In addition, we take seriously concerns raised in Europe that certain blends of low-sulfur fuels can emit greater amounts of harmful black carbon than the high-sulfur fuels they are meant to replace. Costs of compliance with these and other related regulatory changes may be significant and may have a material adverse effect on our future performance, results of operations, cash flows, and financial position. As a result, an increase in the price of fuel beyond our expectations may adversely affect our profitability at the time of charter negotiation.

While we carry cargo insurance to protect us against certain risks of loss of or damage to the procured commodities, we may not be adequately insured to cover any losses from such operational risks, which could have a material adverse effect on us. Any significant uninsured or under-insured loss or liability could have a material adverse effect on our business, results of operations, cash flows and financial condition, and our available cash.

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

Due to concern over the risk of climate change, a number of countries and the IMO have adopted, or are considering the adoption of, regulatory frameworks to reduce greenhouse gas emissions. These regulatory measures may include, among others, the adoption of cap and trade regimes, carbon taxes, increased efficiency standards, and incentives, or mandates for renewable energy. Since January 1, 2020, IMO regulations have required vessels to comply with a global cap on the sulfur in fuel oil used on board of 0.5%, down from the previous cap of 3.5%. Additionally, 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 the 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.

Since January 1, 2020, ships have been required to either remove sulfur from emissions or buy fuel with low sulfur content, which may lead to increased costs and supplementary investments for ship owners. The interpretation of "fuel oil used on board" includes use in main engines, auxiliary engines, and boilers. Shipowners may comply with this regulation by (i) using 0.5% sulfur fuels on board, which are available around the world but at a higher cost; (ii) installing scrubbers for cleaning of the exhaust gas; or (iii) by retrofitting vessels to be powered by liquefied natural gas, which may not be a viable option due to the lack of supply network and high costs involved in this process. Costs of compliance with these regulatory changes may be significant and may have a material adverse effect on our future performance, results of operations, cash flows, and financial position.

In addition, although the emissions of greenhouse gases from international shipping currently are not subject to the Kyoto Protocol to the United Nations Framework Convention on Climate Change, which required adopting countries to implement national programs to reduce emissions of certain gases, or the Paris Agreement (discussed further below), a new treaty may be adopted in the future that includes restrictions on shipping emissions. Compliance with changes in laws, regulations, and obligations relating to climate change affects the propulsion options in subsequent vessel designs and could increase our costs related to acquiring new vessels, operating and maintaining our existing tanker vessels and require us to install new emission controls, acquire allowances or pay taxes related to our greenhouse gas emissions or administer and manage a greenhouse gas emissions program. Revenue generation and strategic growth opportunities may also be adversely affected.

Adverse effects upon the crude oil and natural gas industry relating to climate change, including growing public concern about the environmental impact of climate change, may also adversely affect demand for our services. For example, increased regulation of greenhouse gases or other concerns relating to climate change may reduce the demand for crude oil and natural gas in the future or create greater incentives for the use of alternative energy sources. In addition, the physical effects of climate change, including changes in weather patterns, extreme weather events, rising sea levels, and scarcity of water resources, may negatively impact our operations. Any long-term material adverse effect on the crude oil and natural gas industry could have a significant financial and operational adverse impact on our business that we cannot predict with certainty at this time.

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

Companies across all industries are facing increasing scrutiny relating to their ESG policies. Investor advocacy groups, certain institutional investors, investment funds, lenders, and other market participants are increasingly focused on ESG practices 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 that 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 crude oil 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.

Additionally, certain investors and lenders may exclude oil transport companies, such as us, from their investing portfolios altogether due to environmental, social, and governance factors. 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 would have a material adverse effect on our financial condition and results of operations and impair our ability to service our indebtedness. Further, it is likely that we will incur additional costs and require additional resources to monitor, report, and comply with wide-ranging ESG requirements. The occurrence of any of the foregoing could have a material adverse effect on our business and financial condition.

If we are unable to operate our vessels profitably, we may be unsuccessful in competing in the highly competitive international tanker vessel market, which would negatively affect our financial condition and our ability to expand our business.

The operation of tanker vessels and transportation of crude oil and refined petroleum products is extremely competitive, and reduced demand for transportation of crude oil and refined petroleum products could lead to increased competition. Competition arises primarily from other tanker vessel owners, including major oil companies and national oil companies or companies linked to authorities of oil producing or importing countries, as well as independent tanker companies, some of whom have substantially greater resources than we do. Competition for the transportation of oil and oil products can be intense and depends on price, location, size, age, condition, and the acceptability of the tanker and its operator to the charterers. Our ability to operate our vessels profitably depends on a variety of factors, including, but not limited to the (i) loss or reduction in business from significant customers, (ii) unanticipated changes in demand for transportation of crude oil and petroleum products, (iii) changes in the production of, or demand for, oil and petroleum products, generally or in particular regions, (iv) greater than anticipated levels of tanker vessel newbuilding orders or lower than anticipated levels of tanker vessel recyclings, and (v) changes in rules and regulations applicable to the tanker vessel industry, including legislation adopted by international organizations such as IMO and the EU or by individual countries.

If we expand our business or provide new services in new geographic regions, we may not be able to compete profitably. New markets may require different skills, knowledge, or strategies than we use in our current markets, and the competitors in those new markets may have greater financial strength and capital resources than we do.

Regulations relating to ballast water discharge came into effect during September 2019 and may adversely affect our revenues and profitability.

The IMO has imposed updated guidelines for ballast water management systems specifying the maximum amount of viable organisms allowed to be discharged from a vessel's ballast water. Depending on the date of the International Oil Pollution Prevention (IOPP) renewal survey, existing vessels constructed before September 8, 2017, are required to comply with the updated D-2 standard on or after September 8, 2019. For most vessels, compliance with the D-2 standard will involve installing on-board systems to treat ballast water and eliminate unwanted organisms. Vessels constructed on or after September 8, 2017, are required to comply with the D-2 standards on or after September 8, 2017.

Furthermore, United States regulations are currently changing. Although the 2013 Vessel General Permit (VGP) program and U.S. National Invasive Species Act (NISA) are currently in effect to regulate ballast discharge, exchange, and installation, the Vessel Incidental Discharge Act or VIDA, which was signed into law on December 4, 2018, requires that the EPA develop national standards

of performance for approximately 30 discharges, similar to those found in the VGP within two years. On October 26, 2020, the EPA published a Notice of Proposed Rulemaking for Vessel Incidental Discharge National Standards of Performance under VIDA, and in November 2020, held virtual public meetings, but a final rule has not been promulgated. Under VIDA, all provisions of the VGP 2013 and United States Coast Guard ("USCG") ballast water regulations remain in force and effect as currently written until the EPA publishes standards. Currently USCG ballast water management regulations require mid-ocean ballast exchange programs and installations of approved USCG technology for all vessels equipped with ballast water tanks bound for U.S. ports or entering U.S. waters. New USCG regulations could require the installation of new equipment, which may cause us to incur substantial costs, which may adversely affect our profitability.

Insurance may be difficult to obtain, or if obtained, may not be adequate to cover our losses that may result from our operations due to the inherent operational risks of the shipping industry.

We carry insurance to protect us against most of the accident-related risks involved in the conduct of our business, including marine hull and machinery insurance, protection and indemnity insurance, which include pollution risks, crew insurance, and war risk insurance. However, we may not be adequately insured to cover losses from our operational risks, which could have a material adverse effect on us. Additionally, our insurers may refuse to pay particular claims, and our insurance may be voidable by the insurers if we take, or fail to take, certain actions, such as failing to maintain certification of our vessels with applicable maritime regulatory organizations. Any significant uninsured or under-insured loss or liability could have a material adverse effect on our business, results of operations, cash flows and financial condition, and our available cash. In addition, we may not be able to obtain adequate insurance coverage at reasonable rates in the future during adverse insurance market conditions.

Under our vessel management agreements with UOT, UOT is responsible for procuring and paying for insurance for our vessels. Our insurance policies contain standard limitations, exclusions, and deductibles. The policies insure against those risks that the shipping industry commonly insures against, which are hull and machinery, protection and indemnity, and war risk. UOT currently maintains hull and machinery coverage in an amount at least equal to the vessels' market value. UOT maintains an amount of protection and indemnity insurance that is at least equal to the standard industry level of coverage. We cannot assure you that UOT will be able to procure adequate insurance coverage for our fleet in the future or that our insurers will pay any particular claim.

In addition, changes in the insurance markets attributable to terrorist attacks may also make certain types of insurance more difficult for us to obtain due to increased premiums, or reduced or restricted coverage for losses caused by terrorist acts generally.

Because we obtain some of our insurance through protection and indemnity associations, which result in significant expenses to us, we may be required to make additional premium payments. We may be subject to increased premium payments, or calls, in amounts based on our claim records, the claim records of our managers, as well as the claim records of other members of the protection and indemnity associations through which we receive insurance coverage for tort liability, including pollution-related liability. In addition, our protection and indemnity associations may not have enough resources to cover claims made against them. Our payment of these calls could result in significant expense to us, which could have a material adverse effect on our business, results of operations, cash flows, financial condition, and available cash.

Adverse market conditions could cause us to breach covenants in our credit facilities and adversely affect our operating results.

The market values of tanker vessels are subject to significant volatility. Indicatively, market prices for ten-year-old Aframax tankers over the past ten years have fluctuated significantly from a high level of $45.0 million in 2022 to a low level of $18.0 million in 2013. You should expect the market value of our vessels to fluctuate depending on general economic and market conditions affecting the shipping industry and prevailing charter rates, competition from other tanker companies and other modes of transportation, types, sizes, and ages of vessels, applicable governmental regulations and the cost of newbuildings. We believe that our vessels' current aggregate market value will be in excess of loan to value amounts required under our credit facility. Our credit facilities generally require that the fair market value of the vessels pledged as collateral never be less than 125% or 135% of the aggregate principal amount outstanding under the loans. We were in compliance with these requirements as of December 31, 2022, and as of the date of this annual report.

A decrease in vessel values could cause us to breach certain covenants in our existing credit facilities and future financing agreements that we may enter into from time to time. If we breach such covenants and are unable to remedy the relevant breach or obtain a waiver, our lenders could accelerate our debt and foreclose on our owned vessels. Additionally, if we sell one or more of our vessels at a time when vessel prices have fallen, the sale price may be less than the vessel's carrying value on our consolidated financial statements, resulting in a loss on sale or an impairment loss being recognized, ultimately leading to a reduction in earnings.

A shift in consumer demand from crude oil towards other energy sources or changes to trade patterns for crude oil and refined petroleum products may have a material adverse effect on our business.

A significant portion of our earnings are related to the crude oil industry. A shift in the consumer demand from crude oil towards other energy resources such as wind energy, solar energy, hydrogen energy, or nuclear energy will potentially affect the demand for our vessels. This could have a material adverse effect on our future performance, results of operations, cash flows, and financial position.

Seaborne trading and distribution patterns are primarily influenced by the relative advantage of the various sources of production, locations of consumption, pricing differentials, and seasonality. Changes to the trade patterns of crude oil and oil products may have a significant negative or positive impact on the ton-mile and, therefore, the demand for our tanker vessels. This could have a material adverse effect on our future performance, results of operations, cash flows, and financial position.

Risks Relating to our Common and Preferred Shares

The market price of our common shares is subject to significant fluctuations. Further, there is no guarantee of a continuing public market for you to resell our common shares.

Our common shares commenced trading on the Nasdaq Global Market on January 19, 2011. Since January 2, 2013, our common shares have traded on the Nasdaq Global Select Market, and since March 6, 2020, our common shares have traded on the Nasdaq Capital Market. We cannot assure you that an active and liquid public market for our common shares will continue. The Nasdaq Capital Market and each national securities exchange have certain corporate governance requirements that must be met in order for us to maintain our listing. If we fail to maintain the relevant corporate governance requirements, our common shares could be delisted, which would make it harder for you to monetize your investment in our common shares and would cause the value of your investment to decline.

A decline in the closing price of our common shares could result in a breach of the requirements for listing on the Nasdaq Capital Market. Although we would have an opportunity to take action to cure such a breach, if we do not succeed, Nasdaq could commence suspension or delisting procedures in respect of our common shares. On July 13, 2022, we received written notification from the NASDAQ Stock Market, indicating that because the closing bid price of our common shares for 30 consecutive business days, from May 27, 2022 to July 12, 2022, was below the minimum $1.00 per share bid price requirement for continued listing on the Nasdaq Capital Market, we were not in compliance with Nasdaq Listing Rule 5550(a)(2). Following the effectiveness of the 1-to-15 reverse stock split on November 15, 2022, we regained compliance with the minimum bid price requirement on November 30, 2022. Furthermore, on April 18, 2023, we received written notification from The Nasdaq Stock Market LLC ("Nasdaq"), indicating that because the closing bid price of our common stock for 30 consecutive business days, from March 6, 2023 to April 17, 2023, was below the minimum $1.00 per share bid price requirement for continued listing on The Nasdaq Capital Market, we are not in compliance with Nasdaq Listing Rule 5550(a)(2). Pursuant to Nasdaq Listing Rule 5810(c)(3)(A), the applicable grace period to regain compliance is 180 days, or until October 16, 2023. We intend to cure this deficiency within the prescribed time period. However, if we fail to maintain compliance with Nasdaq's continued listing standards and delist from the Nasdaq and our common shares are not subsequently listed and registered on another national securities exchange, we will be unable to meet certain transaction requirements that would effectively prevent us from offering and selling additional common shares under this registration statement.

Since June 2016, we have effected eight reverse stock splits of our common shares, each of which was approved by our board of directors and by our shareholders at an annual or special meeting of such shareholders. There were no changes to the trading symbol, number of authorized shares, or par value of our common shares in connection with any of the reverse stock splits. All share amounts in this report, not including amounts incorporated by reference, have been retroactively adjusted to reflect these reverse stock splits.

The market price of our common shares has been and may in the future be subject to significant fluctuations as a result of many factors, some of which are beyond our control.

During the period from January 1, 2022 to April 25, 2023, the trading price of our common shares has ranged from an intra-day high of $71.25 on March 8, 2022 to an intra-day low of $0.68 on March 15, 2023, in each case as adjusted for the one-for-fifteen reverse stock split effective on November 15, 2022.

Among the factors that have in the past and could in the future affect our stock price are:

- the failure of securities analysts to publish research about us, or analysts to make appropriate changes in their financial estimates;
- announcements by us or our competitors of significant contracts, acquisitions or capital commitments;
- variations in quarterly operating results;
- general economic conditions, including inflationary pressures;
- terrorist or piracy acts;

- unforeseen events, such as natural disasters or pandemics (including the COVID-19 pandemic);
- international sanctions, embargoes, import and export restrictions, nationalizations, piracy and wars or other conflicts, including the war in Ukraine;
- actual or anticipated fluctuations in our operating results from period to period;
- fluctuations in interest rates;
- fluctuations in the availability or the price of oil and chemicals;
- fluctuations in foreign currency exchange rates;
- the loss of any of our key management personnel;
- our failure to successfully implement our business plan;
- future sales of our common shares or other securities;
- stock splits or reverse stock splits; and
- investors' perception of us and the international tanker sector.

These broad market and industry factors may materially reduce the market price of our common shares, regardless of our operating performance. The seaborne transportation industry has been highly unpredictable and volatile. The market for common shares of companies in this industry may be volatile as a consequence. Therefore, we cannot assure you that you will be able to sell any of our common shares you may have purchased at a price greater than or equal to its original purchase price, or that you will be able to sell them at all.

In addition, over the last few years, the stock market has experienced price and volume fluctuations, including due to factors relating to the outbreak of COVID-19 and the war in Ukraine, and this volatility has sometimes been unrelated to the operating performance of particular companies. As a result, there is a potential for rapid and substantial decreases in the price of our common shares, including decreases unrelated to our operating performance or prospects. This market and share price volatility relating to the effects of COVID-19 or the war in Ukraine, as well as general economic, market or political conditions, has and could further reduce the market price of our common shares in spite of our operating performance and could also increase our cost of capital, which could prevent us from accessing debt and equity capital on terms acceptable to us or at all.

In addition, the market price and trading volume of our common shares have at certain times in the past exhibited, and may continue to exhibit, extreme volatility, including within a single trading day. For example, over a period of three trading days from August 9, 2022 through August 11, 2022, the trading price of our common shares ranged from an intra-day high of $9.75 to an intra-day low of $5.25. Such price volatility could cause purchasers of our common shares to incur substantial losses. With respect to certain such instances of trading volatility, including the period beginning on August 9, 2022, we are not aware of any material changes in our financial condition or results of operations that would explain such price volatility or trading volume, which we believe reflect market and trading dynamics unrelated to our operating business or prospects and outside of our control. We are thus unable to predict when such instances of trading volatility will occur or how long such dynamics may last. Under these circumstances, we would caution you against investing in our common shares unless you are prepared to incur the risk of incurring substantial losses.

Extreme fluctuations in the market price of our common shares may occur in response to strong and atypical retail investor interest, including on social media and online forums, the direct access by retail investors to broadly available trading platforms, the amount and status of short interest in our common shares and our other securities, access to margin debt, trading in options and other derivatives on our common shares and any related hedging and other trading factors. In particular, a proportion of our common shares may be traded by short sellers which may put pressure on the supply and demand for our common shares, creating further price volatility. A possible "short squeeze" due to a sudden increase in demand of our common shares that largely exceeds supply may lead to sudden extreme price volatility in our common shares. Investors may purchase our common shares to hedge existing exposure in our common shares or to speculate on the price of our common shares. Speculation on the price of our common shares may involve long and short exposures. To the extent aggregate short exposure exceeds the number of common shares available for purchase in the open market, investors with short exposure may have to pay a premium to repurchase our common shares for delivery to lenders of our common shares. Those repurchases may in turn, dramatically increase the price of our common shares until investors with short exposure are able to purchase additional common shares to cover their short position. This is often referred to as a "short squeeze." Following such a short squeeze, once investors purchase the shares necessary to cover their short position, the price of our common shares may rapidly decline.

A short squeeze could lead to volatile price movements in our shares that are not directly correlated to the performance or prospects of our company and could cause purchasers of our common shares to incur substantial losses.

Further, shareholders may institute securities class action litigation following periods of market volatility. If we were involved in securities litigation, we could incur substantial costs and our resources and the attention of management could be diverted from our business.

Future sales of our common shares, including through the exercise of conversion rights under our outstanding convertible preferred shares, could cause the market price of our common shares to decline.

Our amended and restated articles of incorporation authorize us to issue up to 500,000,000 common shares, of which 11,903,406 shares were issued and outstanding as of April 25, 2023.

As of the date of this report, 1,485,862 of our Series C Preferred Shares are currently issued and outstanding. Each Series C Preferred Share will be convertible, at the option of the holder at any time and from time to time after six months from the date of original issuance of such Series C Preferred Share, into a number of common shares equal to the Series C Preferred Share liquidation preference of $25.00 divided by a conversion price equal to $1.3576 (subject to adjustment from time to time). The conversion price is subject to customary adjustments, including for any stock splits, reverse stock splits or stock dividends, and will also be adjusted to equal the lowest price at which common shares are sold by us in any registered offering, provided that such adjusted conversion price shall not be less than $0.50. For additional information regarding the terms of our issued and outstanding Series C Preferred Shares, please see "Item 10. Additional Information—B. Memorandum and Articles of Association" and "Item 3.D Risk Factors—Aliki Paliou, one of our directors, has acquired a significant percentage of voting power over matters on which our shareholders are entitled to vote, and accordingly, may exert considerable influence over us and may have interests that are different from the interests of our other shareholders."

We may offer and sell our common shares or securities convertible into our common shares from time to time, through one or more methods of distribution, subject to market conditions and our capital needs. The market price of our common shares could decline from its current levels due to sales of a large number of shares in the market, including sales of shares by our large shareholders, our issuance of additional shares, or securities convertible into our common shares or the perception that these sales could occur. These sales could also make it more difficult or impossible for us to sell equity securities in the future at a time and price that we deem appropriate to raise funds through future offerings of shares of our common shares. The issuance of such additional common shares would also result in the dilution of the ownership interests of our existing shareholders.

As a key component of our business strategy, we intend to issue additional common shares or other securities to finance our growth as market conditions warrant. These issuances, which would generally not be subject to shareholder approval, may lower your ownership interests and may depress the market price of our common shares.

We have in the past conducted significant offerings of our common shares and securities convertible into common shares pursuant to previous public and private offerings of our equity and equity-linked securities. As a key component of our business strategy, we plan to finance potential future expansions of our fleet in large part through a combination of cash on hand, equity and debt financing. Pursuant to our amended and restated articles of incorporation, we are authorized to issue up to 500,000,000 common shares and 25,000,000 preferred shares, each with a par value of $0.01 per share. Therefore, subject to Nasdaq rules that are applicable to us, we may issue additional common shares and other equity securities of equal or senior rank, without shareholder approval, in a number of circumstances from time to time.

We have filed a registration statement on Form F-3 which will, when declared effective by the SEC, be available for the registered sale of up to $250.0 million of our securities.

In addition, we may be obligated to issue pursuant to the terms of outstanding convertible securities, options or warrants:

- any common shares issuable pursuant to the exercise of conversion rights under our Series C Preferred Shares, of which 1,485,862 shares are currently outstanding;
- 8,000 common shares issuable upon the exercise of outstanding options exercisable at a price range between $150.00 and $450.00 per share, for a term expiring January 1, 2026;
- up to 567,366 common shares issuable upon the exercise of our Class A Warrants (at an exercise price of $15.75 per share) which expire in January 2028;

- up to 1,133,333 common shares that may be issued upon the exercise of warrants (the "July 2022 Warrants") issued pursuant to a registered direct offering on July 19, 2022 (at an exercise price of $1.65 per share as of April 25, 2023) which expire in January 2028;

- up to 2,222,222 common shares that may be issued upon the exercise of warrants (the "August 2022 Warrants") issued pursuant to a registered direct offering on August 12, 2022 (at an exercise price of $1.65 per share as of April 25, 2023) which expire in August 2027;

- up to 1,021,800 common shares that may be issued upon the exercise (at an exercise price of $2.25 per share as of April 25, 2023) or exchange of the Series A Warrants on a cashless basis, which expire in March 2028; and

- up to 4,167,000 common shares that may be issued upon the exercise of the Series B Warrants (at an exercise price of $2.25 per share as of April 25, 2023) which expire in March 2028.

Our existing common shareholders will experience significant dilution if we sell shares at prices significantly below the price at which they invested. We may issue additional common shares or other equity securities of equal or senior rank in the future to raise additional capital in connection with, among other things, debt prepayments, future vessel acquisitions, payment of dividends on our Series B or Series C Preferred Shares, redemptions of our Series C Preferred Shares, or any future equity incentive plan, without shareholder approval, in a number of circumstances. Holders 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 of shares and, therefore are at risk of dilution.

Our issuance of additional common shares or other equity securities of equal or senior rank will have the following effects:

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

- the relative voting strength of each previously outstanding share may be diminished;

- the market price of our common shares may decline; and

- the amount of cash available for dividends payable on our common shares, if any, may decrease.

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

The issuance of common shares in future offerings may trigger anti-dilution provisions in our outstanding convertible securities and warrants and affect the interests of our common shareholders.

The July 2022 Warrants, August 2022 Warrants and Series C Preferred Shares contain anti-dilution provisions that have been triggered by our subsequent issuance of securities, and those of the Series C Preferred Shares, and any other securities we issue in the future containing similar anti-dilution provisions, could be further triggered by future issuances of common shares or securities convertible into common shares, depending on the offering price of equity issuances, the conversion price or formula of convertible shares or the exercise price or formula of warrants. Pursuant to the anti-dilution provisions of the July 2022 Warrants and the August 2022 Warrants, the exercise price was adjusted and currently is equal to the minimum exercise price under such warrants of $1.65 per common share. Any future issuance or deemed issuance of common shares below the applicable conversion price of the Series C Preferred Shares may result in a further adjustment downward of the conversion price of the Series C Preferred Shares and would result in a corresponding increase in the number of common shares issuable upon conversion of such securities. The current conversion price of the Series C Preferred Shares is $1.3576 per common share, subject to anti-dilution adjustments to a minimum conversion price of $0.50. Generally, the anti-dilution provisions of the Series C Preferred Shares will operate to adjust the conversion price to the lowest price at which we sell shares in any future offering, if such price is below the then-applicable conversion price and equal to or greater than the minimum conversion price. If the holders of such securities elect to convert or exercise following an adjustment of the exercise or conversion price of such securities, the interests of the holders of our common shares may be diluted**.**

We cannot assure you that our board of directors will declare dividend payments on our common shares in the future, or when such payment might occur.

On October 20, 2020, we announced that our board of directors approved a new variable quarterly dividend policy, after previously suspending the quarterly cash dividend on our common shares since the quarter ended June 30, 2016. On November 9, 2020, we made a dividend payment in the aggregate amount of $0.01 per share (or $0.10 per share as adjusted for the reverse stock split effected on November 2, 2020) to the shareholders of record at the close of business on October 30, 2020, with respect to the third quarter of 2020. While we have declared and paid cash dividends on our common shares in the past, there can be no assurance that our board of directors will declare dividend payments in the future. If declared, our variable quarterly dividend is expected to be paid each February, May, August and November and will be subject to reserves for the replacement of our vessels, scheduled drydockings, intermediate and special surveys, dividends to holders of our preferred shares, if paid in cash, and other purposes as our Board of Directors may from time to time determine are required, after taking into account contingent liabilities, the terms of any credit facility, our growth strategy and other cash needs as well as the requirements of Marshall Islands law, among other factors. In addition, any credit facilities that we may enter into in the future may include restrictions on our ability to pay dividends.

The declaration and payment of dividends, even during times when we have sufficient funds and are not restricted from declaring and paying dividends by our lenders or any other party, will always be subject to the discretion of our board of directors. Our board of directors may review and amend our dividend policy from time to time, taking into consideration our plans for future growth and other factors. The actual timing and amount of dividend payments, if any, will be determined by our board of directors and will be affected by various factors, including our cash earnings, financial condition and cash requirements, the loss of a vessel, the acquisition of one or more vessels, required capital expenditures, reserves established by our board of directors, increased or unanticipated expenses, a change in our dividend policy, additional borrowings or future issuances of securities, many of which will be beyond our control.

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 in this report. Our growth strategy contemplates that we will finance the acquisition of additional tanker vessels through a combination of primarily equity capital and, to a lesser extent, cash on hand and debt financing on terms acceptable to us. If external sources of funds on terms acceptable to us are limited, our board of directors may determine to finance acquisitions with cash from operations, which would reduce or even eliminate the amount of cash available for the payment of dividends.

We are a holding company, and we depend on the ability of our subsidiaries to distribute funds to us to satisfy our financial obligations and to make dividend payments. In addition, our existing or future credit facilities may include restrictions on our ability to pay dividends.

The shipping sector is highly cyclical and volatile. We cannot predict with accuracy the amount of cash flows our operations will generate in any given period. Our quarterly dividends, if any, will vary significantly from quarter to quarter as a result of variations in our operating performance, cash flow, and other contingencies, and we cannot assure you that we will generate available cash for distribution in any quarter, and so we may not declare and pay any dividends in certain quarters, or at all. Our ability to resume payment of dividends will be subject to the limitations set forth in this report.

In times when we have debt outstanding, we intend to limit our dividends per share, if dividend payment is reinstated, to the amount that we would have been able to pay if we were financed entirely with equity. In addition, any credit facilities that we may enter into in the future may include restrictions on our ability to pay dividends. Marshall Islands law generally prohibits the payment of dividends other than from surplus (retained earnings and the excess of consideration received for the sale of shares above the par value of the shares) or while a company is insolvent or would be rendered insolvent by the payment of such a dividend.

Future offerings of debt securities and amounts outstanding under any future credit facilities or other borrowings, which would rank senior to our common shares upon our liquidation, may adversely affect the market value of our common shares.

In the future, we may attempt to increase our capital resources with further borrowing under credit facilities, making offerings of debt or additional offerings of equity securities, including commercial paper, medium-term notes, senior or subordinated notes, and classes of preferred stock. Upon liquidation, holders of our debt securities and certain series of our preferred stock, and lenders with respect to our credit facilities and other borrowings will receive a distribution of our available assets prior to the holders of our common shares. Any preferred stock could, and our Series B Preferred Shares and Series C Preferred Shares do, have a preference on liquidating distributions or a preference on dividend payments that would limit amounts available for distribution to holders of our common shares. Because our decision to borrow additional amounts under credit facilities or issue securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing, or nature of our future indebtedness or offering of securities. Therefore, holders of our common shares bear the risk of our future offerings reducing the market value of our common shares and diluting their shareholdings in us or that in the event of bankruptcy, liquidation, dissolution, or winding-up of the Company, all or substantially all of our assets will be distributed to holders of our debt securities or preferred stock or lenders with

respect to our credit facilities and other borrowings.

We may not have sufficient cash from our operations to enable us to pay dividends on or to redeem our Series B Preferred Shares and Series C Preferred Shares following the payment of expenses and the establishment of any reserves.

We will pay quarterly dividends on the Series B Preferred Shares and Series C Preferred Shares only from funds legally available for such purpose when, as, and if declared by our Board of Directors, or, at our option, through the issuance of additional common shares, valued at the volume-weighted average price of the common shares for the 10 trading days prior to the dividend payment date. We may not have sufficient cash available each quarter to pay dividends. In addition, we may have insufficient cash available to redeem the Series B Preferred Shares or Series C Preferred Shares. The amount of cash we can use to pay dividends or redeem our Series B Preferred Shares or Series C Preferred Shares depends upon the amount of cash we generate from our operations, which may fluctuate significantly, and other factors, including the following:

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

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

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

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

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

Our Series B Preferred Shares and Series C Preferred Shares are subordinated to our debt obligations, and the interests of the holders of Series B Preferred Shares and Series C Preferred Shares could be diluted by the issuance of additional shares, including other preferred shares, or by other transactions.

Our Series B Preferred Shares and Series C Preferred Shares are subordinated to all of our existing and future indebtedness. We may incur additional indebtedness under our existing or future credit facilities or other debt agreements. The payment of principal and interest on our debt reduces cash available for distribution to us and on our shares, including the Series B Preferred Shares and Series C Preferred Shares.

Our Series B Preferred Shares and Series C Preferred Shares rank pari passu as to the payment of dividends and amounts payable upon liquidation or reorganization. If less than all dividends payable with respect to the Series C Preferred Shares and Series B Preferred Shares are paid, any partial payment shall be made pro rata with respect to the Series C Preferred Shares and any Series B Preferred Shares entitled to a dividend payment at such time in proportion to the aggregate amounts remaining due in respect of such shares at such time.

The issuance of additional preferred shares on a parity with or senior to our Series B Preferred Shares and Series C Preferred

Shares would dilute the interests of the holders of our Series B Preferred Shares and Series C Preferred Shares, and any issuance of such additional preferred shares or additional indebtedness could affect our ability to pay dividends on, redeem or pay the liquidation preference on our Series B Preferred Shares and Series C Preferred Shares.

The Series B Preferred Shares and Series C Preferred Shares represent perpetual equity interests in us.

The Series B Preferred Shares and Series C Preferred Shares represent perpetual equity interests in us and, unlike our indebtedness, will not give rise to a claim for payment of a principal amount at a particular date. As a result, holders of the Series B Preferred Shares and Series C Preferred Shares may be required to bear the financial risks of an investment in the Series B Preferred Shares and Series C Preferred Shares for an indefinite period of time.

There is no established trading market for the Series B Preferred Shares or Series C Preferred Shares, which may negatively affect the market value of the Series B Preferred Shares and Series C Preferred Shares and your ability to transfer or sell them.

There is no established trading market for the Series B Preferred Shares or Series C Preferred Shares. We do not intend to apply to list the Series B Preferred Shares or Series C Preferred Shares on any stock exchange or in any trading market.

Since the Series B Preferred Shares and Series C Preferred Shares will have no stated maturity date, holders of Series B Preferred Shares and Series C Preferred Shares may be forced to hold such shares indefinitely, with no guarantee as to ever receiving the liquidation preference. No trading market for the Series B Preferred Shares or Series C Preferred Shares is expected to develop, and holders of Series B Preferred Shares or Series C Preferred Shares may not be able to transfer or sell such shares, and, if they do, the price received may be substantially less than the stated liquidation preference.

The Series B Preferred Shares and Series C Preferred Shares are only redeemable at our option and investors should not expect us to redeem the Series B Preferred Shares or Series C Preferred Shares in the future.

We may redeem, at our option, all or from time to time part of, the Series C Preferred Shares, at any time, on or after the date that is the date immediately following the 15-month anniversary of the first date of issuance of the Series C Preferred Shares, subject to any applicable restrictions in agreements governing our current or future indebtedness and Marshall Islands law. If we redeem the Series C Preferred Shares, holders of the Series C Preferred Shares will be entitled to receive a redemption price equal to $25.00 plus any accumulated and unpaid dividends thereon to and including the date of redemption (or, if less than 25% of the authorized number of Series C Preferred Shares are outstanding, we may pay the redemption price in common shares). Additionally, we may redeem, at our option, all or from time to time part of, the Series B Preferred Shares, at any time, on or after the date that is the date immediately following the 15-month anniversary of the first date of issuance of the Series B Preferred Shares, subject to any applicable restrictions in agreements governing our current or future indebtedness and Marshall Islands law. Any decision we may make at any time to propose a redemption of the Series B Preferred Shares or Series C Preferred Shares will depend upon, among other things, our evaluation of our capital position, the composition of our shareholders' equity and general market conditions at that time, and investors should not expect us to redeem the Series B Preferred Shares or Series C Preferred Shares on any particular date in the future, or at all. If the Series B Preferred Shares or Series C Preferred Shares are redeemed, it generally will be a taxable event to you. In addition, you might not be able to reinvest the money you receive upon redemption of the Series B Preferred Shares or Series C Preferred Shares in a similar security or at similar rates. We may elect to exercise our redemption right on multiple occasions. Any such optional redemption for cash would be effected only out of funds legally available for such purpose.

We are a holding company, and we depend on the ability of our current and future subsidiaries to distribute funds to us in order to satisfy our financial obligations and to make dividend payments.

We are a holding company, and our subsidiaries, which are directly or indirectly wholly owned by us, conduct all of our operations and own all of our operating assets. We have no significant assets other than the equity interests in our wholly owned subsidiaries. As a result, our ability to satisfy our financial obligations and to pay dividends, if any, to our shareholders will depend on the ability of our subsidiaries to distribute funds to us. In turn, the ability of our subsidiaries to make dividend payments to us will depend on them having profits available for distribution and, to the extent that we are unable to obtain dividends from our subsidiaries, this will limit the discretion of our board of directors to pay or recommend the payment of dividends. Also, our subsidiaries are limited by Marshall Islands law which 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.

Because we are a foreign corporation, you may not have the same rights or protections that a shareholder in a U.S. corporation may have.

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

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

As a Marshall Islands corporation with principal executive offices in Greece, and also having subsidiaries in the Republic of the Marshall Islands, our operations may be subject to economic substance requirements.

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

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

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

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

It may not be possible for our investors to enforce judgments of U.S courts against us.

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

Anti-takeover provisions in our organizational documents could make it difficult for our shareholders to replace or remove our current board of directors or have the effect of discouraging, delaying, or preventing a merger or acquisition, which could adversely affect the value of our securities.

Several provisions of our amended and restated articles of incorporation and bylaws could make it difficult for our shareholders to change the composition of our board of directors 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 of directors to issue "blank check" preferred stock without shareholder approval;
- providing for a classified board of directors with staggered, three-year terms;
- prohibiting cumulative voting in the election of directors;
- authorizing the removal of directors only for cause and only upon the affirmative vote of the holders of two-thirds of the outstanding common shares entitled to vote generally in the election of directors;
- limiting the persons who may call special meetings of shareholders; and
- establishing advance notice requirements for nominations for election to our board of directors or for proposing matters that can be acted on by shareholders at shareholder meetings.

In addition, we have entered into a stockholders' rights agreement, dated December 20, 2021, or the Stockholders' Rights Agreement, pursuant to which our board of directors may cause the substantial dilution of any person that attempts to acquire us without the approval of our board of directors.

These anti-takeover provisions, including provisions of our Stockholders' Rights Agreement, could substantially impede the ability of our shareholders to benefit from a change in control and, as a result, may adversely affect the value of our securities, if any, and the ability of our shareholders to realize any potential change of control premium.

Item 4. Information on the Company

A. *History and Development of the Company*

Performance Shipping Inc. (formerly Diana Containerships Inc.) is a corporation incorporated under the laws of the Republic of the Marshall Islands on January 7, 2010. Each of our vessels is owned by a separate wholly owned subsidiary. Performance Shipping Inc. is the owner of all the issued and outstanding shares of the subsidiaries listed in Exhibit 8.1 to this annual report. We maintain our principal executive offices at 373 Syngrou Avenue, 175 64 Palaio Faliro, Athens, Greece. Our telephone number at that address is +30 216 600 2400. Our agent and authorized representative in the United States is our wholly owned subsidiary, established in the State of Delaware in July 2014 under the name Container Carriers (USA) LLC and amended to change the name of the company to Performance Shipping USA LLC as of November 20, 2020, which is located at 2711 Centerville Road, Suite 400, Wilmington, Delaware 19808. 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 http://www.sec.gov. The address of our Internet site is http://www.pshipping.com/.

Business Development and Capital Expenditures and Divestitures

In January 2020, we took delivery of the tanker vessel *P. Fos* (ex *Virgo Sun*) and drew down the maximum amount of $14.0

million under the amended loan agreement with Nordea, as discussed above.

Also, in January 2020, we announced that our board of directors authorized a share repurchase program to purchase up to an aggregate of $6.0 million of our common shares. The timing and amount of the repurchases would be determined by our management team and would depend on market conditions, capital allocation alternatives, applicable securities laws, and other factors. From the program's inception on January 29, 2020, and until the program expired on December 21, 2020, we repurchased 81,785 common shares of value $0.7 million, net of expenses. We canceled all common shares repurchased as part of this program.

Also, in January 2020, we contracted to sell to unaffiliated parties the container vessel Rotterdam for a gross sale price of $18.5 million. The vessel was delivered to her new owners on April 1, 2020.

In February 2020, we contracted to acquire, from unaffiliated parties, the tanker vessel *P. Kikuma* (ex *FSL Shanghai*) for a gross sale price of $26.0 million. The vessel was delivered to us on March 30, 2020, and we funded its acquisition cost with cash on hand and bank financing – see below.

In February 2020, the election of Andreas Michalopoulos as Class I Director of the Company was approved by the requisite vote at our 2020 Annual General Meeting of Shareholders, or the 2020 Annual Meeting. Also, effective as of the date of the 2020 Annual Meeting, Anastasios Margaronis, Nikolaos Petmezas, and Ioannis Zafirakis resigned from our board of directors due to other business commitments. Our board of directors appointed Christos Glavanis and Aliki Paliou to the board of directors, effective as of February 28, 2020, to fill the existing vacancies created by the resignations of Anastasios Margaronis and Nikolaos Petmezas. Christos Glavanis was also appointed as Chairman of the Compensation Committee. Finally, also effective February 28, 2020, Anastasios Margaronis resigned from his position as our President, Ioannis Zafirakis resigned as our Chief Strategy Officer and Secretary, and Semiramis Paliou resigned as our Chief Operating Officer, in order to devote substantially all of their business time to other endeavors. On the same date, Andreas. Michalopoulos was appointed to replace Ioannis Zafirakis as Secretary. From October 31, 2019, to October 2020, Andreas Michalopoulos held the position of Deputy Chief Executive Officer. In October 2020, we announced that our board of directors appointed Andreas Michalopoulos to the position of Chief Executive Officer following the retirement of Symeon Palios from that position. Our board of directors also appointed Anthony Argyropoulos to the position of Chief Financial Officer of the Company, succeeding Andreas Michalopoulos in that capacity.

On March 1, 2020, we terminated early our Brokerage Agreement with Steamship Shipbroking Enterprises Inc., which was originally due to expire on March 31, 2020, at no cost.

In March 2020, we signed the second amendment and restatement loan agreement with Nordea, which increases the maximum loan amount to $59.0 million. The purpose of the amended loan facility is to additionally finance the acquisition cost of the vessel *P. Kikuma (ex FSL Shanghai)*, described above, by $12.0 million. The second amendment and restatement loan agreement includes substantively identical terms to the previous loan agreement of December 2019. On March 26, 2020, we drew down the amount of $12.0 million in anticipation of the vessels' *P. Kikuma* delivery – see above.

In March 2020, the disinterested members of our board of directors approved the repurchase of all of the shares of our Series C Preferred Stock, held by DSI since 2017, for a purchase price of $1.5 million. Our board of directors had previously obtained from an independent third party a fairness opinion for the transaction. On March 25, 2020, we agreed with DSI for the re-purchase of the shares, and on March 26, 2020, we paid the purchase price of $1.5 million and canceled all of the shares of our Series C Preferred Stock. See "Item 7. Major Shareholders and Related Party Transactions – B. Related Party Transactions."

On March 30, 2020, our ticker symbol on Nasdaq changed from "DCIX" to "PSHG."

In April 2020, we entered into an agreement with Kalani Investments Limited, or Kalani, an entity not affiliated with us, and re-purchased all 400 outstanding Series B-2 convertible preferred shares, issued to Kalani in March 2017, for a purchase price of $0.4 million. We canceled these shares upon the conclusion of the transaction.

In August 2020, we sold the container vessel *Domingo* to an unrelated party, for a sale price of $5.6 million, net of commissions. The vessel was delivered to her new owners in August 2020. At that point in time, we evaluated the results of the tanker vessels owned since 2019 and assessed that the prospects of the specific segment as being positive. Furthermore, we determined that our decision to exit the container segment represented a strategic shift to the exclusive ownership of tanker vessels and that the disposal of all of our container vessels constituted a disposal of an entity's segment, that will have a major effect on our operations and financial results.

In October 2020, we announced that our board of directors approved a new dividend policy pursuant to which we may declare and pay a variable quarterly cash dividend. If declared, the quarterly dividend is expected to be paid each February, May, August and November. Our board of directors declared its first such dividend on its common shares of $0.10 per share (or $0.01 per share before the adjustment for the reverse stock split of November 2, 2020), in accordance with the newly approved policy. The cash dividend was payable on November 9, 2020, to the shareholders of record at the close of business on October 30, 2020.

On November 2, 2020, we effected a one-for-ten reverse stock split, which our shareholders approved at the special meeting of shareholders held on October 29, 2020.

In November 2020, we contracted to acquire from an unaffiliated party the tanker vessel *P. Yanbu* for a gross purchase price of $22.0 million. The vessel was delivered to us in December 2020.

In December 2020, we entered into an agreement for a new amortizing term loan facility of up to $31.5 million with Piraeus Bank S.A. ("Piraeus") through three of our separate wholly owned subsidiaries. Proceeds from the facility were used to refinance outstanding indebtedness relating to *P. Fos* and *P. Kikuma* under an existing term loan facility with Nordea Bank Abp, filial i Norge, and to partially finance our acquisition of *P. Yanbu*. Also, in December 2020, we entered into a supplemental loan agreement with Nordea to amend certain terms of our existing loan agreement. For additional information, please see "Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources—Loan Facilities."

On January 1, 2021, we granted to our Chief Financial Officer stock options to purchase 8,000 of our common shares as share-based remuneration, which can be exercised only when our stock price increases. The stock options are exercisable at a price range between $10.00 and $30.00 per share, for a term of five years. The stock options were granted pursuant to, and in accordance with, our Equity Incentive Plan.

On February 25, 2021, the re-election of Aliki Paliou and Reidar Brekke as Class II Directors was approved by the requisite vote at our 2021 Annual Meeting.

On March 5, 2021, we entered into an At The Market Offering Agreement with H.C. Wainwright & Co., LLC, as sales agent, pursuant to which we may offer and sell, from time to time, up to an aggregate of $5.9 million of our common shares. During 2022, and as of the date of this report, we have sold 190,363 common shares pursuant to this agreement at an average price of $2.92 per share, for net proceeds of $542 thousand after payment of commissions and fees in the amount of $14 thousand.

In November 2021, we sold to a subsidiary of Diana Shipping Inc. our co-owned indivisible share in a plot of land, located in Athens, Greece, for a purchase price of Euro 1,100,000 (or $1.2 million based on a $1.13 Euro/USD exchange rate). In connection with this sale, we recorded a gain, net of $0.2 million taxes and expenses, of $0.1 million, which is presented as Gain from property sale in the consolidated statement of operations.

On December 20, 2021, we entered into a Stockholders' Rights Agreement dated as of December 20, 2021, between the Company and Computershare Inc., as rights agent, and our board of directors authorized and declared a dividend distribution of one right for each outstanding common share to stockholders of record as of the close of business on December 30, 2021. Each right entitles the registered holder to purchase from us one one-thousandth of a share of Series A Participating Preferred Stock at an exercise price of $50.00 per one one-thousandth of a preferred share, subject to adjustment. For additional information, please see "Item 10. Additional Information—B. Memorandum and Articles of Association —Stockholders' Rights Agreement."

On December 21, 2021, we offered to exchange up to 4,066,181 of our then issued and outstanding common shares for newly issued shares of our Series B Convertible Cumulative Perpetual Preferred Stock, par value $0.01 and liquidation preference $25.00 (the "Series B Preferred Shares") at a ratio of 0.28 Series B Preferred Shares for each common share. The offer expired on January 27, 2022 and a total of 2,834,612 common shares were validly tendered and accepted for exchange in the offer, which resulted in the issuance of 793,657 Series B Preferred Shares, out of which 657,396 are beneficially owned by Aliki Paliou, 28,171 are beneficially owned by Andreas Michalopoulos and 29,510 in aggregate are beneficially owned by the resigned board members.

On February 28, 2022, the election of Loïsa Ranunkel as a Class I Director and elections of Alex Papageorgiou and Mihalis Boutaris as Class III Directors were approved by the requisite vote at our 2022 Annual Meeting. Symeon Palios, Giannakis (John) Evangelou and Christos Glavanis did not stand for re-election. Effective February 28, 2022, Antonios Karavias and Reidar Brekke resigned from our board of directors, the size of our board of directors decreased from seven to five members, and Aliki Paliou was appointed as Chairperson of our board of directors.

On March 2, 2022, we entered into an unsecured credit facility with Mango Shipping Corp. ("Mango Shipping"), an affiliated entity whose beneficial owner is Aliki Paliou, for up to $5.0 million, to be used for general working capital purposes. The facility, which was repayable in one year from the date of the agreement, was utilized in advances at our request and bore interest of 9.0% per annum and commitment fees of 3.0% per annum on any undrawn amount. Arrangement fees of $0.2 million were payable on the date of the agreement.

On June 1, 2022, we completed a public offering of 508,000 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 $0.01 per common share, and (ii) one Class A Warrant to purchase one common share at an exercise price equal to $15.75 per Common Share (a "Class A Warrant"), at a public offering price of $15.75 per unit.

In June 2022, we acquired the tanker vessel *P. Sophia* (formerly "Maran Sagitta"), a 2009-built Aframax tanker of 105,071

dwt for $27.6 million. The vessel was delivered to us in July 2022.

On July 19, 2022, we issued 1,133,333 of our common shares in a registered direct offering concurrently with a private placement of warrants (the "July 2022 Warrants") exercisable to purchase up to 1,133,333 common shares for an exercise price of $5.25 (currently $1.65 per common share, as adjusted pursuant to the terms of the July 2022 Warrants), for a purchase price of $5.25 per common share and July 2022 Warrant.

On August 16, 2022, in a registered direct offering, we issued 2,222,222 of our common shares and warrants to purchase up to 2,222,222 common shares (the "August 2022 Warrants"), each exercisable to purchase one common share for an exercise price of $6.75 (currently $1.65 per common share, as adjusted pursuant to the terms of the August 2022 Warrants), for a purchase price of $6.75 per share and August 2022 Warrant.

In August 2022, we acquired the tanker vessel *P. Aliki* (formerly "Alpine Amalia"), a 2010-built LR2 Aframax oil product tanker of 105,304 dwt, for $36.5 million. The vessel was delivered to us in November 2022.

In September 2022, we acquired the tanker vessel *P. Monterey* (formerly "Phoenix Beacon"), a 2011-built Aframax tanker vessel of 105,525 dwt, for $35 million. The vessel was delivered to us in December 2022.

In October 2022, we sold the 2007-built Aframax tanker vessel *P. Fos* for $34.0 million and delivered the vessel to her new owners in November 2022.

On October 17, 2022, we entered into a stock purchase agreement with Mango Shipping, pursuant to which we agreed to issue to Mango, in a private placement, 1,314,792 shares of our newly-designated Series C Preferred Shares in exchange for (i) all 657,396 Series B Preferred Shares held by Mango and (ii) the agreement by Mango to apply $4.93 million (an amount equal to the aggregate cash conversion price payable upon conversion of such Series B Preferred Shares into Series C Preferred Shares pursuant to their terms) as a prepayment by us of an unsecured credit facility agreement dated March 2, 2022 and made between us as borrower and Mango as lender, maturing in March 2023 and bearing interest at 9.0% per annum. We subsequently repaid the remaining amounts of $0.07 million due and terminated the credit facility. The transaction was approved by a special independent committee of our Board of Directors.

In November 2022, we acquired the tanker vessel *P. Long Beach* (formerly "Fos Hamilton"), a 2013-built LR2 Aframax tanker vessel of 105,408 dwt, for $43.75 million. The vessel was delivered to us in December 2022.

On November 8, 2022, our Board of Directors determined to effect a reverse stock split of our common shares at a ratio of one-for-fifteen. Our shareholders had previously approved the reverse stock split at the Company's Special Meeting of Shareholders held on November 7, 2022. The reverse stock split was effective as of the opening of trading on November 15, 2022. All share amounts in this report, not including amounts incorporated by reference, have been retroactively adjusted to reflect this reverse stock split.

On November 30, 2022, we regained compliance with the minimum bid price requirements for continued listing on the Nasdaq Capital Market, as a result of the closing bid price of the Company's common shares having been at $1.00 per share or greater for at least ten consecutive business days, from November 15, 2022 through November 29, 2022.

On December 9, 2022, we entered into an ATM Sales Agreement with Virtu Americas LLC (the "ATM Agreement"), as sales agent, pursuant to which we offered and sold, from time to time, up to an aggregate of $30 million of our common shares. We terminated the ATM Agreement on February 27, 2023. Prior to termination, we issued and sold 365,196 common shares under the ATM Agreement at an average price per share of US$3.30, raising total gross proceeds of approximately $1.2 million, net of agent's commissions.

On February 13, 2023, we notified our Series B preferred stockholders, that pursuant to the effective registration statement on Form F-3 that we filed with the U.S. Securities and Exchange Commission on January 27, 2023, the holders of the Company's issued and outstanding Series B Preferred Shares may at any time through and including March 15, 2023, convert, at the option of the holder, one Series B Preferred Share, for additional cash consideration of $7.50 per converted Series B Preferred Share, into two shares of Series C Convertible Cumulative Perpetual Preferred Stock. Upon the closing of the conversion period on March 15, 2023, 85,535 Series B preferred shares have been converted to 171,070 Series C preferred shares, and we collected gross proceeds of $0.6 million.

On February 22, 2023, the re-election of Andreas Michalopoulos and Loïsa Ranunkel, each as a Class I director was approved by the requisite vote at our 2023 Annual Meeting.

On February 28, 2023, we entered into a securities purchase agreement with certain unaffiliated institutional investors to purchase (i) 5,556,000 of our common shares, (ii) Series A warrants (the "Series A Warrants") to purchase 3,611,400 Common Shares and (iii) Series B warrants (the "Series B Warrants") to purchase 4,167,000 Common Shares, at a purchase price of $2.25 per common share together with the accompanying Series A and Series B Warrants in a registered direct offering. The gross proceeds to us were approximately $12.5 million before deducting the placement agent's fees and other offering expenses. Subsequent to the closing, we received exercise notices for 2,589,600 Series A warrants, and thus, 2,589,600 common shares were issued for no cash consideration,

according to the terms of the Form of Warrant.

On March 8, 2023, we announced that we entered into a shipbuilding contract with China Shipbuilding Trading Company Limited and Shanghai Waigaoqiao Shipbuilding Company Limited for the construction of a 114,000 DWT LNG ready LR2 Aframax product/crude oil tanker for a contract price of US$62.6 million, net of commission to third party. We expect to take delivery of the vessel in the fourth quarter of 2025. In April 2023, we paid the first installment of $9.5 million, as per the terms of the shipbuilding contract.

In April 2023, our Board of Directors authorized a Share Buyback Plan to purchase up to an aggregate of $2.0 million of our common shares. The Board of Directors' authorization of the Plan expires on March 31, 2024. Any repurchases pursuant to the Plan will be made at management's discretion at prices considered to be attractive and in the best interests of both the Company and its shareholders, subject to the availability of stock, general market conditions, the trading price of the stock, alternative uses for capital, applicable securities laws and the Company's financial performance. From April 4, 2023 through April 25, 2023, we have repurchased 654,599 common shares of gross value $0.6 million. We cancel the common shares repurchased as part of this plan.

On April 18, 2023, we received written notification from The Nasdaq Stock Market LLC ("Nasdaq"), indicating that because the closing bid price of our common stock for 30 consecutive business days, from March 6, 2023 to April 17, 2023, was below the minimum $1.00 per share bid price requirement for continued listing on The Nasdaq Capital Market, we are not in compliance with Nasdaq Listing Rule 5550(a)(2). Pursuant to Nasdaq Listing Rule 5810(c)(3)(A), the applicable grace period to regain compliance is 180 days, or until October 16, 2023. We intend to cure this deficiency within the prescribed time period.

B. ***Business Overview***

We provide global shipping transportation services through the ownership of tanker vessels. As of the date of this annual report, our fleet consists of eight Aframax tanker vessels with a combined carrying capacity of 851,825 DWT and a weighted average age of approximately 12.4 years, and also one newbuild LR2/Aframax tanker vessel of which we expect to take delivery in 2025. At our inception in January 2010, our business was focused on the ownership of container vessels and we have since gradually transitioned to a purely tanker fleet, completing our exit from the containership sector in August 2020.

During 2022, 2021 and 2020, fleetwide, we had a fleet utilization (including ballast leg) of 96.8%, 85.5% and 89.7%, respectively, our vessels achieved a daily time charter equivalent rate of $29,579, $9,963 and $18,745, respectively, and we generated revenues from our container and tanker vessels of $75.1 million, $36.5 million, and $46.3 million, respectively.

Our tankers fleet (continuing operations), during 2022, 2021 and 2020, had a fleet utilization (including ballast leg) of 96.8%, 85.5%, and 88.1% respectively, achieved a daily time charter equivalent rate of $29,579, $9,963, and $20,228, respectively, and generated voyage and time charter revenues of $75.1 million, $36.5 million, and $42.0 million, respectively.

During 2020, our container vessels (discontinued operations) had a fleet utilization of 96.6%, achieved a daily time charter equivalent rate of $12,500, and generated time charter revenues of $4.2 million.

Set forth below is summary information concerning our fleet as of April 26, 2023.

Vessel	Year of Build	Capacity	Builder	Charter Type
			Aframax Tanker Vessels	
BLUE MOON	2011	104,623 DWT	Sumitomo Heavy Industries Marine & Engineering Co., LTD.	Time charter
BRIOLETTE	2011	104,588 DWT	Sumitomo Heavy Industries Marine & Engineering Co., LTD.	Time charter
P. KIKUMA	2007	115,915 DWT	Samsung Heavy Industries Co. Ltd.	Pool
P. YANBU	2011	105,391 DWT	Sumitomo Heavy Industries Marine & Engineering Co., LTD.	Time charter
P. SOPHIA	2009	105,071 DWT	Hyundai Heavy Industries Co. LTD.	Pool
P. ALIKI	2010	105,304 DWT	Hyundai Heavy Industries Co. LTD.	Time charter
P. MONTEREY	2011	105,525 DWT	Hyundai Heavy Industries Co. LTD.	Time charter
P. LONG BEACH	2013	105,408 DWT	Hyundai Heavy Industries Co. LTD.	Pool

Management of Our Fleet

The business of Performance Shipping Inc. is the ownership of vessels. Performance Shipping Inc. wholly owns, directly or indirectly, the subsidiaries which own the vessels that comprise our fleet. The holding company sets the general overall direction for the company and interfaces with various financial markets. The day-to-day commercial and technical management of our fleet, as well as the provision of administrative services relating to our fleet's operations, have been carried out since March 1, 2013, by UOT, our in-house fleet manager. Pursuant to an Administrative Services Agreement, we pay UOT a fixed monthly administrative fee of $10,000 in exchange for providing us with accounting, administrative, financial reporting, and other services necessary for the operation of our business. In addition, in exchange for providing us with day-to-day commercial and technical services, we pay UOT a commission of 2.00% of our gross revenues, a fixed management fee of $15,000 per month for each vessel in operation, and a fixed monthly fee of $7,500 for laid-up vessels, if any. For as long as part of the management services were assigned to third-party managers (see below), we paid to UOT a reduced monthly management fee in the range of $1,000 to $5,000, and a commission of 1.00% or 2.00% of our gross revenues, depending on the level of involvement of the third-party managers. Furthermore, for as long as our vessels are chartered under pool arrangements, UOT receives no commission on the vessels' gross revenues. All management fees and commissions payable to UOT are considered inter-company transactions and are, therefore, eliminated from our consolidated financial statements.

In August 2019, upon delivery of the tanker vessel *Blue Moon*, we appointed Maersk Tankers A/S ("Maersk Tankers"), an unaffiliated entity, to provide day-to-day commercial and technical management services for the vessel on a temporary basis. The day-to-day commercial and technical services provided to the vessel *Blue Moon* were terminated in December 2019 and February 2020, respectively. In November 2019, upon delivery of the tanker vessel *Briolette*, we appointed Maersk Tankers to provide technical management services for the vessel on a temporary basis. For as long as Maersk Tankers were providing commercial management services to the vessel *Blue Moon*, they received a daily fee of $275 per vessel plus 1.25% commission on the vessel's gross income. For the technical management services that Maersk Tankers provided to the vessel *Blue Moon* until February 2020, and for the technical management fees they provided to *Briolette* until August 2020, they received a daily fee of $570 per vessel. Following the termination of these management agreements with Maersk, UOT was appointed to provide these services for the fees and commissions described above.

In late December 2019, UOT appointed Diana Wilhelmsen Management Limited ("DWM"), to provide management services to our former container vessels, *Rotterdam* and *Domingo*. DWM was an affiliated entity to us until February 2020. For the technical management services, we paid DWM a fixed management fee of $9,000 per month. DWM provided commercial management services to two of our former container vessels until March 1, 2020, for a fixed fee of $5,000 per month and 1.00% commissions on the vessels' gross income, and on March 1, 2020, the commercial agreements were terminated. Upon termination of the commercial management services by DWM and through the vessels' disposals in April and August 2020, UOT was appointed to provide these services to our former container vessels for the fees and commissions described above. Upon the vessels' sales, the technical management agreements with DWM were also terminated.

Business Strategy

Our primary objective is to operate our business on behalf of our shareholders in a manner that is consistent with our business strategy. The key elements of our strategy are:

Fleet

Modern, High Specification Fleet. We intend to operate a fleet of modern, high specification tanker vessels that include high cargo-carrying capacity and competitive fuel efficiency. We believe these features will be commercially attractive to charterers because the high specifications will result in cost-effective vessels with increased flexibility, and we expect these factors will, in turn, maximize our vessels' utilization rates. We believe that owning a versatile, modern, well-maintained fleet reduces operating costs, improves the quality of service we deliver, and enables us to secure employment with high-quality counterparties. As we grow our fleet, we intend to continue acquiring secondhand vessels built in well-established shipyards in South Korea, Japan, and China with high specifications and fuel efficiency standards.

Growing Sector Presence. While we cannot assure you that we will do so, we intend to grow our fleet over time primarily through selective acquisitions of secondhand vessels. This will increase our market presence and enhance our attractiveness to charterers and other customers, including major oil companies, oil traders, and refineries. We believe that by expanding our fleet, we will gain a significant presence in the tanker vessel market, enabling us to offer customers greater flexibility and a higher level of service while achieving greater efficiencies through economies of scale and enhanced vessel utilization.

Continuous Fleet Renewal. We are focused on renewing our fleet as our vessels age. We plan to acquire younger vessels as we dispose of our older ones to continuously renew and replace our fleet. We expect that this will, in part, be funded through our mandatory debt repayments and replacement reserves and will enable us to maintain a fleet of modern, high-specification tankers.

Secondhand Acquisitions. We expect to grow our fleet primarily through selective acquisitions of secondhand tanker vessels from unaffiliated third parties. We may acquire vessels upon their delivery from the shipyard or may enter into newbuilding contracts opportunistically. When evaluating acquisitions, we will consider and analyze our expectation of fundamental developments in the seaborne transportation of crude oil and refined petroleum products, changes in trading patterns, the cash flow currently earned and our expectation of future cash flows to be earned by the target vessel relative to its value, as well as its condition and technical specifications.

Management

Significant Management Expertise. We believe that our executive management team has extensive public company and vessel operations experience. In the competitive tanker vessel industry, charterers are focused on the quality of vessel operators and we believe that our wholly owned subsidiary fleet manager has a reputation as a respected commercial and technical manager. The long experience of our executive, commercial and technical management team ensures we have established relationships with charterers, financial institutions, insurers, suppliers, ship repair yards, and other industry participants. We believe that these relationships will assist us in further developing our position as a sought-after business partner with our charterers and provide access to attractive acquisition opportunities.

Highly Efficient Operations. We believe that we have established our Company as a cost-efficient and reliable operator due to the skill of our executive management team, backed by an experienced commercial and technical team comprised of industry veterans, and the quality and maintenance standards of our fleet. We intend to actively monitor and seek to control vessel operating expenses without compromising the quality of our vessels by utilizing regular inspection and maintenance programs, employing and retaining qualified crew members, and taking advantage of the economies of scale that we expect to enjoy when we acquire additional vessels.

Commercial

Spot Market Focus. Our commercial policy is focused mainly on voyage charters and short-term time charters of less than 12 months and, in some cases, medium-term charters of less than 36 months to provide our shareholders with exposure to cyclical fluctuations in charter rates. When available, we will also consider entering pool arrangements or time charters with a fixed floor rate and profit-sharing participation in the spot market. Our spot market focus should allow us and our shareholders to realize the benefits from rising charter rates. Still, the spot market is very volatile, and our strategy will also expose us and our shareholders to periods when spot rates decline below the cash breakeven level of our fleet. In line with our strategy, our current fleet of tankers operate primarily under voyage charters and through pool arrangements that enhance our spot market exposure and enable us to achieve economies of scale, obtain increased cargo, better flow of information and greater vessel utilization.

Established Commercial Relationships. We expect to capitalize on our commercial and technical management team's long-standing relationships with leading charterers such as multinational oil companies, including Shell, BP, Total, Statoil, Exxon, and Lukoil; international oil traders, including Glencore, Vitol and Trafigura; refiners, including Valero and Reliance. We believe that our experienced management team will assist us in securing employment for our vessels and will provide us with an established and diverse customer base in both western and eastern geographical basins. Following their delivery to us, we expect all our vessels to be acceptable for business by one or more major oil companies, oil traders, and refineries based on their inspections of our vessels and their review of our operational procedures.

Financial

Maintain Low Leverage. Our policy is to incur an amount of debt that, upon its incurrence, does not cause our ratio of net debt-to-market value of our fleet to exceed our target of 35%. We believe that having a level of indebtedness upon its incurrence that is at or below our target will allow us to operate in adverse market conditions. On December 31, 2022, our outstanding debt was $128.5 million, we held approximately $39.7 million in cash and restricted cash, and our ratio of net debt to the value of our fleet was approximately 25%. We expect that as we grow our fleet, our net debt upon its incurrence will gradually fall below our target.

Equity Capital Reliance. We expect to partially rely on follow-on offerings of common shares to fund the acquisition primarily of additional secondhand tanker vessels. Consistent with our low leverage strategy, we may enter into new credit agreements or access the public or private debt markets to fund the remaining portion of these acquisitions. The issuance of common shares to grow our fleet generally may increase our market capitalization and the trading activity for the common shares, but there can be no assurances that such increases will materialize or be sustained. In addition, our reliance on follow-on offerings of our common shares may significantly dilute existing shareholders.

Governance

In-House Management. We wholly own, directly or indirectly, the subsidiaries that own the vessels comprising our fleet. Our executive management team's responsibilities include working to ensure the implementation of our business strategy, general corporate oversight, interfacing with financial markets, and supervising the day-to-day commercial and technical management teams. The day-to-day commercial and technical management of our fleet, and the provision of administrative services relating to the fleet's operations, is carried out by our wholly owned subsidiary company, UOT, our fleet manager. For accounting and administrative purposes only, in exchange for providing us with commercial and technical services, we pay UOT certain fees and commissions. These amounts are considered inter-company transactions and are, therefore, eliminated from our consolidated financial statements.

Transparent Corporate Structure. In addition to performing all management functions in-house, we maintain a majority independent board of directors comprising of individuals with extensive experience in all aspects of our business. We do not intend to enter into any transactions with related parties for the acquisition or disposal of vessels. Members of our executive, commercial, and technical management teams have no other ownership in other tanker vessel companies, and do not have any executive positions in other public or private shipping companies.

Our Customers

Our customers include national, regional, and international companies, such as Aramco Trading Company, Dhahran, Saudi Arabia, BP Singapore PTE LTD, Reliance Industries Limited, Nayara Energy Limited, Trafigura. In 2022, two of our charterers accounted for 59% of our revenues: Signal Maritime Aframax Pool LTD (41%) and Penfield Tankers (Aframax) LLC (18%). In 2021, two of our charterers accounted for 43% of our revenues: Aramco Trading Company, Dhahran, Saudi Arabia (26%) and Vitol (17%). During 2020, the charterer Aramco Trading Company, Dhahran, Saudi Arabia accounted for 20% of our revenues. We believe that developing strong relationships with the end-users of our services allows us to better satisfy their needs with appropriate and capable vessels. A prospective charterer's financial condition, creditworthiness, reliability, and track record are important factors in negotiating our vessels' employment.

The Tanker Shipping Industry

The oil tanker shipping industry constitutes a vital link in the global energy supply chain, in which tanker vessels play a critical role by carrying large quantities of crude oil. The rationale behind this is that only tanker vessels can carry crude oil from one continent to the other and across the oceans based on practical and economical terms. The shipping of crude oil is the only transportation method that implies the lower cost per oil barrel compared to other methods, such as pipelines.

An oil tanker shipping company earns revenues by the freight rates paid for transportation capacity. Freight is paid for the movement of cargo between a load port and a discharge port. The cost of moving the ship from a discharge port to the next load port is not directly compensated by the charterers in the freight payment but is an expense of the owners if not on time charter.

Types of Crude Tanker Vessels

The main categories of crude tanker vessels are:

- **VLCCs**, with an oil cargo carrying capacity in excess of 200,000 dwt (typically 300,000 to 320,000 dwt or approximately two million barrels). VLCCs generally trade on long-haul routes from the Middle East and West Africa to Asia, Europe, and the U.S. Gulf or the Caribbean.

- **Suezmax tankers**, with an oil cargo carrying capacity of approximately 120,000 to 200,000 dwt (typically 150,000 to 160,000 dwt or approximately one million barrels). Suezmax tanker vessels are engaged in a range of crude oil trades across a number of major loading zones.

- **Aframax tankers**, with an oil cargo carrying capacity of approximately 80,000 to 120,000 dwt (or approximately 500,000 barrels). Aframax tanker vessels are employed in shorter regional trades, mainly in North West Europe, the Caribbean, the Mediterranean, and Asia.

Tanker Newbuilding Prices

The factors which influence new-built prices include ship type, shipyard capacity, demand for ships, "berth cover", i.e., the forward book of business of shipyards, buyer relationships with the yard, individual design specifications, including fuel efficiency or environmental features and the price of ship materials, engine and machinery equipment and particularly the price of steel.

Tanker Secondhand Prices

Second-hand prices are primarily driven by trends in the supply and demand for vessel capacity. During extended periods of high demand, as evidenced by high charter rates, secondhand vessel values tend to appreciate, and during periods of low demand, evidenced by low charter rates, vessel values tend to decline. Vessel values are also influenced by age and specification and by the replacement cost (new-built price) in the case of vessels up to five years old.

The sale and purchase (S&P) market, where vessels are sold and bought through specialized brokers, determines vessel values on a daily basis. The S&P market is transparent and liquid, with a significant number of vessels changing hands annually.

Values for younger vessels tend to fluctuate on a percentage basis less than values for older vessels. This is due to the fact that younger vessels with a longer remaining economic life are less susceptible to the level of charter rates than older vessels with limited remaining economic life.

The Crude Oil Tanker Freight Market

Charter Types

Employment of oil tanker vessels occurs through the following chartering options:

Bareboat Charter: In this charter type, vessels are usually employed for several years. All voyage related costs such as bunkers, port dues, and daily operating expenses are paid by the charterer. The owner of the vessel is entitled to monthly charter hire payments and covers the capital cost associated with the vessel.

Time Charter: Involves the use of the vessel for a number of months or years or for a trip between specific delivery and redelivery positions. The charterer covers all voyage related costs while the owner receives monthly charter hire payments on a per day basis and pays all operating expenses and capital costs of the vessel.

Pool Charter: In this charter type, the vessel's owner earns a portion of total revenues generated by the pool, net of expenses incurred by the pool. The amount allocated to each pool participant vessel, is determined in accordance with an agreed-upon formula, which is determined by the margins awarded to each vessel in the pool based on the vessel's age, design and other performance characteristics.

Spot or Voyage Charter: Vessels are used for a single voyage for the carriage of a specific amount and type of cargo on a load port to discharge port. The owner covers the repositioning cost of the ship as well as all expenses, namely voyage, operating, and capital costs of the ship.

Tanker Vessels Charter Rates

The main factors affecting vessel charter rates are primarily the supply and demand for tanker shipping. The shorter the charter period, the greater the vessel charter rate is affected by the current supply to demand balance and by the current phase of the market cycle (high point or low point). For longer charter periods, vessel charter rates tend to be more stable and less cyclical because the period may cover not only a particular phase of a market cycle but a full market cycle or several market cycles. Other factors affecting charter rates include the age and characteristics of the ships (fuel consumption, speed), the price of new-built and secondhand ships (buying as an alternative to chartering ships), and market conditions.

Seasonality

We operate our vessels in markets that have historically exhibited seasonal variations in demand and, as a result, charter rates. Historically, peaks in tanker vessel demand quite often precede seasonal oil consumption peaks, as refiners and suppliers anticipate consumer demand. Seasonal peaks in oil demand can broadly be classified into two main categories: (1) increased demand prior to Northern Hemisphere winters as heating oil consumption increases and (2) increased demand for gasoline prior to the summer driving season in the United States. Unpredictable weather patterns and variations in oil reserves disrupt tanker scheduling. This seasonality may result in quarter-to-quarter volatility in our operating results, as many of our vessels trade in the spot market. Seasonal variations in tanker vessel demand will affect any spot market-related rates that we may receive.

Environmental and Other Regulations in the Shipping Industry

International, Federal, State, and local 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 laws, regulations, and other requirements, entails significant expense, including vessel modifications and implementation of certain operating procedures.

A variety of government and private entities subject our vessels to both scheduled and unscheduled rigorous inspections. These entities include the local port authorities (applicable national authorities such as the Ports State Controls (PSC) or USCG, harbormaster or equivalent), classification societies, flag state administrations (countries of registry), and particularly the charterers through the SIRE inspection regime and terminal inspections. SIRE inspection program stands for Ship Inspection Report and is a comprehensive, worldwide inspection regime utilizing inspectors with common training and oversight to inspect oil tankers, chemical tankers, and gas carriers, based on a standardized set of questions and requirements known as the SIRE Vessel Inspection Questionnaire. 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 one or more 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 all of our vessels that emphasize operational safety, quality maintenance, continuous training of our officers and crews, and compliance with U.S. 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 future serious marine incident that causes significant adverse environmental impact could result in additional legislation or regulation that could negatively affect our profitability.

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"), International Convention on Standards of Training, Certification and Watchkeeping for Seafarers, or STCW, and the International Convention on Load Lines of 1966 (the "LL Convention"). 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 applies to vessels of any type, operating in the marine environment, 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 packaged form, respectively; Annexes IV and V relate to sewage and garbage management, respectively; and Annex VI, lastly, relates to air emissions. Annex VI was separately adopted by the IMO in September of 1997; new emissions standards, titled IMO-2020, took effect on January 1, 2020.

In 2013, the IMO's Marine Environmental Protection Committee, or the "MEPC," adopted a resolution amending MARPOL Annex I Condition Assessment Scheme, or "CAS." These amendments became effective on October 1, 2014, and require compliance with the 2011 International Code on the Enhanced Programme of Inspections during Surveys of Bulk Carriers and Oil Tankers, or "ESP Code," which provides for enhanced inspection programs. In January 2023, amendments to the ESP Code relating to thickness measurements for double hull oil tankers at the first renewal survey of double hull oil tankers became effective. We may need to make certain financial expenditures to comply with these amendments.

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 vessels 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 all 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 onboard ships. Effective January 1, 2020, there has been a global 0.5% m/m sulfur oxide emissions limit (reduced from 3.50%). 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 ("IAPP") 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. Additional amendments to Annex VI revising, among other terms, the definition of "Sulphur content of fuel oil" and "low-flashpoint fuel" and relating to the sampling and testing of onboard fuel oil, became effective in 2022. These regulations subject ocean-going vessels to stringent emissions controls and may cause us to incur substantial costs.

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 over 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 the United States Caribbean Sea area. In December 2022, the MEPC adopted a resolution establishing a new ECA for the Mediterranean Sea as a whole. These amendments will enter into force on May 1, 2024, however ships operating in this ECA will be exempted from compliance with the 0.10%m/m sulfur content standard for fuel oil until July 1, 2025. Ocean-going vessels in these areas will be subject to stringent emission controls and ocean-going vessels trading in ECAs may see increased operational costs due to the higher price of fuel with low sulfur content 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 states where we operate, compliance with these regulations could entail significant capital expenditures or otherwise increase the costs of our operations.

Annex VI also establishes 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 senses 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. Additionally, amendments to Annex II, which strengthen discharge requirements for cargo residues and tank washings in specified sea areas (including North West European waters, Baltic Sea area, Western European waters, and the Norwegian Sea), came into effect in January 2021.

As determined at the MEPC 70, 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 certain measures mandatory relating to energy efficiency for ships. All ships are now required to develop and implement a Ship Energy Efficiency Management Plan ("SEEMP"), 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 brought 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.

Additionally, MEPC 76 adopted amendments to Annex VI which impose new regulations to reduce greenhouse gas emissions from ships. The revised Annex VI entered into force in November 2022, and includes requirements to assess and measure the energy efficiency of all ships and set the required attainment values, to reduce the carbon intensity of international shipping. The requirements include (1) a technical requirement to reduce carbon intensity based on a new Energy Efficiency Existing Ship Index ("EEXI"), and (2) operational carbon intensity reduction requirements based on a new operational carbon intensity indicator ("CII"). The attained EEXI is required to be calculated for ships of 400 gross tonnage and above, under different values set for ship types and categories. Concerning the CII, ships of 5,000 gross tonnage are required to document and verify their actual annual operational CII achieved against a determined required annual operational CII. The EEXI and CII certification requirements became effective in January 1, 2023. Additionally, MEPC 76 adopted amendments requiring ships of 5,000 gross tonnage and above to revise their SEEMP to include a methodology for calculating the ship's attained annual operation CII and the required annual operational CII, on or before January 1, 2023. MEPC 76 also approved amendments to MARPOL Annex I to prohibit the use and carriage for use as fuel of heavy fuel oil ("HFO") by ships in Arctic waters on and after July 1, 2024. For ships subject to Regulation 12A (oil fuel tank protection), the prohibition becomes effective on or after July 1, 2029.

Pursuant to the IMO's short-term targets for the reduction of greenhouse gas emissions in the shipping industry by 2030, we may incur costs to comply with these revised standards. 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, results of operations, cash flows, and financial condition.

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 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 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. The company's technical management team has developed a functional Management System (MS), conforming to ISM Code requirements, which includes a safety and environmental protection policy, safe operating procedures, defined levels of authority, procedures for internal audits, etc. 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 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 all of our vessels for which the certificates are required by the IMO. The document of compliance and safety management certificate is renewed as required.

Amendments to the SOLAS Convention Chapter VII apply to vessels transporting dangerous goods and require those vessels to comply 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 vehicles powered by flammable liquid or gas. Amendments to the IMDG Code relating to segregation requirements for certain substances, and classification and transport of carbon, following incidents involving the spontaneous ignition of charcoal, came into effect in June 2022.

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 have 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.

Furthermore, recent action by the IMO's Maritime Safety Committee and the 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. For example, cyber-risk management systems must be incorporated by shipowners and managers by 2021. This might cause companies to create additional procedures for monitoring cybersecurity, which could require additional expenses and/or capital expenditures. The impact of such regulations is hard to predict at this time.

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, or the BWM Convention, in 2004. The BWM Convention entered into force on September 9, 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.

Specifically, 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. For most ships, compliance with the D-2 standard will involve installing onboard systems to treat ballast water and eliminate unwanted organisms. Ballast Water Management systems (or BWMS), 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 per IMO Guidelines (Regulation D-3). Under the BWM Convention amendments that entered into force in October 2019, BWMS installed on or after October 28, 2020, shall be approved per BWMS Code, while BWMS installed before October 23, 2020, must be approved taking into account guidelines developed by the IMO or the BWMS Code. As of October 13, 2019, MEPC 72's amendments to the BWM Convention took effect, requiring all ships to meet the D-2 standard by September 8, 2024. Costs of compliance with these regulations may be substantial. 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 comply with certain reporting requirements. Amendments to the BWM Convention concerning commissioning testing of BWMS became effective in 2022.

Although mid-ocean ballast exchange or ballast water treatment is not yet mandated by many countries, the cost of compliance could increase for ocean carriers and may have a material effect on our operations.

The IMO adopted the International Convention on Civil Liability for Oil Pollution Damage of 1969, as amended by different Protocols in 1976, 1984, and 1992, and amended in 2000 ("the CLC"). Under the CLC and depending on whether the country in which the damage results is a party to the 1992 Protocol to the CLC, a vessel's registered owner may be strictly liable for pollution damage caused in the territorial waters of a contracting state by discharge of persistent oil, subject to certain exceptions. The 1992 Protocol changed certain limits on liability expressed using the International Monetary Fund currency unit, the Special Drawing Rights. The limits on liability have since been amended so that the compensation limits on liability were raised. The right to limit liability is forfeited under the CLC where the spill is caused by the shipowner's actual fault and under the 1992 Protocol where the spill is caused by the shipowner's intentional or reckless act or omission where the shipowner knew pollution damage would probably result. The CLC requires ships over 2,000 tons covered by it to maintain insurance covering the liability of the owner in a sum equivalent to an owner's liability for a single incident. We have protection and indemnity insurance for environmental incidents. P&I Clubs in the International Group issue the required Bunkers Convention "Blue Cards" to enable signatory states to issue certificates. All of our vessels have a CLC State-issued certificate attesting that the required insurance coverage is in force.

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 per the LLMC). Concerning 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, various legislative schemes or common law govern, and liability is imposed either based on 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 or 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 will also be 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 2023, amendments to the Anti-fouling Convention came into effect which includes controls on the biocide cybutryne; ships shall not apply cybutryne or re-apply anti-fouling systems containing cybutryne from January 1, 2023.

All of our vessels have obtained Anti-fouling System Certificates per the Anti-fouling Convention.

Compliance Enforcement

Noncompliance with the ISM Code or other IMO regulations may subject the shipowner 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, each of our vessels has a valid Safety Management Certificate (SMC) per ISM Code, a document issued to the vessel which signifies that the Company and its shipboard management operate under the approved Management System. 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 miles 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 23, 2022, the USCG adjusted the limits of OPA liability for a tank vessel, other than a single-hull tank vessel, over 3,000 gross tons liability to the greater of $2,500 per gross ton or $21,521,000 (subject to periodic adjustment for inflation), for non-tank vessels, edible oil tank vessels, and any oil spill response vessels, to the greater of $1,300 per gross ton or $1,076,000 (subject to periodic adjustment for inflation). These limits of liability do not apply if an incident was proximately caused by the violation of any 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 refuses 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 proof of insurance, a surety bond, qualification as a self-insurer, or a guarantee. We comply and plan to comply 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. However, 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, which rolled back certain reforms regarding the safety of drilling operations. In 2022, revisions to the Well Control Rule were proposed which may affect offshore drilling operations and cause us to incur additional costs to comply. 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 concerning 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. These laws may be more stringent than U.S. federal law. 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 vessel owners' responsibilities under these laws. The Company's Management System details all the important operational practices, guidelines, and procedures that are to be followed to ensure compliance with all applicable state regulations in the ports where the Company's vessels call.

We currently maintain pollution liability coverage insurance for $1 billion per incident for each of 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 results of operation.

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 volatile organic compounds and other air contaminants. Our vessels are subject to vapor control and recovery requirements for certain cargoes when loading, unloading, ballasting, cleaning and conducting other operations in regulated port areas. The CAA also requires states to draft State Implementation Plans, or "SIPs," designed to attain national health-based air quality standards in each state. Although state-specific, SIPs may include regulations concerning emissions resulting from vessel loading and unloading operations by requiring the installation of vapor control equipment. Our vessels operating in such regulated port areas with restricted cargoes are equipped with vapor recovery systems that satisfy these existing requirements.

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 volatile organic compounds and other air contaminants. The CAA requires states to adopt State Implementation Plans, or SIPs, 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. In 2015, the EPA expanded the definition of "waters of the United States" ("WOTUS"), thereby expanding federal authority under the CWA. In April 2020, the EPA and Department of the Army published the "Navigable Waters Protection Rule," to finalize a revised WOTUS definition, which rule became effective in June 2020. However, in light of a court order issued by the U.S. District Court for the District of Arizona on August 30, 2021, the EPA and U.S. Army Corps of Engineers are interpreting WOTUS consistent with the pre-2015 regulatory regime. On December 30, 2022, the EPA and U.S. Army Corps of Engineers announced the final revised WOTUS rule, which was published on January 18, 2023, and became effective on March 20, 2023. The revised WOTUS rule replaces the 2020 Navigable Waters Protection Rule and generally reflects an expansion of the CWA jurisdiction. In April 2023, a U.S. District Judge in North Dakota temporarily blocked enforcement of the revised WOTUS rule in a number of states, and the United States Supreme Court is considering the scope of the rule with respect to wetlands.

The EPA and the USCG have also enacted rules relating to ballast water discharge, compliance with which requires the installation of equipment on our vessels to treat ballast water before it is discharged or the implementation of other port facility disposal arrangements or procedures at potentially substantial costs, and/or otherwise restrict our vessels from entering U.S. Waters. The EPA will regulate these ballast water discharges and other discharges incidental to the normal operation of certain vessels within United States waters pursuant to the Vessel Incidental Discharge Act ("VIDA"), which was signed into law on December 4, 2018, and requires that the USCG develop implementation, compliance and enforcement regulations regarding ballast water. On October 26, 2020, the EPA published a Notice of Proposed rulemaking for Vessel Incidental Discharge National Standards of Performance under VIDA, and in November 2020, held virtual public meetings, but a final rule has not been promulgated. Under VIDA, all provisions of the VGP 2013 and USCG ballast water regulations remain in force and effect as currently written until the EPA publishes standards. Currently USCG ballast water management regulations adopted under the U.S. National Invasive Species Act, or NISA, require 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. Until new USCG regulations are final and enforceable, non-military non-recreational vessels at least 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 shall submit NOIs for our vessels where required.

Compliance with the EPA, U.S Coast Guard, and state regulations requires the installation of ballast water treatment equipment on our vessels or the implementation of other port facility disposal procedures at potentially substantial cost, or may otherwise restrict our vessels from entering U.S. waters.

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. As of January 2019, large ships calling at EU ports have been required to collect and publish data on carbon dioxide emissions and other information. The system entered into force on 1 March 2018. July 2020 saw the European Parliament's Committee on Environment, Public Health and Food Safety vote in favor of the inclusion of vessels of 5000 gross tons and above in the EU Emissions Trading System (in addition to voting for a revision to the monitoring, reporting, and verification of CO2 emissions). In September 2020, the European Parliament adopted the proposal from the European Commission to amend the regulation on monitoring carbon dioxide emissions from maritime transport.

On July 14, 2021, the European Commission published a package of draft proposals as part of its 'Fit for 55' environmental legislative agenda and as part of the wider EU Green Deal growth strategy. There are two key initiatives relevant to maritime arising from the package: (a) a bespoke emissions trading scheme for maritime (Maritime ETS) which is due to commence in 2024 and which is to apply to all ships above a gross tonnage of 5000; and (b) a FuelEU regulation which seeks to require all ships above a gross tonnage of 5000 to carry on board a 'FuelEU certificate of compliance' from 30 June 2025 as evidence of compliance with the limits on the greenhouse gas intensity of the energy used on-board by a ship and with the requirements on the use of on-shore power supply (OPS) at berth. More specifically, Maritime ETS is to apply gradually over the period from 2024 to 2026. 40% of allowances would have to be surrendered in 2025 for the year 2024; 70% of allowances would have to be surrendered in 2026 for the year 2025; 100% of allowances would have to be surrendered in 2027 for the year 2026. Compliance is to be on a company-wide (rather than per ship) basis and "shipping company" is defined widely to capture both the ship owner and any contractually appointed commercial operator/charterer. The cap under the ETS would be set by taking into account EU MRV system emissions data for the years 2018 and 2019, adjusted, from the year 2021, and is to capture 100% of the emissions from intra-EU maritime voyages; 100% of emissions from ships at berth in EU ports; and 50% of emissions from voyages which start or end at EU ports (but the other destination is outside the EU). More recent proposed amendments signal that 100% of non-EU emissions may be caught if the IMO does not introduce a global market-based measure by 2028. Furthermore, the proposals envisage that all maritime allowances would be auctioned and there will be no free allocation. Both proposals have been agreed and the official publication of the legal text is imminent. We note that from a risk management perspective, new systems, personnel, data management systems, cost recovery mechanisms, revised service agreement terms, and emissions reporting procedures will have to be put in place, at significant cost, to prepare for and manage the administrative aspects of ETS compliance.

Responsible recycling and scrapping of ships are becoming increasingly important issues for shipowners and charterers alike as the industry strives to replace old ships with cleaner, more energy-efficient models. The recognition of the need to impose recycling obligations on the shipping industry is not new. In 2009, the IMO oversaw the creation of the Hong Kong Ship Recycling Convention (the "Hong Kong Convention"), which sets standards for ship recycling. Concerned at the lack of progress in satisfying the conditions needed to bring the Hong Kong Convention into force, the EU published its own Ship Recycling Regulation 1257/2013 (SRR) in 2013, to facilitate early ratification of the Hong Kong Convention both within the EU and in other countries outside the EU. As the Hong Kong Convention has yet to come into force, the 2013 regulations are vital to responsible ship recycling in the EU. SRR requires that, from 31 December 2020, all existing ships sailing under the flag of EU member states and non-EU flagged ships calling at an EU port or anchorage must carry on board an Inventory of Hazardous Materials (IHM) with a certificate or statement of compliance, as appropriate. For EU-flagged vessels, a certificate (either an Inventory Certificate or Ready for Recycling Certificate) will be necessary, while non-EU-flagged vessels will need a Statement of Compliance.

The European Union has adopted several regulations and directives requiring, among other things, more frequent inspections of high-risk ships, as determined by the 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 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 berths 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.

EU Directive 2004/35/CE (as amended) regarding the prevention and remedying of environmental damage addresses liability for environmental damage (including damage to water, land, protected species, and habitats) based on the "polluter pays" principle. Operators whose activities caused the environmental damage are liable for the damage (subject to certain exceptions). Concerning specified activities causing environmental damage, operators are strictly liable. The directive applies where damage has already occurred and where there is an imminent threat of damage. The directive requires preventative and remedial actions, and that operators report environmental damage or an imminent threat of such damage.

In 2021, the EU adopted a European Climate Law (Regulation (EU) 2021/1119), establishing the aim of reaching net-zero greenhouse gas emissions in the EU by 2050, with an intermediate target of reducing greenhouse gas emissions by at least 55% by 2030, compared to 1990 levels. In July 2021, the European Commission launched the Fit for 55 (described above) to support the climate policy agenda.

On November 10, 2022, the EU Parliament adopted the Corporate Sustainability Reporting Directive ("CSRD"). EU member states have 18 months to integrate it into national law. The CSRD will create new, detailed sustainability reporting requirements and will significantly expand the number of EU and non-EU companies subject to the EU sustainability reporting framework. The required disclosures will go beyond environmental and climate change reporting to include social and governance matters (for example, respect

for employee and human rights, anti-corruption and bribery, corporate governance, and diversity and inclusion). In addition, it will require disclosure regarding the due diligence processes implemented by a company in relation to sustainability matters and the actual and potential adverse sustainability impacts of an in-scope company's operations and value chain. The CSRD will begin to apply for financial years starting in 2024 to large EU and non-EU undertakings subject to certain financial and employee thresholds being met. New systems, personnel, data management systems and reporting procedures will have to be put in place, at significant cost, to prepare for and manage the administrative aspect of CSRD compliance.

A new Corporate Sustainability Due Diligence Directive ("CSDD") has also been proposed as part of the Fit for 55 Package and establishes a corporate due diligence duty. The aim of this Directive is to foster sustainable and responsible corporate behavior and to anchor human rights and environmental considerations in companies' operations and corporate governance. The new rules will ensure that businesses address adverse impacts of their actions, including in their value chains inside and outside Europe. The CSDD is also to apply to large companies. New systems, personnel, data management systems and reporting procedures will have to be put in place, at significant cost, to prepare for and manage the administrative aspect of CSDD compliance which will likely commence from 2025 onwards.

International Labour Organization

The International Labour Organization (the "ILO") 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. The Company's Management System establishes working and living standards for all seafarers working onboard that exceed MLC 2006 requirements. All our vessels have been issued the MLC Certificate following surveys, inspections, paperwork, and approval by the registered flag state.

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 according 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 for a successor to the Kyoto Protocol, and restrictions on shipping emissions may be included in any new treaty. In December 2009, more than 27 nations, including the U.S. and China, signed the Copenhagen Accord, which includes a non-binding commitment to reduce greenhouse gas emissions. The 2015 United Nations Climate Change Conference in Paris resulted in the Paris Agreement, which entered into force on November 4, 2016, and does not directly limit greenhouse gas emissions from ships. The U.S. initially entered into the agreement, but on June 1, 2017, former U.S. President Trump announced that the United States intends to withdraw from the Paris Agreement, and the withdrawal became effective on November 4, 2020. The United States rejoined the Paris Agreement 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 the reduction of greenhouse gas emissions from ships was approved. Following 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 reduce greenhouse gas emissions, including (1) decreasing the carbon intensity from ships through the 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 achieving the overall ambition. These regulations could cause us to incur substantial additional expenses.

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

IMO's MEPC 76 adopted amendments to Annex VI that will require ships to reduce their greenhouse gas emissions. Effective November 1, 2022, the Revised MARPOL Annex VI will enter into force. The revised Annex VI includes carbon intensity measures (requirements for ships to calculate their Energy Efficiency Existing Ship Index (EEXI) following technical means to improve their energy efficiency and to establish their annual operational carbon intensity indicator and rating. MEPC 76 also adopted guidelines to support the implementation of the amendments.

In 2021, the EU adopted a European Climate Law (Regulation (EU) 2021/1119), establishing the aim of reaching net-zero greenhouse gas emissions in the EU by 2050, with an intermediate target of reducing greenhouse gas emissions by at least 55% by 2030, compared to 1990 levels. In July 2021, the European Commission launched the Fit for 55 (described above) to support the climate policy agenda. Starting in January 2018, large ships over 5,000 gross tonnage calling at EU ports have been required to collect and publish data on carbon dioxide emissions and other information. As previously discussed, regulations relating to the inclusion of greenhouse gas emissions from the maritime sector in the European Union's carbon market are also forthcoming.

In the United States, the EPA issued a finding that greenhouse gases endanger public health and safety, adopted regulations to limit greenhouse gas emissions from certain mobile sources, and proposed regulations to limit greenhouse gas emissions from large stationary sources. The EPA or individual U.S. states could enact environmental regulations that would affect our operations. On November 2, 2021, the EPA issued a proposed rule under the CAA designed to reduce methane emissions from oil and gas sources. In November 2022, the EPA issued a supplemental proposal that would achieve more comprehensive emissions reductions and add proposed requirements for sources not previously covered. The EPA held a public hearing in January 2023 on the proposal and anticipates issuing a final rule by the end of 2023.

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

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 a 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 onshore;
- the development of vessel security plans;
- a 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 onboard 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.

All vessels have been issued with ISSC, which is subject to Verifications that have ensured that the security system and any associated security equipment of the vessel fully complies with the applicable requirements of MTSA and the ISPS Code, is in satisfactory condition and fit for the service for which the vessel is intended.

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, including the Gulf of Aden and the Arabian Sea area and the West Africa area, including the Gulf of Guinea. Substantial loss of revenue and other costs may be incurred as a result of the detention of a vessel or additional security measures, and the risk of uninsured losses could significantly affect our business. Costs are incurred in taking additional security measures per Best Management Practices to Deter Piracy, notably those contained in the BMP5 industry standard.

Inspection by Classification Societies

Every commercial vessel must be classed by a classification society recognized by its country of registry and member of the International Association of Classification Societies, the IACS. The classification society certifies that a vessel is constructed to specific structural standards and carries out regular surveys throughout the vessel's service life to ensure continuing compliance with the standards. The Classification Certificate issued is required to enable the vessel's owner to register the ship and to obtain Marine Insurance on the ship. Commercially, it is required to be produced before a vessel's entry into ports or waterways and is of interest to Charterers and potential Buyers. The IACS has adopted harmonized Common Structural Rules, or the Rules, which apply to oil tankers and bulk carriers contracted for construction on or after July 1, 2015. The Rules attempt to create a level of consistency between IACS Societies. All of our vessels are certified as being "in class" by IACS recognized Classification Societies (e.g., Bureau Veritas, Lloyd's Register of Shipping).

The Class and Statutory Certificates need to be renewed every five (5) years. A vessel must undergo a five-year survey cycle consisting of periodical surveys, such as annual and intermediate surveys, and special or renewal surveys. Periodical surveys are carried out to confirm the vessel's compliance with Rules and Regulations. In the scope of ensuring the vessel's structural integrity, a docking survey is required twice in the five-year cycle and without exceeding a 36 month interval between surveys. Vessels younger than fifteen (15) years old can be exempted from the intermediate docking survey by an Underwater Inspection to Class acceptance. In lieu of a special survey, the vessel's Machinery may be on a continuous survey cycle, under which the machinery would be surveyed periodically over a five-year period. In addition, Hull and Construction are surveyed and tested, resulting in the renewal of Class and Statutory Certificates. If any vessel does not maintain its class and/or fails any annual survey, intermediate survey, 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 results of operations.

Risk of Loss and Liability Insurance Coverage

General

The operation of any cargo vessel includes risks such as mechanical failure, physical damage, collision, property loss, cargo loss or damage, and business interruption due to political circumstances in foreign countries, piracy incidents, hostilities, and labor strikes. In addition, there is always an inherent possibility of marine disaster, including oil spills and other environmental mishaps, and the liabilities arising from owning and operating vessels in international trade. OPA, which imposes virtually unlimited liability upon shipowners, operators and bareboat charterers of any vessel trading in the exclusive economic zone of the United States for certain oil pollution accidents in the United States, has made liability insurance more expensive for shipowners and operators trading in the United States market.

While we maintain hull and machinery insurance, war risks insurance, loss of hire, protection and indemnity cover and freight, demurrage and defense cover for our vessels in amounts and with deductibles (if applicable) that we believe to be prudent to cover normal risks in our operations, we may not be able to achieve or maintain this level of coverage throughout a vessel's useful life. Furthermore, while we believe we procure adequate insurance coverage, not all risks can be insured, and there can be no guarantee that any specific claim will be paid, or that we will always be able to obtain adequate insurance coverage at reasonable rates.

Hull and Machinery and War Risk Insurance

We maintain for our vessels marine hull and machinery and war risks insurance, which covers, among other risks, the risk of actual or constructive total loss. Our vessels are each covered up to at least market value with deductibles which vary according to the size and value of the vessel.

Protection and Indemnity Insurance

Protection and indemnity insurance is provided by mutual protection and indemnity associations, or "P&I Associations," and covers our third-party liabilities in connection with our shipping activities. This includes third-party liability and other related expenses including 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, wreck removal, and salvage, towing and other related costs. Protection and indemnity insurance is a form of mutual indemnity insurance, extended by protection and indemnity mutual associations, or "clubs."

We procure protection and indemnity insurance coverage for pollution in the amount of $1 billion per vessel per incident. The 12 P&I Associations that comprise the International Group 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 $10 million up to approximately $8.2 billion. As a member of certain P&I Associations which are members of the International Group, we are subject to calls payable to the associations based on the group's claim records as well as the claim records of all other members of the individual associations and members of the pool of P&I Associations comprising the International Group. Supplemental calls may be made by the P&I Associations based on estimates of premium income and anticipated and paid claims, and such estimates are adjusted each year by the Board of Directors of the P&I Associations until the closing of the relevant policy year, which generally occurs within three years from the end of the policy year. We do not know whether any supplemental calls will be charged in respect of any policy year by the P&I Associations in which the Company's vessels are entered. To the extent we experience supplemental calls, our policy is to expense such amounts.

C. ***Organizational Structure***

We are a corporation incorporated under the laws of the Republic of the Marshall Islands on January 7, 2010. We are the sole owner of all of the issued and outstanding shares of the subsidiaries listed in exhibit 8.1 of this annual report.

D. ***Property, Plants, and Equipment***

Our in-house fleet manager, UOT, rents our office space from unrelated third parties and owns office furniture and equipment. In December 2014, UOT also acquired, jointly with two other related parties, a plot of land in Athens, Greece, which was sold to a subsidiary of Diana Shipping Inc. in November 2021.

Our only material properties are the vessels in our fleet.

Item 4A. Unresolved Staff Comments

Not applicable.

Item 5. Operating and Financial Review and Prospects

Since August 2019, when the delivery of our first tanker vessel *Blue Moon* took place, until August 2020, when the last container vessel *Domingo* was sold, our fleet was a mixture of container and tanker vessels. Accordingly, we had determined that we would operate under two reportable segments, one relating to our operations of container vessels (containers segment) and one to the operations of tanker vessels (tankers segment). Concurrently with the acquisition of our first tanker vessel, as the market environment for our containers fleet continued to be negative and with difficult employment opportunities, our management initiated a number of actions for the gradual disposal of the whole container vessels' fleet, although no decision at that time was reached for a strategic shift to a different segment. In the first months of 2020, we acquired two additional tanker vessels, the *P. Fos* and the *P. Kikuma*. In August 2020, at the time when our fleet's last container vessel was sold, we evaluated the results of the tanker vessels owned since 2019 and assessed that the prospects of the specific segment as positive. At that time, we determined that our decision to exit the container segment represented a strategic shift to the exclusive ownership of tanker vessels and further assessed that the disposal of all of our container vessels constituted a disposal of an entity's segment, that will have a major effect on our operations and financial results. Furthermore, we determined that we will not have continuing involvement in the operation of the disposed assets. In this respect, the results of operations of the container vessels, as well as their assets and liabilities, are reported as discontinued operations for all periods presented in our consolidated financial statements. The comparative figures for the fiscal years before the disposal of the container vessels (ie for years before 2020), which have been included in these consolidated financial statements, have been adjusted on the basis of presenting the discontinued operations' figures separately.

The following management's discussion and analysis should be read in conjunction with our consolidated financial statements, and their notes included elsewhere in this report. This discussion contains forward-looking statements that reflect our current views with respect to future events and financial performance. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors, such as those set forth in the section entitled "Item 3. Key Information – D. Risk Factors" and elsewhere in this report.

A. ***Operating Results***

We have historically chartered our vessels to customers primarily pursuant to short-term and medium-term time charters, on spot voyages and pool arrangements. Under our time charters, the charterer typically pays us a fixed daily charter hire rate and bears all voyage expenses, including the cost of bunkers (fuel oil) and port and canal charges. Under spot charter arrangements, voyage expenses that are unique to a particular charter are paid for by us. For vessels operating in pooling arrangements, we earn a portion of total

revenues generated by the pool, net of expenses incurred by the pool. We remain responsible for paying the chartered vessel's operating expenses, including the cost of crewing, insuring, repairing and maintaining the vessel, the costs of spares and consumable stores, tonnage taxes, environmental costs, and other miscellaneous expenses. We also pay commissions to unaffiliated shipbrokers for the arrangement of the relevant charter, and have historically paid for a limited period of time management fees and commissions to third-party managers.

Factors Affecting Our Results of Operations

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

- *Ownership days.* We define ownership days as the aggregate number of days in a period during which each vessel in our fleet has been owned by us. Ownership days are an indicator of the size of our fleet over a period and affect both the amount of revenues and the amount of expenses that we record during a period.

- *Available days.* We define available days as the number of our ownership days less the aggregate number of days that our vessels are off-hire due to scheduled repairs or repairs under guarantee, vessel upgrades or special surveys, including the aggregate amount of time that we spend positioning our vessels for such events. The shipping industry uses available days to measure the number of days in a period during which vessels should be capable of generating revenues.

- Operating days. We define operating days, including ballast leg, as the number of available days in a period less the aggregate number of days that our vessels are off-hire. The specific calculation counts as on-hire the days of the ballast leg of the spot voyages, as long as a charter party is in place. The shipping industry uses operating days to measure the aggregate number of days in a period during which vessels actually generate revenues.

- Fleet utilization. We calculate fleet utilization by dividing the number of our operating days during a period by the number of our available days during the period. The shipping industry uses fleet utilization to measure a company's efficiency in finding suitable employment for its vessels and minimizing the amount of days that its vessels are off-hire for reasons other than scheduled repairs or repairs under guarantee, vessel upgrades and special surveys, including vessel positioning for such events.

- Time Charter Equivalent (TCE) rates. We define TCE rates as revenue (voyage, time-charter and pool revenue), less voyage expenses during a period divided by the number of our available days during the period, which is consistent with industry standards. Voyage expenses include port charges, bunker (fuel) expenses, canal charges and commissions. TCE is a non-GAAP measure. TCE rate is a standard shipping industry performance measure used primarily to compare daily earnings generated by vessels despite changes in the mix of charter types (i.e., voyage (spot) charters, time charters, and bareboat charters).

- Daily Operating Expenses. We define daily operating expenses as total vessel operating expenses, which include crew wages and related costs, the cost of insurance and vessel registry, expenses relating to repairs and maintenance, the costs of spares and consumable stores, lubricant costs, tonnage taxes, regulatory fees, environmental costs, lay-up expenses and other miscellaneous expenses divided by total ownership days for the relevant period.

The following table reflects our ownership days, available days, operating days, fleet utilization, TCE rate, and daily operating expenses for our total fleet (tanker and container vessels) for the periods indicated. The figures of 2021 relate solely to our tankers' fleet, as all of our container vessels were sold until 2020.

	For the year ended December 31, 2022	For the year ended December 31, 2021	For the year ended December 31, 2020
Ownership days	2,069	1,825	1,689
Available days	2,039	1,735	1,689
Operating days	1,974	1,483	1,515
Fleet utilization	96.8%	85.5%	89.7%
Time charter equivalent (TCE) rate	$ 29,579	$ 9,963	$ 18,745
Daily operating expenses	$ 6,683	$ 6,740	$ 6,835

	For the year ended December 31, 2022	For the year ended December 31, 2021	For the year ended December 31, 2020
Revenue	$ 75,173	$ 36,491	46,283
Less voyage expenses	$ (14,861)	$ (19,205)	(14,622)
Voyage and time charter equivalent rates	$ 60,312	$ 17,286	31,661
Available days	2,039	1,735	1,689
Time charter equivalent (TCE) rate	$ 29,579	$ 9,963	$ 18,745

The following table reflects our ownership days, available days, operating days, fleet utilization, TCE rate and daily operating expenses of our tankers' fleet (continuing operations) for the periods indicated.

	For the year ended December 31, 2022	For the year ended December 31, 2021	For the year ended December 31, 2020
Ownership days	2,069	1,825	1,365
Available days	2,039	1,735	1,365
Operating days	1,974	1,483	1,202
Fleet utilization	96.8%	85.5%	88.1%
Time charter equivalent (TCE) rate	$ 29,579	$ 9,963	$ 20,228
Daily operating expenses	$ 6,683	$ 6,740	$ 6,746

	For the year ended December 31, 2022	For the year ended December 31, 2021	For the year ended December 31, 2020
Revenue	$ 75,173	$ 36,491	42,045
Less voyage expenses	$ (14,861)	$ (19,205)	(14,434)
Voyage and time charter equivalent rates	$ 60,312	$ 17,286	27,611
Available days	2,039	1,735	1,365
Time charter equivalent (TCE) rate	$ 29,579	$ 9,963	$ 20,228

The following table reflects our ownership days, available days, operating days, fleet utilization, TCE rate and daily operating expenses of our containers' fleet (discontinued operations) for the periods indicated.

	For the year ended December 31, 2022	For the year ended December 31, 2021	For the year ended December 31, 2020
Ownership days	0	0	324
Available days	0	0	324
Operating days	0	0	313
Fleet utilization	0%	0%	96.6%
Time charter equivalent (TCE) rate	$ 0	$ 0	$ 12,500
Daily operating expenses	$ 0	$ 0	$ 7,210

	For the year ended December 31, 2022	For the year ended December 31, 2021	For the year ended December 31, 2020
Time charter revenues	$ 0	$ 0	4,238
Less voyage expenses	$ 0	$ 0	(188)
Time charter equivalent rates	$ 0	$ 0	4,050
Available days	0	0	324
Time charter equivalent (TCE) rate	$ 0	$ 0	$ 12,500

Revenues

Our revenues are driven primarily by the number of vessels in our fleet, the number of voyage days and the amount of daily charter hire that our vessels earn under charters which, in turn, are affected by a number of factors, including:

- the duration of our charters;
- our decisions relating to vessel acquisitions and disposals;
- the amount of time that we spend positioning our vessels;
- the amount of time that our vessels spend in drydock undergoing repairs;
- maintenance and upgrade work;
- the age, condition, and specifications of our vessels;
- levels of supply and demand in the shipping industry; and

- other factors affecting spot market charter rates for vessels.

Vessels operating on time charters for a certain period of time provide more predictable cash flows over that period of time, but can yield lower profit margins than vessels operating in the spot charter market during periods characterized by favorable market conditions. Vessels operating in the spot or pool charter market generate revenues that are less predictable but may enable their owners to capture increased profit margins during periods of improvements in charter rates, although their owners would be exposed to the risk of declining charter rates, which may have a materially adverse impact on financial performance. As we employ vessels on time and spot or pool charters, we mitigate our charter rates fluctuation exposure.

Currently, the vessels in our fleet are employed either on pool charters or on spot voyages. Our charter agreements subject us to counterparty risk. In depressed market conditions, charterers may seek to renegotiate the terms of their existing charter agreements or avoid their obligations under those contracts. 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, financial condition, results of operations and cash flows.

Voyage Expenses

We incur voyage expenses that include port and canal charges, bunker (fuel oil) expenses and commissions. Port and canal charges and bunker expenses primarily increase in periods during which vessels are employed on voyage charters because these expenses are for the account of the owner of the vessels, while they are on the account of the charterer when vessels are time-chartered. Laid-up vessels, if any, do not incur bunkers costs. However, at times when our vessels are off-hire due to other reasons, we incur port and canal charges and bunker expenses.

We have paid commissions ranging from 0% to 2.5% of the total daily charter hire rate of each charter to unaffiliated shipbrokers, depending on the number of brokers involved with arranging the charter, and we typically pay address commissions from 0% to 3.75% to our charterers. Additionally, Pure Brokerage and Shipping Corp, an affiliated entity, receives from us a fixed commission of 1.25% on gross freight and hire income generated by the vessels, subject to the specific terms of each employment contract. Our in-house fleet manager, UOT, our wholly owned subsidiary, receives a commission that is equal to 2% of our gross revenues in exchange for providing us with technical and commercial management services in connection with the employment of our fleet. However, this commission is eliminated from our consolidated financial statements as an intercompany transaction.

Vessel Operating Expenses

Vessel operating expenses include crew wages and related costs, the cost of insurance and vessel registry, expenses relating to repairs and maintenance, the cost of spares and consumable stores, tonnage taxes, regulatory fees, environmental costs, lay-up expenses, and other miscellaneous expenses. Other factors beyond our control, some of which may affect the shipping industry in general, including, for instance, COVID-related disruptions or the war in Ukraine, which could cause our crew costs and other operating expenses to increase, developments relating to market prices for crew wages and insurance, may also cause these expenses to increase. In conjunction with our senior executive officers, UOT has established an operating expense budget for each vessel and performs the day-to-day management of our vessels under separate management agreements with our vessel-owning subsidiaries. We monitor the performance of UOT by comparing actual vessel operating expenses with the operating expense budget for each vessel.

Vessel Depreciation

We depreciate all our vessels on a straight-line basis over their estimated useful lives, which we estimate to be 25 years for the tanker vessels, and had estimated 30 years for the container vessels, from the date of their initial delivery from the shipyard. Depreciation is based on the cost less the estimated salvage values. Each vessel's salvage value is the product of her light-weight tonnage and estimated scrap rate, which is estimated at $350 per light-weight ton for all vessels in our fleet. We believe that these assumptions are common in the tanker and containership industry.

General and Administrative Expenses

We incur general and administrative expenses, including our onshore related expenses such as legal and professional expenses. Certain of our general and administrative expenses have been provided for, effective June 15, 2020, under our Brokerage Services Agreement with Pure Brokerage and Shipping Corp. We also incur payroll expenses of employees and general and administrative expenses reflecting the costs associated with running a public company, including board of director costs, director and officer insurance, investor relations, registrar and transfer agent fees, and legal and accounting costs related to our compliance with public reporting obligations and the Sarbanes-Oxley Act of 2002. For 2023, we expect our general and administrative expenses to remain approximately at the same levels, as these expenses are relatively fixed and are not widely affected by the expansion (or shrinkage) of our fleet.

Interest and Finance Costs

We have historically incurred interest expense and financing costs in connection with vessel-specific debt. As of December 31, 2022, our aggregate outstanding debt amounted to $128.5 million. We expect to manage any exposure in interest rates through our regular operating and financing activities and, when deemed appropriate, through the use of derivative financial instruments.

Lack of Historical Operating Data for Vessels before their Acquisition

Consistent with shipping industry practice, other than inspection of the physical condition of the vessels and examinations of classification society records, there is no historical financial due diligence process when we acquire vessels. Accordingly, we do not obtain the historical operating data for the vessels from the sellers because that information is not material to our decision to make acquisitions, nor do we believe it would be helpful to potential investors in our common shares in assessing our business or profitability. Most vessels are sold under a standardized agreement, which, among other things, provides the buyer with the right to inspect the vessel and the vessel's classification society records. The standard agreement does not give the buyer the right to inspect, or receive copies of, the historical operating data of the vessel. Prior to the delivery of a purchased vessel, the seller typically removes from the vessel all records, including past financial records and accounts related to the vessel. In addition, the technical management agreement between the seller's technical manager and the seller is automatically terminated, and the vessel's trading certificates are revoked by its flag state following a change in ownership.

Consistent with shipping industry practice, we treat the acquisition of a vessel (whether acquired with or without charter) as the acquisition of an asset rather than a business. Although vessels are generally acquired free of charter, we have in the past, and we may in the future, acquire vessels with existing time charters. Where a vessel has been under a voyage charter, the vessel is delivered to the buyer free of charter, and it is rare in the shipping industry for the last charterer of the vessel in the hands of the seller to continue as the first charterer of the vessel in the hands of the buyer. In most cases, when a vessel is under time charter, and the buyer wishes to assume that charter, the vessel cannot be acquired without the charterer's consent and the buyer's entering into a separate direct agreement with the charterer to assume the charter. The purchase of a vessel itself does not transfer the charter, because it is a separate service agreement between the vessel owner and the charterer.

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

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

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

Our business is mainly comprised of the following elements:

- acquisition and disposition of vessels;
- employment and operation of our vessels; and
- management of the financial, general and administrative elements involved in the conduct of our business and ownership of our

vessels.

The employment and operation of our vessels mainly require the following components:

- vessel maintenance and repair;
- crew selection and training;
- vessel spares and stores supply;
- contingency response planning;
- on board safety procedures auditing;
- accounting;
- vessel insurance arrangement;
- vessel chartering;
- vessel hire management;
- vessel surveying; and
- vessel performance monitoring.

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

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

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

- rates and periods of charter hire;
- levels of vessel operating expenses;
- depreciation expenses;
- financing costs; and
- fluctuations in foreign exchange rates.

See "Item 3. Key Information – D. Risk Factors" for additional factors that may affect our business.

Our Fleet – Comparison of Possible Excess of Carrying Value Over Estimated Charter-Free Market Value of our Vessels

In "Critical Accounting Estimates and Policies" we discuss our policy for impairing the carrying values of our vessels. Historically, the market values of vessels have experienced volatility, which from time to time may be substantial. As a result, the charter-free market value of certain of our vessels may have declined below those vessels' carrying value, even though we would not impair those vessels' carrying value under our accounting impairment policy. In 2022 and 2021, we did not record any impairment charge. In 2020, we recorded an impairment charge of $0.3 million for one of our container vessels as a result of its classification as held for sale.

Based on: (i) the carrying value of each of our vessels as of December 31, 2022 plus the carrying value of any unamortized dry docking cost and cost of any equipment not yet installed; and (ii) what we believe the charter-free market value of each of our vessels

was as of December 31, 2022, the aggregate carrying value of four of our tanker vessels exceeded their aggregate charter-free market values by approximately $119.9 million. Based on: (i) the carrying value of each of our vessels as of December 31, 2021 plus the carrying value of any unamortized dry docking cost and cost of any equipment not yet installed; and (ii) what we believe the charter-free market value of each of our vessels was as of December 31, 2021, the aggregate carrying value of our five tanker vessels exceeded their aggregate charter-free market values by approximately $13.1 million.

Our estimates of charter-free market value assume that our vessels were all in good and seaworthy condition without need of repair and if inspected would be certified in class without notations of any kind. Our estimates are based on information available from various industry sources, including:

- reports by industry analysts and data providers that focus on our industry and related dynamics affecting vessel values;
- news and industry reports of similar vessel sales;
- offers that we may have received from potential purchasers of our vessels; and
- vessel sale prices and values of which we are aware through both formal and informal communications with shipowners, shipbrokers, industry analysts, and various other shipping industry participants and observers.

As we obtain information from various industry reports and other sources, our estimates of charter-free market values are inherently uncertain. In addition, vessel values are highly volatile; as such, our estimates may not be indicative of the current or future charter-free market values of our vessels or prices that we could achieve if we were to sell them. We also refer you to the risk factor under "Item 3. Key Information – D. Risk Factors" entitled "Tanker vessel values may fluctuate due to economic and technological factors, which may adversely affect our financial condition, or result in the incurrence of a loss upon disposal of a tanker vessel, impairment losses, or increases in the cost of acquiring additional tanker vessels".

			Carrying Value of vessels; net book value, unamortized drydock cost and cost of equipment not yet installed (in millions of US dollars)	
Vessel	**DWT**	**Year Built**	**At December 31, 2022**	**At December 31, 2021**
1. Blue Moon	104,623	2011	27.1	27.5*
2. Briolette	104,588	2011	26.9	28.6*
3. P. Fos	115,577	2007	0.0	24.8*
4. P. Kikuma	115,915	2007	22.3	23.4*
5. P. Yanbu	105,391	2011	19.9	21.0
6. P. Sophia	105,071	2009	26.9	0.0
7. P. Aliki	105,304	2010	36.3	0.0
8. P. Monterey	105,525	2011	35.0	0.0
9. P. Long Beach	105,408	2013	43.8	0.0
Total Carrying Value			**238.2**	**125.3**

*Indicates vessels for which we believe that their carrying values exceeded their charter-free market values.

Critical Accounting Estimates and Policies

The discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with U.S. GAAP. The preparation of consolidated financial statements requires us to make estimates and judgments that affect the reported amounts of assets and liabilities, revenues and expenses and related disclosures of contingent assets and liabilities at the date of our financial statements. Actual results may differ from these estimates under different assumptions and conditions.

Critical accounting policies are those that reflect significant judgments of uncertainties and potentially result in materially different results under different assumptions and conditions. We have described below what we believe are our most critical accounting policies when we acquire and operate vessels, because they generally involve a comparatively higher degree of judgment in their application. For a description of all our significant accounting policies, see Note 2 to our consolidated financial statements included in this annual report.

Fair Value Measurements

We follow the provisions of ASC 820 "Fair Value Measurements and Disclosures", which defines fair value and provides guidance for using fair value to measure assets and liabilities. The guidance creates a fair value hierarchy of measurement and describes fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the market in which the reporting entity transacts. In accordance with the requirements of accounting guidance relating to Fair Value Measurements, we classify and disclose our assets and liabilities carried at the fair value in one of the following categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities;

Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data;

Level 3: Unobservable inputs that are not corroborated by market data.

The fair value measurement assumes that an instrument classified in the shareholders' equity is transferred to a market participant at the measurement date. The transfer of an instrument classified in shareholders' equity assumes that the instrument would remain outstanding, and the market participant takes on the rights and responsibilities associated with the instrument.

The fair values of the Series B and Series C Preferred Shares at their issuance, as well as the fair value of the Series C Preferred Shares and of the Warrants that were assessed on the date of triggering of their down-round feature, were determined through Level 3 of the fair value hierarchy as defined in FASB guidance for Fair Value Measurements, as they are derived by using significant unobservable inputs. Determining the fair value of the equity instruments requires management to make judgments about the valuation methodologies, including the unobservable inputs and other assumptions and estimates, which are significant in the fair value measurement of the preferred stock. For the estimation of the fair values of the equity instruments we used the Black & Scholes and the discounted cash flow model, as applicable, and we also used significant unobservable inputs which are sensitive in nature and subject to uncertainty, such as expected volatility and expected life of convertibility option. Indicatively, the expected volatility used in our various valuations during the year fluctuated in a range from 77% to 148% from January 2022 to December 2022, depending, as applicable, on the expected life of convertibility option which fluctuated between 1 and 5 years in the non-recurring fair value measurements performed during the year.

Accounting for Revenues

Since our vessels are employed under time and voyage charter contracts, we disaggregate our revenue from contracts with customers by the type of charter (time charters, spot charters and pool arrangements).

We have determined that all of our time charter agreements contain a lease and are therefore accounted for as operating leases in accordance with ASC 842. Time charter revenues are accounted for over the term of the charter as the service is provided. Vessels are chartered when a contract exists, and the vessel is delivered (commencement date) to the charterer, for a fixed period of time, at rates that are generally determined in the main body of charter parties and the relevant voyage expenses burden the charterer (i.e., port dues, canal tolls, pilotages, and fuel consumption). Upon delivery of the vessel, the charterer has the right to control the use of the vessel (under agreed prudent operating practices) as they have the enforceable right to: (i) decide the delivery and redelivery time of the vessel; (ii) arrange the ports from which the vessel shall pass; (iii) give directions to the master of the vessel regarding vessel's operations (i.e., speed, route, bunkers purchases, etc.); (iv) sub-charter the vessel and (v) consume any income deriving from the vessel's charter. Any off-hires are recognized as incurred. The charterer may charter the vessel with or without the owner's crew and other operating services. In the case of time charter agreements, the agreed charter rates include compensation for part of the agreed crew and other operating services provided by the owner (non-lease components). We, as a lessor, elected to apply the practical expedient which allowed us to account for the lease and the non-lease components of time charter agreements as one, as the criteria of the paragraphs ASC 842-10-15-42A through 42B are met.

Spot, or voyage, charter is a charter where a contract is made in the spot market for the use of a vessel for a specific voyage for a specified freight rate per ton, regardless of time to complete. We have determined that under voyage charters, the charterer has no right to control any part of the use of the vessel. Thus, our voyage charters do not contain a lease and are accounted for in accordance with ASC 606. More precisely, we satisfy our single performance obligation to transfer cargo under the contract over the voyage period. Thus, revenues from voyage charters on the spot market are recognized ratably from the date of loading (Notice of Readiness to the charterer, that the vessel is available for loading) to discharge date of cargo (loading-to-discharge). Voyage charter payments are due upon discharge of the cargo. Demurrage revenue, which is included in voyage revenues, represents charterers' reimbursement for any potential delays exceeding the allowed lay time as per charter party agreement, represents a form of variable consideration and is recognized as the performance obligation is satisfied. We have taken the practical expedient not to disclose the value of unsatisfied performance obligations for contracts with an original expected length of one year or less.

For vessels operating in pooling arrangements, we earn a portion of total revenues generated by the pool, net of expenses incurred by the pool. The amount allocated to each pool participant vessel, including our vessels, is determined in accordance with an agreed-upon formula, which is determined by the margins awarded to each vessel in the pool based on the vessel's age, design and other performance characteristics. Revenue under pooling arrangements is accounted for as variable rate operating lease on the accrual basis and is recognized in the period in which the variability is resolved. We recognize net pool revenue on a quarterly basis, when the vessel has participated in a pool during the period and the amount of pool revenue can be estimated reliably based on the pool report. The allocation of such net revenue may be subject to future adjustments by the pool, however, such changes are not expected to be material.

Vessel Cost

Vessels are stated at cost which consists of the contract price and costs incurred upon acquisition or delivery of a vessel from a shipyard. Subsequent expenditures for conversions and major improvements are also capitalized when they appreciably extend the life, increase the earnings capacity or improve the efficiency or safety of the vessels; otherwise, these amounts are charged to expense as incurred.

Impairment of Long-lived Assets

We evaluate the carrying amounts, primarily for vessels, related drydock costs and cost of any equipment not yet installed, and periods over which our long-lived assets are depreciated to determine if events have occurred which would require modification to their carrying values or useful lives. When the estimate of future undiscounted net operating cash flows, excluding interest charges, expected to be generated by the use of the vessel over her remaining useful life and her eventual disposition is less than her carrying amount plus unamortized drydocking costs and any cost of equipment not yet installed, we evaluate the vessel for an impairment loss. The measurement of the impairment loss is based on the fair value of the vessel. We determine the fair value of our vessels based on assumptions, by making use of available market data and taking into consideration third-party valuations. In evaluating useful lives and carrying values of long-lived assets, management reviews certain indicators of potential impairment, such as undiscounted projected operating cash flows, vessel sales and purchases, business plans, and overall market conditions. The current conditions in the shipping market, with decreased charter rates and decreased vessel market values, are conditions that we consider indicators of potential impairment. In developing estimates of future undiscounted cash flows, we make assumptions and estimates about the vessels' future performance, with the significant assumptions being related to charter rates and fleet utilization, while other assumptions include vessels' operating expenses, vessels' residual value, dry-dock costs, and the estimated remaining useful life of each vessel. The assumptions used to develop estimates of future undiscounted cash flows are based on historical trends as well as future expectations. We also take into account factors such as the vessels' age and employment prospects under the then current market conditions, and determine the future undiscounted cash flows considering its various alternatives, including sale possibilities existing for each vessel as of the testing dates. It is reasonably possible that the estimate of undiscounted cash flows may change in the future due to changes in current rates which could adversely affect the average rates being utilized and could result in impairment of certain of our vessels.

In detail, the projected net operating cash flows are determined by considering the historical and estimated vessels' performance and utilization, as well as historical utilization of other vessels of similar type and size considering our recent shift to the tanker market and the lack of extended historical data, the charter revenues from existing time charters for the fixed fleet days and an estimated daily rate for the unfixed days (based on the most recent 10 year average historical rates available for each type of vessel) over the remaining estimated life of each vessel, net of commissions, expected outflows for scheduled vessels' maintenance and vessel operating expenses assuming an average annual inflation rate. Effective fleet utilization is assumed to be 89% for the tanker vessels, and had estimated 98% for the container vessels until their sale, taking into account the period(s) each vessel is expected to undergo her scheduled maintenance (dry docking and special surveys), assumptions in line with our historical performance since the acquisition of our tanker vessels, peers' historical performance, and our expectations for future fleet utilization under our fleet employment strategy. The current conditions in the shipping market, the physical condition of our vessels, and our current business plans, are conditions that we consider as indicators of a potential impairment. As such, for 2022, we assessed that there were no indications for potential impairment of any of our vessels. For 2021 and 2020, the review of the tanker vessels' carrying values plus unamortized dry-dock costs and cost of any equipment not yet installed, in connection with the estimated recoverable amounts did not result in a recognition of impairment charge, while the respective review for our container vessels for 2020 also did not indicate impairment charges.

RESULTS OF OPERATIONS

Results of Operations (Continuing Operations)

	For the Years Ended December 31,			
	2022	2021	variation	% change
	in millions of U.S. dollars			
Revenue	75.2	36.5	38.7	106.0%
Voyage expenses	(14.9)	(19.2)	4.3	(22.4)%
Vessel operating expenses	(13.8)	(12.3)	(1.5)	12.2%
Depreciation and amortization of deferred charges	(9.3)	(7.5)	(1.8)	24.0%
General and administrative expenses	(6.7)	(5.7)	(1.0)	17.5%
Gain on vessels' sale	9.5	0.0	9.5	-
Provision for credit losses and write offs	0.0	(0.2)	0.2	100.0%
Interest and finance costs	(4.0)	(1.8)	(2.2)	122.2%
Interest income	0.3	0.0	0.3	-
Gain from property sale	0.0	0.1	(0.1)	(100.0)%
Net income / (loss) from continuing operations	36.3	(10.1)	46.4	(459.4)%

Results of Operations (Discontinued Operations)

	For the Years Ended December 31,			
	2022	2021	variation	% change
	in millions of U.S. dollars			
Other income	0.0	0.4	(0.4)	(100.0)%
Net income from discontinued operations	0.0	0.4	(0.4)	(100.0)%

For purposes of both the following discussion and the Financial Statements, results of operations of the container vessels segment we exited during 2020, are reported as discontinued operations for all periods presented.

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

Net Income / (Loss) from continuing operations. Net income from continuing operations for 2022 amounted to $36.3 million, compared to a net loss of $10.1 million in 2021. The income of the year ended December 31, 2022, was mainly attributable to the higher revenues by 38.7 million that the Company generated during the year compared to 2021, as a result of the overall improved market conditions in the tankers' industry in 2022, the increase in fleet ownership days as a consequence of the purchase of the new vessels during 2022, the increase in the fleet utilization as compared to 2022 due to the increased employment of vessels in time charters and pool arrangements, the decrease in voyage expenses by $4.3 million as a consequence of decrease in the employment under voyage charter agreement, and the gain of $9.5 million from the sale of the vessel *P. Fos.*

Net Income from discontinued operations. Net income from discontinued operations for 2022 amounted to $0.0 million, compared to a net income of $0.4 million, which relates exclusively to a charterers' compensation for a crane damage that we received during the year for our container vessel *Domingo*, which we sold in 2020.

Revenues from continuing operations. Revenues from continuing operations for 2022 amounted to $75.2 million, compared to $36.5 in 2021. In 2022, revenues increased as a result of higher average time charter equivalent rates achieved by the Company during the year. On average, the TCE's achieved by our tanker vessels amounted to $29,579 in 2022 and $9,963 in 2021. Furthermore, the increase was further enhanced by the increase in fleet utilization, as well as the increase in operating days during 2022, following the increase of the fleet during the year.

Voyage Expenses from continuing operations. Voyage expenses from continuing operations for 2022 amounted to $14.9 million, compared to $19.2 million in 2021. Voyage expenses of our tanker vessels mainly consist of bunkers costs, port and canal expenses, and commissions paid to third-party brokers. The decrease in voyage expenses in 2022 compared to 2021 was mainly attributable to the fact that our vessels have entered into an increased proportion of time-charter agreements and pool voyage agreements during the year, where the bunkers and the port expenses are paid by the charterers, relative to 2021, when our vessels were mainly employed on spot voyages. This decrease was partially offset by increased average bunker costs in 2022 as compared to 2021, as a result of the general increase in bunker prices.

Vessel Operating Expenses from continuing operations. Vessel operating expenses from continuing operations for 2022 amounted to $13.8 million, compared to $12.3 million in 2021, and mainly consist of crew wages and related costs, consumables and stores, insurances, repairs and maintenance costs, environmental compliance and other miscellaneous expenses. The operating expenses increase is justified by the increase in the average number of tanker vessels owned by us, after the acquisition of four tanker vessels in 2022 (and the disposal of one tanker vessel also within the year), counterbalanced by the decrease in the average daily operating expenses in 2022. On an average basis, daily operating expenses for our tanker vessels decreased during the year ($6,683 in 2022, as compared to $6,740 in 2021).

Depreciation and Amortization of Deferred Charges from continuing operations. Depreciation and amortization of deferred charges in 2022 amounted to $9.3 million, compared to $7.5 million in 2021, and mainly represent the depreciation expense and the amortization of the dry-dock costs for our tanker vessels. The increase in 2022 is mainly attributable to the increased ownership days, and also due to the additional amortization of deferred charges recorded in 2022 after the drydocks performed in the second half of 2021.

General and Administrative Expenses from continuing operations. General and administrative expenses from continuing operations for 2022 amounted to $6.7 million, compared to $5.7 million in 2021, and mainly consist of payroll expenses of the office employees, consultancy fees, brokerage services fees, compensation cost on restricted stock awards, legal fees and audit fees. The increase in general administrative expenses was mainly attributable to increased employees' bonuses and legal fees, and was partially counterbalanced by lower compensation cost on restricted stock awards.

Gain of vessel's sale from continuing operations. Gain of vessel's sale for 2022 amounted to $9.5 million compared to $0 million in 2021 and solely relates to the gain from the disposal of vessel P. Fos.

Provision for Credit Losses and Write-Offs from continuing operations. Provision for credit losses and write offs from continuing operations for 2022 was $0 million, compared to $0.2 million in 2021, and represents the allowance for estimated credit losses on our outstanding short-term receivables, being freight and demurrage receivables, and the related write offs.

Interest and Finance Costs from continuing operations. Interest and finance costs from continuing operations for 2022 amounted to $4.0 million, compared to $1.8 million in 2021. The increase in 2022 is attributable to the increase of our average debt outstanding, and also due to increased average interest rates for our bank and related-party loan facilities, which were 5.02% for 2022 and 2.90% for 2021.

Interest Income from continuing operations. Interest income from continuing operations for 2022 and 2021 amounted to $0.3 million and $18 thousand respectively, and mainly consisted of interest income received on deposits of cash and cash equivalents.

Other Income from discontinued operations. Other income from discontinued operations for 2022 amounted to $0 million compared to $0.4 million for 2021 and relates exclusively to a charterers' compensation for a crane damage that we received during the year for our container vessel Domingo, which we sold in 2020.

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

Please refer to our annual report on Form 20-F for the year ended December 31, 2021, as filed with the SEC on March 11, 2022.

B. ***Liquidity and Capital Resources***

We have historically financed our capital requirements with cash flow from operations, equity contributions from shareholders, and long- and medium-term debt. Our operating cash flow is generated from charters on our vessels, through our subsidiaries. Our main uses of funds have been capital expenditures for the acquisition of new vessels, expenditures incurred in connection with ensuring that our vessels comply with international and regulatory standards, repayments of loans, and payments of dividends. At times when we are not restricted by our lenders from acquiring additional vessels, we will require capital to fund vessel acquisitions and debt service.

During the COVD-19 pandemic, global financial markets, including financial markets in the U.S., experienced even greater relative volatility and a steep and abrupt downturn, which volatility and downturn may continue as COVID-19 continues to spread. More recently, the war in Ukraine and resulting sanctions have disrupted supply chains and cause instability in the energy markets and the global economy, which have experienced significant volatility. Credit markets and the debt and equity capital markets have been distressed, and the uncertainty surrounding the future of the global credit markets has resulted in reduced access to credit worldwide, particularly for the shipping industry. These issues, along with significant write-offs in the financial services sector, the repricing of credit risk, and the current weak economic conditions, have made, and will likely continue to make it difficult to obtain additional financing. The current state of global financial markets and current economic conditions might adversely impact our ability to issue additional equity at prices that will not be dilutive to our existing shareholders or preclude us from issuing equity at all.

As of December 31, 2022 and 2021, our working capital, which is current assets minus current liabilities, including the current portion of long-term debt, was $27.4 million and $4.2 million, respectively. Management monitors the Company's liquidity position to ensure that it has access to sufficient funds to meet its forecasted cash requirements, including debt service commitments, and to monitor compliance with the financial covenants within its loan facilities. Our loan facilities require that we maintain a minimum liquidity balance (compensating cash balance) and a certain level of restricted cash throughout the life of the loans. Currently, and in the short- and long-term, our primary sources of funds are and are expected to be available cash, cash from operations, proceeds from long-term debt and proceeds from equity offerings, or a combination of those. Our primary liquidity needs in the short-and long-term are expected to include debt amortization, capital expenditures for the acquisition of new vessels, and the payment of preferred dividends. We believe that our working capital will be sufficient to meet our liquidity needs and to comply with our banking covenants for at least twelve months from the end of the period presented in the financial statements included in this report, and that these sources of funds which we anticipate being available to us will be sufficient to meet our long-term liquidity needs. For the upcoming 12 months, we are obligated to make debt amortization payments of $16.5 million in the aggregate under the terms of our existing loan facilities and dividends of $1.9 million in the aggregate, assuming such dividends were paid in cash, will accrue on our outstanding Series B Shares and Series C Shares. Installment payments under the shipbuilding contract we entered into on March 7, 2023 are tied to specific construction milestones, the timing of which is uncertain. In April 2023, we paid the first installment of $9.5 million, and 10% of the purchase price is payable at each of the milestones of steel cutting, keel laying and launching of the vessel, and the remaining 55% of the purchase price is payable upon the vessel's delivery. For additional information on the amortization of our long-term debt obligations, see "—Loan Facilities." For information on our future capital expenditures, see "—Capital Expenditures." In order to meet our liquidity needs, we may enter into new debt facilities in the future, as well as equity or debt instruments, although there can be no assurance that we will be able to obtain additional debt or equity financing on terms acceptable to us, which will also depend on financial, commercial and other factors, as well as a significant recovery in capital market conditions and a sustainable improvement in the tankers' charter market, that are beyond our control.

Cash Flow (Continuing and Discontinued Operations)

As of December 31, 2022, cash and cash equivalents amounted to $38.7 million (including compensation cash balances of $10.5 million), compared to $9.6 million (including compensation cash balances of $5.0 million) for the prior year. We consider highly liquid investments such as time deposits and certificates of deposit with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents are primarily held in U.S. dollars. For the presentation of the statement of cash flows in our financial statements, we elected to combine cash flows from discontinued operations with cash flows from continuing operations within each cash flow statement category. The absence of cash flows from discontinued operations is not expected to affect our future liquidity and capital resources.

Net Cash Provided by / (Used in) Operating Activities

Net cash provided by operating activities in 2022 amounted to $33.8 million. Net cash used in operating activities in 2021 amounted to $3.1 million (out of which approximately $0.4 million was cash provided by operating activities of the discontinued operations). Net cash used in operating activities in 2020 amounted to $13.2 million (out of which approximately $0.9 million was cash used in operating activities of the discontinued operations). Cash from operations in 2022 increased compared to 2021, mainly due to the higher revenues generated during 2022 as a result of the recovery market conditions in the tankers' shipping industry. Cash from operations in 2021 decreased compared to 2020, mainly due to the lower revenues generated during 2021 as a result of the weak market conditions in the tankers' shipping industry.

Net Cash Provided by/ (Used in) Investing Activities

Net cash used in investing activities in 2022 was $113.0 million and consists of $2.1 million we paid for vessels' improvement costs mainly relating to the installation of the ballast water treatment system on certain of our vessels (continuing operations), $143.4 million that we paid for the acquisition of four tanker vessels (continuing operations), $32,6 million net proceeds received from the sale of one Aframax tanker vessel during the year (continuing operations), and $27 thousand we paid for equipment additions.

Net cash used in investing activities in 2021 was $0.8 million and consists of $1.8 million we paid for vessels' improvement costs mainly relating to the installation of the ballast water treatment system on certain of our vessels (continuing operations), $1.0 million we received from the sale of a plot of land located in Athens, Greece to a subsidiary of Diana Shipping Inc. (continuing operations), and $8 thousand we paid for equipment additions (continuing operations).

Net cash used in investing activities in 2020 was $40.1 million and consists of $63.4 million that we paid for the acquisition of three tanker vessels (continuing operations), $0.2 million that we paid for equipment additions (continuing operations), and $23.5 million net proceeds received from the sale of two container vessels during the year (discontinued operations). Also, the parent company (continuing operations), received an amount of $24.4 million, representing a return of capital from discontinued operations, which is eliminated in consolidation.

Net Cash Provided by / (Used in) Financing Activities

Net cash provided by financing activities from continuing operations in 2022 was $109.3 million, and consists of $5 million of related parties loans proceeds, $108.6 million of bank loan proceeds, $70 thousands of repayments of related party loans, $30.3 million of bank loan repayments, $26.1 million proceeds from issuance of common shares, $1.8 million proceed from issuance of common shares under ATM program, $0.9 million that we paid for the repurchase of our common shares and $0.9 million that we paid as cash dividends to our shareholders.

Net cash used in financing activities from continuing operations in 2021 was $7.9 million, and related solely to principal repayments of our long-term bank debt (continuing operations).

Net cash provided by financing activities from continuing operations in 2020 was $22.0 million, and consists of $34.8 million of bank loan proceeds, $9.2 million of bank loan repayments, $0.6 million of equity issuance and financing costs, $0.6 million that we paid for the repurchase of our common shares, $1.5 million that we paid for the re-purchase of our Series C preferred shares, $0.4 million that we paid for the re-purchase of our Series B preferred shares and $0.5 million that we paid as cash dividends to our shareholders. Net cash used in financing activities for discontinued operations was $24.4 million and relates to the return of capital to the parent company from container ship-owning companies. Such outflow is eliminated in the consolidated cash flows.

Loan Facilities

As at December 31, 2022, we had $128.5 million of long-term debt outstanding under our bank loan facilities. As of April 26, 2023, we had $123.4 million aggregate amount of indebtedness outstanding under our bank loan facilities.

As of December 31, 2022, and the date of this report, we have not used any derivative instruments for hedging purposes or other purposes.

Our loans are repayable in quarterly installments plus one balloon installment per loan agreement to be paid together with the last installment, and bear variable interest at SOFR or LIBOR plus a fixed margin ranging from 2.35% to 2.85%. Their maturities fall due from July 2024 to December 2027. As of December 31, 2022, all our term loans were collateralized by our eight tanker vessels. For a description of our loan facilities, please see Note 8 to our annual consolidated financial statements included elsewhere in this annual report.

Nordea Bank Abp, Filial i Norge (Nordea):

On July 24, 2019, we, through two of our wholly owned subsidiaries (the "Initial Borrowers"), entered into a loan agreement with Nordea for a senior secured term loan facility of up to $33.0 million (as amended from time to time, the "Nordea Facility"). The purpose of the loan facility was to partially finance the acquisition cost of the tanker vessels *Blue Moon* and *Briolette*. In July and November 2019, the Initial Borrowers drew down the maximum amount of $16.5 million each.

On December 23, 2019, we, through the "Initial Borrowers" and one new wholly owned subsidiary (collectively "the Borrowers"), entered into the first amendment and restatement loan agreement with Nordea for a senior secured term loan facility of up to $47.0 million. The purpose of the amended agreement was to provide additional financing of up to $14.0 million for the acquisition of the tanker vessel *P. Fos* (ex *Virgo Sun*), and in all other respects included identical terms to the initial agreement of July 2019. On January 22, 2020, we drew down the amount of $14.0 million to support the acquisition of the vessel *P. Fos* (ex *Virgo Sun*), whose delivery took place on January 27, 2020.

On March 20, 2020, we signed the second amendment and restatement loan agreement with Nordea for a senior secured term loan facility of up to $59.0 million. The purpose of the second amendment and restatement loan agreement was to provide additional financing of up to $12.0 million for the acquisition of the tanker vessel *P. Kikuma* (ex *FSL Shanghai)*, and in all other respects included identical terms to the prior agreement of December 2019. On March 26, 2020, we drew down the amount of $12.0 million. The vessel *P. Kikuma* was delivered to us on March 30, 2020.

On December 9, 2020, we refinanced the outstanding indebtedness relating to the vessels *P. Fos* and *P. Kikuma* in the aggregate amount of $21.2 million using a portion of the proceeds from the Piraeus Facility (described below). Concurrently, we entered into a Supplemental Loan Agreement with Nordea, to amend the existing repayment schedules of the *Blue Moon* and *Briolette* tranches and to amend the major shareholder's clause included in the agreement. The First and Second Amendment and Restatement Loan Agreements, and the Supplemental Loan Agreement with Nordea included substantially identical terms to the Initial Agreement.

In November 2021, Nordea provided their consent for a reduction of our minimum liquidity requirement from $9.0 million to $5.0 million, with an effective date December 31, 2021 through June 30, 2022, and effective July 1, 2022, the respective clause was

reinstated to its initial requirements.

As of December 31, 2022, the outstanding balance on the Nordea Facility was $20.7 million.

Piraeus Bank S.A.:

On December 3, 2020, we, through three of our subsidiaries (collectively the "Piraeus Bank Borrowers"), entered into a loan agreement with Piraeus Bank S.A. ("Piraeus Bank") for a senior secured term loan facility of up to $31.5 million (the "Piraeus Facility"), to refinance the existing indebtedness of the vessels "P. Fos" and "P. Kikuma" under the Nordea Facility, described above, and partially finance the acquisition cost of the vessel "P. Yanbu", which was delivered to us on December 15, 2020. In December 2020, we drew down an aggregate amount of $30.0 million under the loan agreement, and no amount remained available for drawdown thereafter.

The "P. Fos" tranche was repaid in full and released from the loan agreement in November 2022, due to the vessels' sale. Furthermore, the "P. Yanbu" and the "P. Kikuma" tranches were also released from the specific loan agreement in July and December 2022, respectively, as part of their refinancing under the new loan agreements with Piraeus Bank signed in June and November 2022 (discussed below), and as such, the specific loan agreement was terminated.

In June 2022, we, through our vessel-owning subsidiaries of the vessels "P. Sophia" and "P. Yanbu", entered into a new loan agreement with Piraeus Bank for a senior secured term loan facility of up to $31.9 million. The purpose of this facility was to finance the acquisition of "P. Sophia" by up to $24.6 million and refinance the existing indebtedness of $7.3 million of the vessel "P. Yanbu". The Company utilized the full amount of $31.9 million in July 2022. As of December 31, 2022, the outstanding balance on the Piraeus Facility of the vessels "P. Sophia" and "P. Yanbu", was $31.1 million.

Later, in November 2022, we, through our vessel-owning subsidiaries of the vessels "P. Monterey" and "P. Kikuma", entered into a new loan agreement with Piraeus Bank for a senior secured term loan facility of up to $37.4 million. The purpose of this facility was to finance the acquisition of "P. Monterey" by up to $29.6 million and refinance the existing indebtedness of $7.8 million of the vessel "P. Kikuma." We utilized an amount of $36.5 million in November 2022, which remained outstanding as of December 31, 2022.

In November 2021, Piraeus Bank provided their consent for a reduction of our minimum liquidity requirement from $9.0 million to $5.0 million, with an effective date December 31, 2021 through September 30, 2022, and effective October 1, 2022, the respective clause was reinstated to its initial requirements.

Alpha Bank S.A.:

In November 2022, we, through our vessel-owning subsidiary of the vessel "P. Aliki" signed a loan agreement with Alpha Bank S.A ("Alpha Bank"), to support the acquisition of the vessel by providing a secured term loan of up to $18.3 million. The maximum loan amount was drawn down upon the vessel's delivery to us in November 2022. As of December 31, 2022, the outstanding balance on the Alpha Bank Facility for "P. Aliki" was $18.3 million.

In December 2022, we, through our vessel-owning subsidiary of the vessel "P. Long Beach" signed a loan agreement with Alpha Bank S.A, to support the acquisition of the vessel by providing a secured term loan of up to $22.0 million. The maximum loan amount was drawn down upon the vessel's delivery to us in December 2022. As of December 31, 2022, the outstanding balance on the Alpha Bank Facility for "P. Long Beach" was $22.0 million.

Mango Shipping Corp.:

On March 2, 2022, we entered into an unsecured credit facility with Mango Shipping Corp., an affiliated entity whose beneficial owner is Aliki Paliou, for up to $5.0 million, to be used for general working capital purposes. The loan had a term of one year from the date of the agreement, bore interest of 9.0% per annum, and was drawn in arrears at our request. The agreement also provided for arrangement fees of $0.2 million payable on the date of the agreement, and commitment fees of 3.00% per annum on any undrawn amount until the maturity date. We drew down the $5.0 million loan amount in two advances in March 2022.

On October 17, 2022, we entered into a stock purchase agreement with Mango pursuant to which we agreed to issue to Mango in a private placement 1,314,792 Series C Preferred Stock in exchange for (i) all 657,396 Series B Preferred Shares held then by Mango, and (ii) the agreement by Mango to apply $4.9 million (an amount equal to the aggregate cash conversion price payable upon conversion of such Series B Preferred Shares into Series C Preferred Shares pursuant to their terms) as a prepayment by us of the unsecured credit facility. The transaction was approved by a special independent committee of our Board of Directors. On October 19, 2022, we repaid the remaining amounts due of $70, together with accrued interest, and terminated the credit facility.

Covenants and Security

Our loan facilities have financial covenants, which require us to maintain, among other things:

- Minimum hull value of the financed vessels.
- Minimum cash liquidity. As at December 31, 2022, and December 31, 2021, the maximum compensating cash balance required under our loan agreements amounted to $10.5 million and $5.0 million, respectively.

Our loan facilities also contain undertakings limiting or restricting us from, among other things:

- Effecting dividend distributions following the occurrence of an event of default.
- Effecting certain changes in shareholdings.

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

- A parent guarantee by Performance Shipping Inc.
- First priority mortgages over the financed tanker vessels.
- First priority assignments of earnings, insurances and of any charters exceeding durations of two years.
- Pledge over the borrowers' shares and over their earnings accounts.
- Undertakings by the vessels' managers.

As at December 31, 2022, and the date of this report, we were in compliance with all of our loan covenants.

Capital Expenditures

Our future capital expenditures relate to the purchase of vessels, building of vessels and vessel upgrades. Our primary sources of funds will be available cash, cash from operations, proceeds from long-term debt and equity contributions from shareholders, or a combination of those.

On March 7, 2023, we entered into a shipbuilding contract with China Shipbuilding Trading Company Limited and Shanghai Waigaoqiao Shipbuilding Company Limited for the construction of a product/crude oil tanker of approximately 114,000 dwt. The newbuilding (H1515) has a gross contract price of $63.3 million and we expect to take delivery of it by the end of October 2025. The purchase price of the newbuilding will be paid in five instalments, with the first one at $9.5 million, the second, third and fourth at $6.3 million each, and the final instalment for the balance of the amount or $34.9 million.

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

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

From time to time, we incur expenditures relating to inspections for acquiring new vessels that meet our standards. Such expenditures are capitalized to vessel's cost upon such vessel's acquisition or expensed, if the vessel is not acquired, however, historically, such expenses were not material.

D. ***Trend Information***

Tanker Shipping Market

The global outbreak of COVID-19 in 2020 caused wide ranging operational disruptions and created uncertainty over charter rates and demand for seaborne crude oil transportation, a trend which continued into 2021. Nevertheless, due to widespread vaccine programs and several containment measures in place, and the recovery in economic activity, global crude oil demand increased by 2.2% in 2022 supported by the global need for crude oil restocking and is currently projected to rise by 1.8% in 2023 (101.4 million barrels

per day).

‘Headline’ fundamentals across the crude oil tanker sector currently appear balanced for 2023, as crude tanker dwt demand is projected to grow by 6.7% while the crude tanker fleet is projected to grow marginally by 2.0%. With respect to the Aframax tanker segment, which is the market in which we operate, crude Aframax dwt demand is currently projected to increase by 4.6% in 2023 supported by recovering crude oil demand from China and other developing regions in Asia. The ongoing conflict between Russia and Ukraine has had a material impact on seaborne crude oil and refined petroleum products trade up to now, while the longer-term impact of the geopolitical crisis in the tanker markets remains a challenging factor which remains to be seen. Nevertheless, sanctions imposed to Russia by the U.S., United Kingdom and the EU among other countries, including the recent ban on Russian crude oil and refined petroleum products which was enforced in December 2022 and February 2023 respectively, resulted in significant shifts in crude oil trade patterns towards longer-haul destinations, thus supporting tanker charter rates and tonne-mile demand.

According to industry sources, the average spot earnings for an Aframax tanker trading on selected routes (e.g., Intra-Asia, Med-Med, Black Sea-Med and others) in 2022 was a daily TCE rate of $55,967. This compares to an estimated daily TCE rate of $8,242 in 2021.

Specifically, in the Aframax crude oil tanker segment it is expected that the trading Aframax crude tanker fleet will grow by just 0.2% in 2023, while demand for transportation via crude Aframax tankers will rise by 4.6% in the same period.

The above market outlook update is based on information, data and estimates derived from industry sources, and there can be no assurances that such trends will continue or that anticipated developments in tanker demand, fleet supply or other market indicators will materialize. While we believe the market and industry information included in this report to be generally reliable, we have not independently verified any third-party information or verified that more recent information is not available. The statements in this "Trend Information" section are forward-looking statements based on our current expectations and certain material assumptions and, accordingly, involve risks and uncertainties that could cause actual results, performance and outcomes to differ materially from those expressed herein.

Effects of COVID-19 Pandemic

Commencing from the latter part of the second quarter of 2020, principally as the result of the impact of the COVID-19 pandemic, oil production has declined. This development, which negatively impacted the demand for oil tankers during the second half of 2020, continued throughout 2021. However, during the year ended December 31, 2022, the Company's revenues improved due to strength in spot charter rates on account of higher OPEC+ production and increased ton mile due to the sanctions on Russian crude oil exports. As of December 31, 2022, and during the year ended December 31, 2022, the Company's financial results have not been adversely affected from the impact of COVID. Given the dynamic nature of these circumstances, the full extent to which the COVID-19 global pandemic may have direct or indirect impact on the Company's cannot be reasonably estimated at this time, although it could materially affect the Company's business, results of operations and financial condition in the future.

Impact of War in Ukraine

Furthermore, the outbreak of war between Russia and the Ukraine has disrupted supply chains and caused instability in the global economy, while the United States and the European Union, among other countries, announced sanctions against Russia, including sanctions targeting the Russian oil sector, among those a prohibition on the import of oil from Russia to the United States. The ongoing conflict could result in the imposition of further economic sanctions against Russia and given Russia's role as a major global exporter of crude oil, the Company's business may be adversely impacted. Currently, none of the Company's contracts have been affected by the events in Russia and Ukraine. As of December 31, 2022, and during the year ended December 31, 2022, the Company's financial results have not been adversely affected from the impact of war between Russia and Ukraine. However, it is possible that in the future third parties with whom the Company has or will have contracts may be impacted by such events. While in general much uncertainty remains regarding the global impact of the conflict in Ukraine, it is possible that such tensions could adversely affect the Company's business, financial condition, results of operation and cash flows.

Impact of Inflation and Interest Rate Increases

Also, we see near-term impacts on our business due to elevated inflation in the United States of America, Eurozone and other countries, including ongoing global prices pressures in the wake of the war in Ukraine, driving up energy prices, commodity prices, which continue to have a moderate effect on our operating expenses. Interest rates have increased rapidly and substantially as central banks in developed countries raise interest rates in an effort to subdue inflation. The eventual implications of tighter monetary policy, and potentially higher long-term interest rates may drive a higher cost of capital for our business.

E. ***Critical Accounting Estimates***

For a description of all our principal accounting policies, see Note 2 to our annual consolidated financial statements included elsewhere in this annual report, and for our critical accounting estimates, see paragraph "Critical Accounting Estimates and Policies" under Item 5.A discussed above.

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 officers. Our board of directors is elected annually on a staggered basis, and each director elected holds office for a three-year term and until his or her successor is elected and has qualified, except in the event of such director's death, resignation, removal, or the earlier termination of his or her term of office. Officers are appointed from time to time by our board of directors and hold office until a successor is elected.

Effective February 28, 2022, Antonios Karavias and Reidar Brekke resigned from our board of directors. Also, effective February 28, 2022, the size of our board of directors decreased from seven to five members, and Aliki Paliou was appointed as Chairperson of our board of directors. On February 28, 2022, the election of Loïsa Ranunkel as a Class I Director and elections of Alex Papageorgiou and Mihalis Boutaris as Class III Directors were approved by the requisite vote at our 2022 Annual Meeting. Symeon Palios, Giannakis (John) Evangelou, Christos Glavanis did not stand for re-election.

On February 22, 2023, the re-election of Andreas Michalopoulos and Loïsa Ranunkel, each as a Class I director was approved by the requisite vote at our 2023 Annual Meeting.

Name	Age	Position
Andreas Michalopoulos	52	Class I Director, Chief Executive Officer and Secretary
Loïsa Ranunkel	46	Class I Director
Aliki Paliou	47	Class II Director and Chairperson of the Board
Alex Papageorgiou	51	Class III Director
Mihalis Boutaris	49	Class III Director
Anthony Argyropoulos	58	Chief Financial Officer

The term of the Class I directors expires in 2026, the term of the Class II directors expires in 2024, and the term of the Class III directors expires in 2025.

The business address of each officer and director is the address of our principal executive offices, which are located at 373 Syngrou Avenue, 175 64 Palaio Faliro, Athens, Greece.

Biographical information concerning the directors and executive officers as of the date of this annual report is set forth below.

Andreas Michalopoulos has served as the Chief Executive Officer of Performance Shipping Inc. since October 2020 and as a Director since February 2020. From October 2019 to October 2020, he served as our Deputy Chief Executive Officer. From January 13, 2010, to October 2020, he also served as our Chief Financial Officer. Andreas Michalopoulos served as Chief Financial Officer and Treasurer of Diana Shipping Inc. from March 2006 to February 2020, and he also served as a Director of Diana Shipping Inc. from August 2018 to February 2020. He started his career in 1993 when he joined Merrill Lynch Private Banking in Paris. In 1995, he became an International Corporate Auditor with Nestle SA based in Vevey, Switzerland and moved in 1998 to the position of Trade Marketing and Merchandising Manager. From 2000 to 2002, he worked for McKinsey and Company in Paris, France as an Associate Generalist Consultant before joining a major Greek Pharmaceutical Group with U.S. R&D activity as a Vice President of International Business Development and Member of the Executive Committee in 2002 where he remained until 2005. From 2005 to 2006, he joined Diana Shipping Agencies S.A. as a Project Manager. Andreas Michalopoulos graduated from Paris IX Dauphine University with Honors in 1993 obtaining an MSc in Economics and a master's degree in Management Sciences specialized in Finance. In 1995, he also obtained a master's degree in Business Administration from Imperial College, University of London. Andreas Michalopoulos is married to Aliki Paliou, who is also one of our Directors and current Chairperson of our Board.

Loïsa Ranunkel has served as an independent Director of the Company and as the Chairman of our Compensation Committee since the 2022 annual meeting of shareholders. She is an experienced insurance broker specializing in Trade Credit and Political Risks. Since 2018, she has been involved in overseeing the creation and the development of the Political Risks Insurance (PRI) department at AU Group in Paris, a historical and world-leading broker specializing in securing and financing trade receivables. From 2014 to 2018, she worked as a certified Political and Trade Credit Risks Insurance Broker in Greece with clients based in Greece and abroad, focusing on the construction industry, defense industry, renewable energies, and shipbuilding. LoïsaRanunkel began her career in the PRI market in 2006, when she was appointed manager of the Alcatel-Lucent global Political and Commercial Risks program. Before entering the PRI market, she worked at HSBC Investment Bank as an information and communication expert and spent six years as a business development officer at Egis Group – BDPA, a consulting firm specializing in international development assistance. Loïsa Ranunkel holds an MBA from the IAE – Paris Sorbonne.

Aliki Paliou has served as a Director since February 2020 and as Chairperson of our Board as of the 2022 annual meeting of

shareholders. She also serves as Director, Vice-President and Treasurer of Unitized Ocean Transport Limited since January 2020. From 2010 to 2015 she was employed as a Director and Treasurer of Alpha Sigma Shipping Corp. Aliki Paliou studied Theatre Studies at the University of Kent in Canterbury, UK and obtained an M.A. in Scenography at Central Saint Martins School of Art and Design in London, UK. In 2005 she graduated with honors from the Greek School of Fine Art in Athens, Greece. She is married to Andreas Michalopoulos, our current Chief Executive Officer, Director and Secretary.

Alex Papageorgiou has served as an independent Director of the Company and as the Chairman of our Audit Committee since the 2022 annual meeting of shareholders. He has over 25 years of experience in banking, capital markets, real estate, and shipping. Alex Papageorgiou previously served as the Chief Executive Officer of Hystead Limited, a retail real estate company with over Euro 750 million in shopping mall assets located throughout Southeast Europe. He was also the founder and Chief Executive Officer of Assos Capital Limited, a real estate private equity firm focused on real estate in Southeast Europe, as well as Assos Property Management EOOD, a leading retail property management company in Bulgaria. He served as a Director of Seanergy Maritime Corp. (now Seanergy Maritime Holdings Corp.) from December 2008 to November 2009. From 2007 to 2008, he served as a non-executive Director at First Business Bank in Athens, Greece. Between March 2005 and May 2006, he was the chief financial officer of Golden Energy Marine Corp., an international shipping company transporting a variety of crude oil and petroleum products based in Athens, Greece. From March 2004 to March 2005, Alex Papageorgiou served as a director in the equities group in the London office of Citigroup Global Markets Inc., where he was responsible for the management and development of Citigroup's Portfolio Products business in the Nordic region. From March 2001 to March 2004, Alex Papageorgiou served as a vice president in the equities group in the London office of Morgan Stanley & Co., where he was responsible for Portfolio Product sales and sales-trading coverage for the Nordic region and the Dutch institutional client base. From April 1997 to March 2001, he was an associate at J.P. Morgan Securities Ltd. in the Fixed Income and Investment Banking divisions. Alex Papageorgiou holds an MSC in Shipping, Trade and Finance from City University Business School in London, UK and a BA (Hons) in Business Economics from Vrije Universiteit in Brussels, Belgium.

Mihalis Boutaris serves as an independent Director of the Company, as a member of our Audit Committee, and as a member of our Compensation Committee as of the 2022 annual meeting of shareholders. He is the founder and director of Athroa Innovations, an early-stage investor & operator of ventures tackling human & planetary health challenges. He has served as an advisor to the National Centre of Scientific Research "Demokritos" having a track record of cross-border partnerships to bring to market novel technologies including an eco-friendly biopesticide, a small hydroelectric power plant, and the first concentrated solar power plant in Greece. Mr. Boutaris is a fifth-generation winemaker and Vice-President of Kir-Yianni with wine apprenticeships in California, Chile, and France. Based in Shanghai, he established Domaine XiGu, one of the pioneering wineries in China producing fine wine, while developing an exports network for Greek wine in Asia Pacific. He began his career at the Boston Consulting Group after graduating with a BA in philosophy from Harvard and a MSc in horticulture from UCDavis. He has served in the Greek Marine Corps and co-founded Arcturos, a prominent wildlife NGO.

Anthony Argyropoulos has served as our Chief Financial Officer since October 2020. Anthony Argyropoulos is the founder of Seaborne Capital Advisors, an Athens, Greece based financial advisory firm focused on the shipping and maritime industries. Prior to Seaborne Capital Advisors, Anthony Argyropoulos was a Partner at Cantor Fitzgerald & Co. until September 2011, where he was responsible for the investment banking group's activities in the maritime sector. Through early 2004, he was a Senior Vice President with Jefferies & Company, Inc., where he was instrumental in developing their maritime investment banking practice. Anthony Argyropoulos graduated from Deree College, Athens, with a B.A. in Economics and from Bentley College, Waltham, Mass. with an M.B.A. in Finance. He is a member of the Beta Gamma Sigma honor society of collegiate schools of business. He is a frequent speaker in global shipping events, contributor to several publications and recipient of a number of awards.

As a foreign private issuer listed on the Nasdaq Capital Market, we are required to disclose certain self-identified diversity characteristics about our directors pursuant to Nasdaq board diversity and disclosure rules approved by the Commission in August 2021. The Board Diversity Matrix set forth below contains the requisite information as of the date of this annual report.

Board Diversity Matrix (As of April 27, 2023)

To be completed by Foreign Issuers (with principal executive offices outside of the U.S.) and Foreign Private Issuers

Country of Principal Executive Offices	**Greece**
Foreign Private Issuer	**Yes**
Disclosure Prohibited under Home Country Law	**No**
Total Number of Directors	**5**

	Female	**Male**	**Non-Binary**	**Did Not Disclose Gender**
Part I: Gender Identity				
Directors	2	3	0	0
Part II: Demographic Background				
Underrepresented Individual in Home Country Jurisdiction		0		
LGBTQ+		0		
Did Not Disclose Demographic Background		0		

B. ***Compensation***

Effective March 1, 2020, our senior management is remunerated based on their consultancy or employment agreements, as applicable. Pursuant to the consultancy agreement we have in place with Anthony Argyropoulos, our Chief Financial Officer, we have agreed to pay Anthony Argyropoulos additional cash compensation in the amount of 0.35% and retroactively September 2021 in the amount of 0.50% of the consideration paid or received by us in connection with certain capital raising and other transactions.

For 2022, the aggregate fees and bonuses of our executives amounted to $2.1 million.

From January 1, 2022 until February 28, 2022, our non-executive directors received annual compensation in the aggregate amount of $40,000 plus reimbursement of their out-of-pocket expenses incurred while attending any meeting of the board of directors or any board committee, and the chairman of the board received annual compensation of $60,000. In addition, a committee chairman received an additional $20,000 annually, and other committee members received an additional $10,000 annually.

Effective February 28, 2022, our non-executive directors received annual compensation in the aggregate amount of $30,000 plus reimbursement of their out-of-pocket expenses incurred while attending any meeting of the board of directors or any board committee, and the chairperson of the board received annual compensation of $60,000. In addition, a committee chairman received an additional $10,000 annually, and other committee members received an additional $5,000 annually. We do not have a retirement plan for our officers or directors. For 2022, fees, bonuses and expenses to non-executive directors amounted to $0.3 million.

On January 1, 2021, we granted to Anthony Argyropoulos, our Chief Financial Officer, stock options to purchase 8,000 of our common shares as share-based remuneration, which can be exercised only when our stock price increases. The stock options are exercisable at a price range between $150.00 and $450.00 per share, for a term of five years. As of December 31, 2022, and as of the date of this annual report, no stock options have been exercised.

In 2022, compensation costs relating to the aggregate amount of stock option awards amounted to $Nil. In addition, in 2022, compensation cost relating to restricted stock awards that were issued in prior years was $0.1 million.

2015 Equity Incentive Plan

On May 5, 2015, we adopted an equity incentive plan, which we refer to as the 2015 Equity Incentive Plan, as amended from time to time, under which directors, officers, employees, consultants and service providers of us and our subsidiaries and affiliates would be eligible to receive options to acquire common shares, stock appreciation rights, restricted stock, restricted stock units and unrestricted common shares. On February 9, 2018, our board of directors adopted Amendment No 1 to the 2015 Equity Incentive Plan, solely to increase the aggregate number of common shares issuable under the plan to 3,666 shares (as adjusted after the effectiveness of the reverse stock splits of November 2, 2020 and of November 15, 2022). Effective December 30, 2020, we amended and restated the 2015 Equity Incentive Plan, primarily to increase the aggregate number of common shares issuable under the plan to 35,922 (as adjusted after the effectiveness of the reverse stock split of November 15, 2022), and to extend the term. The plan will expire ten years from its date of adoption (as amended and restated) unless terminated earlier by our board of directors. During the year ended December 31, 2020, we issued 4,481 restricted shares (as adjusted after the effectiveness of the reverse stock split of November 15, 2022) under the plan to our executive officers and non-executive directors. On January 1, 2021, we granted to our Chief Financial Officer stock options to purchase 8,000 (as adjusted after the effectiveness of the reverse stock split of November 15, 2022) of our common shares as share-based remuneration which can be exercised only when our stock price increases. The stock options are exercisable at a price range between $150.00 and $450.00 per share, for a term of five years.

The 2015 Equity Incentive Plan is administered by our compensation committee, or such other committee of our board of directors as may be designated by the board to administer the plan.

Under the terms of the 2015 Equity Incentive Plan, stock options and stock appreciation rights granted under the plan will have an exercise price per common share equal to the market value of a common share on the date of grant, unless otherwise specifically provided in an award agreement, but in no event will the exercise price be less than the greater of (i) the market value of a common share on the date of grant and (ii) the par value of one common share. Options and stock appreciation rights will be exercisable at times and under conditions as determined by the plan administrator, but in no event will they be exercisable later than ten years from the date of grant.

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

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

Our board of directors may amend the plan and may amend outstanding awards issued pursuant to the plan, provided that no such amendment may be made that would materially impair any rights, or materially increase any obligations, of a grantee under an outstanding award without the consent of such grantee. Shareholder approval of plan amendments will be required under certain circumstances. The plan administrator may cancel any award and amend any outstanding award agreement, except no such amendment shall be made without shareholder approval if such approval is necessary to comply with any tax or regulatory requirement applicable to the outstanding award.

C. *Board Practices*

Actions by our Board of Directors

Our amended and restated bylaws provide that vessel acquisitions and disposals from or to a related party and long term time charter employment with any charterer that is a related party will require the unanimous approval of the independent members of our board of directors and that all other material related party transactions shall be subject to the approval of a majority of the independent members of the board of directors.

Committees of our Board of Directors

Our Audit Committee, comprised of two members of our board of directors, is responsible for reviewing our accounting controls, recommending to the board of directors the engagement of our independent auditors, and pre-approving audit and audit-related services and fees. Each member has been determined by our board of directors to be "independent" under Nasdaq rules and the rules and regulations of the SEC. As directed by its written charter, the Audit Committee is 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. Until February 2022, John Evangelou served as Chairman and Antonios Karavias served as member of our Audit Committee. Alex Papageorgiou serves as the Chairman of the Audit Committee as of the 2022 annual meeting of shareholders. We believe that Alex Papageorgiou qualifies as an Audit Committee financial expert as such term is defined under SEC rules. Mihalis Boutaris serves as a member of our Audit Committee.

Our Compensation Committee, comprised of two independent directors, is responsible for, among other things, recommending to the board of directors our senior executive officers' compensation and benefits. As of the 2022 annual meeting of shareholders, Loïsa Ranunkel serves as the Chairman of the Compensation Committee and Mihalis Boutaris serves as a member of our Compensation Committee.

Our Executive Committee is responsible for the overall management of our business. Since November 19, 2020, our Executive Committee is comprised of Aliki Paliou, our Director and Chairperson of our Board, and Andreas Michalopoulos, our Chief Executive Officer.

We also maintain directors' and officers' insurance, pursuant to which we provide insurance coverage against certain liabilities to which our directors and officers may be subject, including liability incurred under U.S. securities law.

D. *Employees*

We crew our vessels with Filipino officers and crew members, who are referred to us by independent crewing agencies. The crewing agencies handle each seafarer's training and payroll. We ensure that all our seafarers have the qualifications and licenses required to comply with international regulations and shipping conventions. We typically crew our vessels with more crew members than are required by the country of the vessel's flag in order to allow for the performance of routine maintenance duties.

The following table presents the number of shoreside personnel employed by our in-house manager and the number of seafaring personnel employed by our vessel-owning subsidiaries as of December 31, 2022, 2021, and 2020. The increase in the number of

seafaring employees from 2021 to 2022 was due to the increase of our average fleet.

	As of December 31, 2022	As of December 31, 2021	As of December 31, 2020
Shoreside	30	25	23
Seafaring	197	127	128
Total	**227**	**152**	**151**

E. ***Share Ownership***

With respect to the total amount of common shares owned by our officers and directors individually and as a group, see "Item 7. Major Shareholders and Related Party Transactions – A. Major Shareholders."

Item 7. Major Shareholders and Related Party Transactions

A. ***Major Shareholders***

The following table sets forth current information regarding ownership of our common shares of which we are aware as of April 25, 2023, for (i) beneficial owners of five percent or more of our common shares; and (ii) our officers and directors, individually and as a group. All of our shareholders, including the shareholders listed in this table, are entitled to one vote for each common share held.

Name	Number of Common Shares	Percentage Owned [1]
Mango Shipping Corp. [2][5]	24,329,672	67.15%
Mitzela Corp.[3][5]	1,042,993	8.06%
Funicular Funds, LP[4]	1,776,000	9.99%
All officers and directors as a group[4]	25,380,665	68.07%

[1] Percentages based on 11,903,406 common shares outstanding as of April 25, 2023.

[2] This information is derived from a Schedule 13D filed with the Commission on April 21, 2023. Aliki Paliou, the Chairperson of our Board of Directors, owns and controls Mango Shipping Corp. As a result, Aliki Paliou may be deemed to beneficially own shares held by Mango Shipping. Mango Shipping acquired 156,803 common shares (as adjusted after the effectiveness of the reverse stock splits of November 2, 2020 and of November 15, 2022) from Taracan Investments S.A. ("Taracan"), a Marshall Islands corporation ultimately beneficially owned by Symeon Palios, our Chairman of the Board until the 2022 annual shareholders meeting and former Chief Executive Officer, pursuant to a Contribution Agreement dated September 29, 2020, by and between Taracan and Mango Shipping. In exchange, Mango Shipping issued 999 shares of its own common stock to Taracan. Taracan thereafter distributed as dividend in kind such 999 shares of Mango Shipping (through an intermediary holding company) to its ultimate beneficial owner, Symeon Palios. Subsequently, also on September 29, 2020, Symeon Palios transferred in a private transaction all of his interest in Mango Shipping to Aliki Paliou. We conducted an exchange offer, pursuant to which we offered to exchange issued and outstanding Common Shares for newly issued shares of our Series B Convertible Cumulative Perpetual Preferred Stock, which closed on January 27, 2022. Pursuant to the Exchange Offer, Mango Shipping exchanged 156,523 Common Shares (as adjusted after the effectiveness of the reverse stock splits of November 2, 2020 and of November 15, 2022), representing the majority of the Common Shares beneficially owned by Mango Shipping at that time, for Series B Preferred Shares at an exchange ratio of 0.28 Series B Preferred Shares per Common Share. On October 17, 2022, we entered into a stock purchase agreement with Mango Shipping, pursuant to which we agreed to issue to Mango Shipping in a private placement 1,314,792 shares of our newly-designated Series C Preferred Shares in exchange for, in part, all 657,396 Series B Preferred Shares held by Mango Shipping. See "Related Party Transactions" for a description of the private placement transaction with Mango Shipping. Mango Shipping beneficially owns 1,314,792 Series C Preferred Shares, or 88.49% of the outstanding Series C Preferred Shares as of the date of this report. The Series C Preferred Shares carry superior voting rights. For a description of the rights of the Series C Preferred Shares, see "Description of Securities," attached hereto as Exhibit 2.5 and incorporated by reference herein, and the risk factor under "Item 3. Key Information – D. Risk Factors" entitled "Aliki Paliou, the Chairperson of the Board, controls a majority of voting power over matters on which our shareholders are entitled to vote, and accordingly, may exert considerable influence over us and may have interests that are different from the interests of our other shareholders." In our annual reports for the years ended December 31, 2021, 2020, and 2019, Aliki Paliou was reported to beneficially own less than 1%, 46.3%, and less than 1% of our common shares, respectively.

[3] Andreas Michalopoulos, our Chief Executive Officer, Director and Secretary, owns and controls Mitzela Corp. As a result, Andreas Michalopoulos may be deemed to beneficially own shares held by Mitzela Corp. Mitzela Corp. beneficially owns 56,342 Series C Preferred Shares, or 3.79% of the outstanding Series C Preferred Shares as of the date of this report. In our annual reports for the years ended December 31, 2021, 2020, and 2019, Andreas Michalopoulos was reported to beneficially own less than 1%, 2.1%, and 1.87% of our common shares, respectively.

[4] This information is derived from a Schedule 13G filed with the Commission on March 10, 2023. The number of common shares reported in this table does not give effect to the exercise limitations of warrants beneficially owned by Funicular Funds, LP, but the percentage ownership of Funicular Funds, LP reported in this table does give effect to such exercise limitations, as described in the Schedule 13G filed with the Commission on March 10, 2023.
[5] Aliki Paliou may be deemed to beneficially own 24,329,392 common shares through Mango Shipping Corp. Andreas Michalopoulos may be deemed to beneficially own 1,042,573 common shares through Mitzela Corp. Additionally, Aliki Paliou may be deemed to beneficially own 280 restricted common shares through Mango Shipping Corp. Andreas Michalopoulos may be deemed to beneficially own 420 restricted common shares through Mitzela Corp. Anthony Argyropoulos, our Chief Financial Officer, holds stock options to purchase up to 8,000 of our common shares, which stock options we granted to Anthony Argyropoulos as stock-based remuneration. The stock options are exercisable at a price range between $150.00 and $450.00 per share, for a term of five years. Anthony Argyropoulos does not directly own any of our common shares. All other officers and directors each own 0% of our outstanding common shares.

In the normal course of business, there have been institutional investors that buy and sell our shares, and significant changes in the percentage ownership of such investors has occurred, as reflected in beneficial ownership reports filed with the Commission.

As of April 25, 2023, we had 7 shareholders of record, 1 of which was located in the United States, 1 of which was CEDE & CO., a nominee of The Depository Trust Company, which is located in the United States and held an aggregate of 11,901,446 of our common shares, representing 99.98% of our outstanding common shares. CEDE & CO. is the sole record shareholder of our Class B Preferred Shares and Class C Preferred Shares. We believe that the shares held by CEDE & CO. include shares beneficially owned by both holders in the United States and non-U.S. beneficial owners. We are not aware of any arrangements the operation of which may at a subsequent date result in our change of control.

B. **Related Party Transactions**

Pure Brokerage and Shipping Corp.

Pure Brokerage and Shipping Corp., or Pure, a company controlled by Aliki Paliou, our Chairperson of the Board of Directors, provides us with brokerage services since June 15, 2020, pursuant to a Brokerage Services Agreement for a fixed monthly fee of $3,000 for each of our owned tanker vessels. Additionally, Pure Brokerage and Shipping Corp, an affiliated entity, receives from us a fixed commission of 1.25% on gross freight and hire income generated by the vessels, subject to the specific terms of each employment contract, and may also receive sale and purchase brokerage commissions of 1.0% per transaction. For 2022, commissions and brokerage fees paid to Pure Brokerage amounted to $0.9 million and $0.2 million, respectively.

Diana Shipping Inc.

On November 18, 2021, we sold to a subsidiary of Diana Shipping Inc. our co-owned indivisible share in a plot of land, located in Athens, Greece, for a purchase price of Euro 1.1 million (or $1.2 million). In connection with this sale, we recorded a gain, net of $0.2 million taxes and expenses, of $0.1 million, which is presented as Gain from property sale in our consolidated statement of operations.

Mango Shipping Corp.

On March 2, 2022, we entered into an unsecured credit facility with Mango Shipping, an affiliated entity whose beneficial owner is Aliki Paliou, for up to $5.0 million, to be used for general working capital purposes. The facility, which is repayable in one year from the date of the agreement, will be utilized in advances at our request and will bear interest of 9.0% per annum and commitment fees of 3.0% per annum on any undrawn amount. Arrangement fees of $0.2 million are payable on the date of the agreement. As of the date of this annual report, $3.2 million have been drawn under the credit facility. On October 17, 2022, we entered into a stock purchase agreement with Mango Shipping, pursuant to which we agreed to issue to Mango in a private placement 1,314,792 shares of our newly-designated Series C Preferred Shares in exchange for (i) all 657,396 Series B Preferred Shares held by Mango and (ii) the agreement by Mango to apply $4.93 million (an amount equal to the aggregate cash conversion price payable upon conversion of such Series B Preferred Shares into Series C Preferred Shares pursuant to their terms) as a prepayment by us of an unsecured credit facility agreement dated March 2, 2022 and made between us as borrower and Mango as lender, maturing in March 2023 and bearing interest at 9.0% per annum. We subsequently repaid the remaining amounts due and terminated the credit facility. The transaction was approved by a special independent committee of our Board of Directors. For more information regarding the Series C Preferred Shares, please see our Form 6-K filed on October 21, 2022 and incorporated by reference herein.

C. ***Interests of Experts and Counsel***

Not applicable.

Item 8. Financial information

A. ***Consolidated Statements and Other Financial Information***

See “Item 18. Financial Statements.”

Legal Proceedings

Between October 23, 2017, and December 15, 2017, three largely similar lawsuits were filed against the Company and three of its executive officers. On October 23, 2017, a complaint captioned Jimmie O. Robinson v. Diana Containerships Inc., Case No. 2:17-cv-6160, was filed in the United States District Court for the Eastern District of New York (“Eastern District”). The complaint was brought as a purported class action lawsuit on behalf of a putative class consisting of purchasers of common shares of the Company between January 26, 2017 and October 3, 2017. On October 25, 2017, a complaint captioned Logan Little v. Diana Containerships Inc., Case No. 2:17-cv-6236, was filed in the Eastern District. The complaint was brought as a purported class action lawsuit on behalf of a putative class consisting of purchasers of common shares of the Company between January 26, 2017, and October 3, 2017. On December 15, 2017, a complaint captioned Emmanuel S. Austin v. Diana Containerships Inc., Case No. 2:17-cv-7329, was filed in the Eastern District. The complaint was brought as a purported class action lawsuit on behalf of a putative class consisting of purchasers of common shares of the Company between June 9, 2016, and October 3, 2017. The complaints named as defendants, among others, the Company and three of its executive officers. The complaints asserted claims under Sections 9, 10(b) and/or 20(a) of the Securities Exchange Act of 1934. On April 30, 2018, the Court consolidated the three lawsuits into the first-filed Robinson lawsuit, appointed lead plaintiffs and approved lead plaintiffs’ selection of lead plaintiffs’ counsel. On July 13, 2018, lead plaintiffs filed a consolidated amended complaint (superseding the three initial complaints). On September 21, 2018, the defendants filed a motion to dismiss the

lawsuit. Briefing on that motion was concluded on November 30, 2018. On May 28, 2020, prior to any ruling on that motion, lead plaintiffs filed a superseding second amended complaint. On July 22, 2020, the defendants filed a motion to dismiss the second amended complaint. Briefing on that motion concluded on October 9, 2020. On October 1, 2021, prior to any ruling on that motion, lead plaintiffs filed a superseding third amended complaint. On October 15, 2021, the defendants filed a motion to dismiss the third amended complaint. Briefing on that motion concluded on November 5, 2021. The Court has not issued a ruling on that motion as of the date of this annual report. The Company believes that the lawsuit is without merit and will vigorously defend against the lawsuit.

Except as set forth above, we have not been involved in any legal proceedings which may have, or have had a significant effect on our business, financial position, results of operations or liquidity, nor are we aware of any proceedings that are pending or threatened which may have a significant effect on our business, financial position, results of operations or liquidity. From time to time, we may be subject to legal proceedings and claims in the ordinary course of business, principally personal injury and property casualty claims. We expect that these claims would be covered by insurance, subject to customary deductibles. Those claims, even if lacking merit, could result in the expenditure of significant financial and managerial resources.

Dividend Policy

Our Board of Directors has adopted a variable quarterly dividend policy, pursuant to which we may declare and pay a variable quarterly cash dividend to our common shareholders. While we have declared and paid cash dividends on our common shares in the past, there can be no assurance that our board of directors will declare dividend payments on common shares in the future. If declared, the quarterly dividend is expected to be paid each February, May, August and November and will be subject to reserves for the replacement of our vessels, scheduled drydockings, intermediate and special surveys, dividends to holders of our preferred shares, if paid in cash, and other purposes as our Board of Directors may from time to time determine are required, after taking into account contingent liabilities, the terms of any credit facility, our growth strategy and other cash needs as well as the requirements of Marshall Islands law. In addition, any credit facilities that we may enter into in the future may include restrictions on our ability to pay dividends.

The declaration and payment of dividends, even during times when we have sufficient funds and are not restricted from declaring and paying dividends by our lenders or any other party, will always be subject to the discretion of our board of directors. Our board of directors may review and amend our dividend policy from time to time, taking into consideration our plans for future growth and other factors. The actual timing and amount of dividend payments on common shares, if any, will be determined by our board of directors and will be affected by various factors, including our cash earnings, financial condition and cash requirements, dividend obligations to holders of our preferred shares, the loss of a vessel, the acquisition of one or more vessels, required capital expenditures, reserves established by our board of directors, increased or unanticipated expenses, a change in our dividend policy, additional borrowings or future issuances of securities, many of which will be beyond our control.

We are a holding company, and we depend on the ability of our subsidiaries to distribute funds to us to satisfy our financial obligations and to make dividend payments. In times when we have debt outstanding, we intend to limit our dividends per common share, if common share dividend paymentsare reinstated, to the amount that we would have been able to pay if we were financed entirely with equity. In addition, our existing or future credit facilities may include restrictions on our ability to pay dividends.

The shipping sector is highly cyclical and volatile. We cannot predict with accuracy the amount of cash flows our operations will generate in any given period. Our quarterly dividends, if any, will vary significantly from quarter to quarter as a result of variations in our operating performance, cash flow, and other contingencies, and we cannot assure you that we will generate available cash for distribution in any quarter, and so we may not declare and pay any dividends in certain quarters, or at all. Our ability to resume payment of dividends will be subject to the limitations set forth above and in the section of this annual report entitled “Item 3. Key Information – D. Risk Factors.”

B. ***Significant Changes***

There have been no significant changes since the date of the annual consolidated financial statements included in this annual report, other than those described in “Note 15—Subsequent Events” of our annual consolidated financial statements.

Item 9. The Offer and Listing

A. ***Offer and Listing Details***

Our common shares have traded on the Nasdaq Global Market since January 19, 2011, on the Nasdaq Global Select Market since January 2, 2013, and on the Nasdaq Capital Market since March 6, 2020. Our ticker symbol was "DCIX" through March 30, 2020, at which date it changed to "PSHG."

B. ***Plan of Distribution***

Not Applicable.

C. ***Markets***

Our common shares have traded on the Nasdaq Global Market since January 19, 2011, on the Nasdaq Global Select Market since January 2, 2013, and on the Nasdaq Capital Market since March 6, 2020. Our ticker symbol was "DCIX" through March 30, 2020, at which date it changed to "PSHG."

D. ***Selling Shareholders***

Not Applicable.

E. ***Dilution***

Not Applicable.

F. ***Expenses of the Issue***

Not Applicable.

Item 10. Additional Information

A. ***Share capital***

Not Applicable.

B. ***Memorandum and Articles of Association***

Our amended and restated articles of incorporation and bylaws were filed as exhibits 3.1 and 3.2, respectively, to our registration statement on Form F-4 (File No. 333-169974) filed with the SEC on October 15, 2010. The information contained in these exhibits is incorporated by reference herein.

Our amended and restated articles of incorporation were amended on (i) June 8, 2016, in connection with our one-for-eight reverse stock split, (ii) July 3, 2017, in connection with our one-for-seven reverse stock split, (iii) July 25, 2017, in connection with our one-for-six reverse stock split, (iv) August 23, 2017, in connection with our one-for-seven reverse stock split, (v) September 22, 2017, in connection with our one-for-three reverse stock split, (vi) November 1, 2017, in connection with our one-for-seven reverse stock split and (vii) October 30, 2020, in connection with our one-for-ten reverse stock split, (viii) November 1, 2017, in connection with our one-for-seven reverse stock split and (ix) November 14, 2022, in connection with our one-for-fifteen reverse stock split. Copies of these articles of amendment to the amended and restated articles of incorporation of the Company were filed as exhibit 3.1 to our reports on Form 6-K filed with the SEC on June 9, 2016, July 6, 2017, July 28, 2017, August 28, 2017, September 26, 2017, November 3, 2017, November 2, 2020 and hereto for our November 14, 2022 stock split respectively. The information contained in these exhibits is incorporated by reference herein. Additionally, (i) on March 21, 2017, we filed a Statement of Designations, Preferences and Rights of our Series B-1 Convertible Preferred Stock, (ii) on March 21, 2017, we filed a Statement of Designations, Preferences and Rights of our Series B-2 Convertible Preferred Stock, (iii) on May 30, 2017, we filed a Statement of Designations of Rights, Preferences and Privileges of our Series C Preferred Stock, (iv) on January 12, 2022, we filed an Amended and Restated Certificate of Designations of Rights, Preferences and Privileges of our Series B Convertible Cumulative Perpetual Preferred Stock and (v) on October, 17, 2022, we filed a Certificate of Designation of Series C Convertible Cumulative Redeemable Perpetual Preferred Shares. Our amended and restated articles of incorporation were further amended on February 25, 2019, in connection with our name change from Diana Containerships Inc. to Performance Shipping Inc. A copy of these articles of amendment to the amended and restated articles of incorporation is filed

as an exhibit to this annual report and the information contained in such exhibit is incorporated by reference herein.

A description of the material terms of our amended and restated articles of incorporation and bylaws is included in "Description of Securities," attached hereto as Exhibit 2.5 and incorporated by reference herein.

Description of 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, holders of common shares are entitled to receive ratably all dividends, if any, declared by our board of directors out of funds legally available for dividends. 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 our preferred shares having liquidation preferences, if any, the holders of our common shares will be entitled to receive pro rata our remaining assets available for distribution. Holders of our common shares do not have conversion, redemption or preemptive rights to subscribe to any of our securities. The rights, preferences and privileges of holders of common shares are subject to the rights of the holders of our preferred shares, including our existing classes of preferred shares and any preferred shares we may issue in the future.

Description of Preferred Stock

Our amended and restated articles of incorporation authorize our board of directors 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.

Stockholders' Rights Agreement

On December 20, 2021, we entered into a Stockholders' Rights Agreement, or the Rights Agreement, with Computershare Inc. as Rights Agent. Pursuant to the Rights Agreement, each common share includes one right, or a Right, that entitles the holder to purchase from us one one-thousandth of a share of our Series A Participating Preferred Stock at an exercise price of $50.00 per one one-thousandth of a Series A Preferred Stock, subject to specified adjustments. The Rights will separate from the common shares and become exercisable only if a person or group acquires beneficial ownership of 10% or more of our common shares in a transaction not approved by our board of directors. In that situation, each holder of a Right (other than the acquiring person, whose Rights will become void and will not be exercisable) will have the right to purchase, in lieu of one one-thousandth of a share of Series A Preferred Stock, upon payment of the exercise price, a number of our common shares having a then-current market value equal to twice the exercise price. In addition, if we are acquired in a merger or other business combination after an acquiring person acquires 10% or more of our common shares, each holder of the Right will thereafter have the right to purchase, in lieu of one one-thousandth of a share of Series A Preferred Stock, upon payment of the exercise price, a number of common shares of the acquiring person having a then-current market value equal to twice the exercise price. The acquiring person will not be entitled to exercise these Rights. Under the Rights Agreement's terms, it will expire on December 20, 2031.

A copy of the Rights Agreement is filed as Exhibit 4.1 to our report on Form 6-K filed with the SEC on December 21, 2021.

C. ***Material Contracts***

The contracts included as exhibits to this annual report are the contracts we consider to be both material and not entered into in the ordinary course of business, which (i) are to be performed in whole or in part on or after the filing date of this annual report or (ii) were entered into not more than two years before the filing date of this annual report. Other than these agreements, we have no material contracts, other than contracts entered into in the ordinary course of business, to which we or any member of the group is a party. We refer you to Item 5.B for a discussion of our loan facilities, Item 4.B and Item 7.B for a discussion of our agreements with our related parties and Item 6.B for a discussion of our 2015 Equity Incentive Plan.

D. ***Exchange Controls***

Under Republic of the Marshall Islands law, there are currently no restrictions on the export or import of capital, including foreign exchange controls or restrictions that affect the remittance of dividends, interest or other payments to non-resident holders of our securities.

E. ***Taxation***

The following is a discussion of the material Marshall Islands and U.S. federal income tax considerations of the ownership and disposition by a U.S. Holder and a Non-U.S. Holder, each as defined below, of our common shares. This discussion does not purport to deal with the tax consequences of owning common shares to all categories of investors, who may be subject to special rules such as dealers in securities or commodities, financial institutions, insurance companies, tax-exempt organizations, U.S. expatriates, 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, persons required to recognize income for U.S. federal income tax purposes no later than when such income is reported on an "applicable financial statement", persons subject to the "base

erosion and anti-avoidance" tax and investors that own, actually or under applicable constructive ownership rules, 10% or more of the Company's common shares. This discussion deals only with holders who hold the 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 our common shares.

Marshall Islands Tax Considerations

In the opinion of Watson Farley & Williams LLP, the following are the material Marshall Islands tax consequences of the Company's activities to the Company and of the ownership of the Company's common shares to its shareholders who are not residents of or domiciled or carrying on any commercial activity in the Marshall Islands. Under current Marshall Islands law, the Company is not subject to tax on income or capital gains, no Marshall Islands withholding tax will be imposed upon payments of dividends by the Company to its shareholders, and shareholders will not be subject to tax on the sale or other disposition of the Company's common shares.

United States Federal Income Tax Considerations

The following discussion of U.S. federal income tax matters is based on the U.S. Internal Revenue Code of 1986, as amended, or the Code, judicial decisions, administrative pronouncements, and existing and proposed regulations issued by the U.S. Department of the Treasury, all of which are subject to change, possibly with retroactive effect.

Taxation of Operating Income: In General

The following discussion addresses the U.S. federal income taxation of our operating income from the international operation of vessels.

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, code 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 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 both begin and end, in the United States constitutes income from sources within the United States, which we refer to as "U.S.-source shipping income."

Shipping income attributable to transportation that both begins and ends in the United States is considered to be 100% from sources within the United States. We are not permitted by law to engage in transportation that produces income which is considered to be 100% from sources within the United States. Shipping income attributable to transportation exclusively between non-U.S. ports will be considered to be 100% derived from sources outside the United States. Shipping income derived from sources outside the United States will not be subject to any U.S. federal income tax.

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

Under Section 883 of the Code, or Section 883, we will be exempt from U.S. federal income taxation on our U.S.-source shipping income if:

- we are organized in a foreign country that grants an "equivalent exemption" to corporations organized in the United States, or U.S. corporations; and

either:

- more than 50% of the value of our common shares is owned, directly or indirectly, by qualified shareholders, which we refer to as the "50% Ownership Test," or

- our common shares are "primarily and regularly traded on an established securities market" in a 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 where we are incorporated, grants an "equivalent exemption" to U.S. corporations. We anticipate that any of our shipowning subsidiaries will be incorporated in a jurisdiction that provides an "equivalent exemption" to U.S. corporations. Therefore, we will be exempt from U.S. federal income taxation with respect to our U.S.-source shipping income if either the 50% Ownership Test or the Publicly-Traded Test is met.

Publicly-Traded Test

In order to satisfy the Publicly-Traded Test, our common shares must be primarily and regularly traded on one or more established securities markets. The regulations under Section 883 provide, in pertinent part, that shares of a foreign corporation will be considered to be "primarily traded" on an established securities market in a country if the number of shares of each class of shares that are traded during any taxable year on all established securities markets in that country exceeds the number of shares in each such class that are traded during that year on established securities markets in any other single country. Our common shares are "primarily traded" on the Nasdaq Capital Market, which is an established securities market.

Under the regulations, stock of a foreign corporation will be considered to be "regularly traded" on an established securities market if one or more classes of stock representing more than 50% of the outstanding stock, by both total combined voting power of all classes of shares entitled to vote and total value, are listed on such market, to which we refer as the "listing threshold."

It is further required that with respect to each class of stock relied upon to meet the listing threshold, (i) such class of shares is traded on the market, other than in minimal quantities, on at least 60 days during the taxable year or one-sixth of the days in a short taxable year, which we refer to as the trading frequency test; and (ii) the aggregate number of stock of such class of shares traded on such market during the taxable year is at least 10% of the average number of shares of such class of stock outstanding during such year or as appropriately adjusted in the case of a short taxable year, which we refer to as the trading volume test. Even if these tests are not satisfied, the regulations provide that such trading frequency and trading volume tests will be deemed satisfied if, as is expected to be the case with our common shares, such class of stock is traded on an established securities market in the United States and such shares are regularly quoted by dealers making a market in such shares.

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

For purposes of being able to determine the persons who actually or constructively own 5% or more of the vote and value of our common shares, or "5% Shareholders," the regulations permit us to rely on those persons that are identified on Schedule 13G and Schedule 13D filings with the SEC, as owning 5% or more of our common shares. The regulations further provide that an investment company which is registered under the Investment Company Act of 1940, as amended, will not be treated as a 5% Shareholder for such purposes.

In the event the Five Percent Override Rule is triggered, the regulations provide that the Five Percent Override Rule will nevertheless not apply if we can establish that within the group of 5% Shareholders, there are sufficient qualified shareholders for purposes of Section 883 to preclude non-qualified shareholders in such group from owning 50% or more of our common shares for more than half the number of days during the taxable year.

We believe that we did not satisfy the Publicly Traded Test during our 2022 taxable year.

50% Ownership Test

Under the regulations, a foreign corporation will satisfy the 50% Ownership Test for a taxable year if (i) for at least half of the number of days in the taxable year, more than 50% of the value of its stock is owned, directly or constructively through the application of certain attribution rules prescribed by the regulations, by one or more shareholders who are residents of foreign countries that grant "equivalent exemption" to corporations organized in the United States and (ii) the foreign corporation satisfies certain substantiation and reporting requirements with respect to such shareholders.

We believe that we satisfied the 50% Ownership Test for our 2022 taxable year, and expect to satisfy the substantiation and reporting requirements to claim the benefits of the 50% Ownership Test. Therefore, we intend to take the position that we were exempt from U.S. federal income tax under Section 883 of the Code during our 2022 taxable year. However, there can be no assurance that we will continue to satisfy the requirements of the 50% Ownership Test in future taxable years. Furthermore, the substantiation requirements are onerous and therefore there can be no assurance that we would be able to satisfy them, even if our share ownership would otherwise satisfy the requirements of the 50% Ownership Test.

Taxation in Absence of Exemption

To the extent the benefits of Section 883 are unavailable, our U.S.-source shipping income, to the extent not considered to be "effectively connected" with the conduct of a U.S. trade or business, as described below, would be 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. Since under the sourcing rules described above, no more than 50% of our shipping income would be treated as being derived from U.S. sources, the maximum effective rate of U.S. federal income tax on our shipping income would never exceed 2% under the 4% gross basis tax regime.

To the extent our U.S.-source shipping income 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 currently imposed at a rate of 21%. In addition, we may be subject to an additional 30% "branch profits" tax on earnings effectively connected with the conduct of such 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.

Our U.S.-source shipping income 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 of our U.S.-source shipping income 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 (or, in the case of income from the bareboat chartering of a vessel, is attributable to a fixed place of business in the United States).

We do not anticipate that we will have any vessel operating to or from 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 do not anticipate that any of our U.S.-source shipping income will be "effectively connected" with the conduct of a U.S. trade or business.

United States Federal Income Taxation of Gain on Sale of Vessels

Regardless of whether we qualify for exemption under Section 883 of the Code, we will not 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.

United States Federal Income Taxation of U.S. Holders

In the opinion of Watson Farley & Williams LLP, the Company's U.S. counsel, the following are the material U.S. federal income tax consequences to U.S. Holders, as defined below, of the ownership and disposition of our common shares.

As used herein, the term "U.S. Holder" means a beneficial owner of common shares that is an individual U.S. citizen or resident, a 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 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.

If a partnership holds the common shares, the tax treatment of a partner 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 the common shares, you are encouraged to consult your tax advisor.

Distributions

Subject to the discussion of the passive foreign investment company, or PFIC, rules below, distributions made by us with respect to our common shares, other than certain pro-rata distributions of our common shares, to a U.S. Holder will generally constitute dividends, which may be taxable as ordinary income or "qualified dividend income" as described in more detail below, to the extent of our current and accumulated earnings and profits, as determined under U.S. federal income tax principles. Distributions in excess of our current and accumulated 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 such U.S. Holder's common shares on a dollar-for-dollar basis and thereafter as a capital gain. Because we are not a United States corporation, U.S. Holders that are corporations will 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 income from sources outside the United States and will generally constitute "passive category income" or, in the case of certain types of U.S. Holders, "general 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, which we refer to as a U.S. Individual Holder, will generally be treated as "qualified dividend income" that is taxable to such U.S. Individual Holders at preferential tax rates, provided that (1) the common shares are readily tradable on an established securities market in the United States such as the Nasdaq Capital Market, on which our common shares are traded; (2) we are not a PFIC for the taxable year during which the dividend is paid or the immediately preceding taxable year, as discussed below; (3) the U.S. Individual Holder has held the common shares for more than 60 days in the 121-day period beginning 60 days before the date on which the common shares become ex-dividend; and (4) the U.S. Individual Holder is not under an obligation to make related payments with respect to positions in substantially similar or related property.

There is no assurance that any dividends paid on our common shares will be eligible for these preferential rates in the hands of a U.S. Individual Holder. Any distributions out of earnings and profits we pay which are not eligible for these preferential rates will be taxed as ordinary income to a U.S. Individual Holder.

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 ten percent of a U.S. Holder's adjusted tax basis, or fair market value in certain circumstances, 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. Individual 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 the PFIC rules 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. A U.S. Holder's tax basis in the common shares generally will equal the U.S. Holder's acquisition cost less any prior return of capital. 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 and 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.

PFIC 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 U.S. 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), which we refer to as the income test; or

- at least 50% of the average value of our assets during such taxable year produce, or are held for the production of, passive income, which we refer to as the asset test.

For purposes of determining whether we are a PFIC, cash will be treated as an asset which is held for the production of passive income. In addition, we will be treated as earning and owning our proportionate share of the income and assets, respectively, of any of our subsidiary companies in which we own at least 25% of the value of the subsidiary's stock or other equity interest. Income earned, or deemed earned, by us in connection with the performance of services would not constitute passive income. 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.

Our status as a PFIC will depend upon the operations of our vessels. Therefore, we can give no assurances as to whether we will be a PFIC with respect to any taxable year. In making the determination as to whether we are a PFIC, we intend to treat the gross income we derive or are deemed to derive from the time chartering and voyage chartering activities of us or any of our wholly owned subsidiaries as services income, rather than rental income. There is substantial legal authority supporting this 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, there is also authority which characterizes time charter income as rental income rather than services income for other tax purposes. In the absence of any legal authority specifically relating to the statutory provisions governing PFICs, the IRS or a court could disagree with our position. On the other hand, any income we derive from bareboat chartering activities will be treated as passive income for purposes of the income test. Likewise, any assets utilized in bareboat chartering activities will be treated as generating passive income for purposes of the asset test.

On the basis of the foregoing, we do not believe that we were a PFIC in 2022, and do not anticipate becoming a PFIC in the near 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 taxation rules depending on whether the U.S. Holder makes an election to treat us as a "Qualified Electing Fund," which election we refer to as a "QEF election," or a "mark-to-market" election with respect to our common shares. In addition, if we are a PFIC, a U.S. Holder will be required to file IRS Form 8621 with the IRS.

Taxation of U.S. Holders Making a Timely 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 U.S. federal income tax purposes such holder's 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 received from us by 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 we are a PFIC by filing IRS Form 8621 with such holder's U.S. federal income tax return. After the end of each taxable year, we will determine whether we were a PFIC for such taxable year. If we determine or otherwise become aware that we are a PFIC for any taxable year, we expect to provide each U.S. Holder with all necessary information, including a PFIC Annual Information Statement, in order to allow such holder to make a QEF election for such taxable year.

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

Alternatively, if we were to be treated as a PFIC for any taxable year and, as we anticipate will continue to be the case, our shares are treated as "marketable stock," a U.S. Holder would be allowed to make a "mark-to-market" election with respect to our common shares, provided the U.S. Holder completes and files IRS Form 8621 in accordance with the relevant instructions and related Treasury regulations. If that election is made, the U.S. Holder generally would include as ordinary income in each taxable year the excess, if any, of the fair market value of the common shares at the end of the taxable year over such holder's adjusted tax basis in the common shares. The U.S. Holder would also be permitted an ordinary loss in respect of the excess, if any, of the U.S. Holder's adjusted tax basis in the common shares over their fair market value at the end of the taxable year, but only to the extent of the net amount previously included in income as a result of the mark-to-market election. A U.S. Holder's tax basis in such holder's common shares would be adjusted to reflect any such income or loss amount. Gain realized on the sale, exchange or other disposition of our common shares would be treated as ordinary income, and any loss realized on the sale, exchange or other disposition of the common shares would be treated as ordinary loss to the extent that such loss does not exceed the net mark-to-market gains previously included by the U.S. Holder.

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

Finally, if we were to be treated as a PFIC for any taxable year, a U.S. Holder who has not timely made a QEF or mark-to-market election for the first taxable year in which such holder holds our common shares and during which we are treated as PFIC, whom we refer to as a "Non-Electing Holder," would be subject to special rules with respect to (1) any excess distribution (i.e., the portion of any distributions received by the Non-Electing Holder on our 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 or other disposition of our common shares. Under these special rules:

- the excess distribution or gain would be allocated ratably to each day 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.

These adverse tax consequences 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 our common shares. In addition, if a Non-Electing Holder who is an individual dies while owning our common shares, such holder's successor generally would not receive a step-up in

tax basis with respect to such common shares.

Net Investment Income Tax

A U.S. Holder that is an individual or estate, or a trust that does not fall into a special class of trusts that is exempt from such tax, is subject to a 3.8% tax on the lesser of (1) such U.S. Holder's "net investment income" (or undistributed "net investment income" in the case of estates and trusts) for the relevant taxable year and (2) the excess of such U.S. Holder's modified adjusted gross income for the taxable year over a certain threshold (which in the case of individuals will be between $125,000 and $250,000, depending on the individual's circumstances). A U.S. Holder's net investment income will generally include its gross dividend income and its net gains from the disposition of our common shares, unless such dividends or net gains are derived in the ordinary course of the conduct of a trade or business (other than a trade or business that consists of certain passive or trading activities). Net investment income generally will not include a U.S. Holder's pro rata share of our income and gain (if we are a PFIC and that U.S. Holder makes a QEF election, as described above in "—Taxation of U.S. Holders Making a Timely QEF Election"). However, a U.S. Holder may elect to treat inclusions of income and gain from a QEF election as net investment income. Failure to make this election could result in a mismatch between a U.S. Holder's ordinary income and net investment income. If you are a U.S. Holder that is an individual, estate or trust, you are urged to consult your tax advisor regarding the applicability of the net investment income tax to your income and gains in respect of your investment in our common shares.

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

A beneficial owner of our common shares, other than a partnership or entity treated as a partnership for U.S. federal income tax purposes, that is not a U.S. Holder is referred to herein as a Non-U.S. Holder.

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 the Non-U.S. Holder's conduct of a trade or business in the United States. In general, if the Non-U.S. Holder is entitled to the benefits of certain U.S. income tax treaties 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.

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 the Non-U.S. Holder's conduct of a trade or business in the United States. In general, if the Non-U.S. Holder is entitled to the benefits of certain income tax treaties 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 regular 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, a corporate Non-U.S. Holder's earnings and profits that are attributable to the 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. Such payments will also 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 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, but not backup withholding, 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 certain other contacts with the United States, unless you certify that you are a non-U.S. person, under penalty of perjury, or you otherwise establish an exemption.

Backup withholding is not an additional tax. Rather, you generally may obtain a refund of any amounts withheld under the backup withholding rules that exceed your U.S. federal income tax liability by timely filing a refund claim with the IRS.

U.S. Holders who are individuals (and to the extent specified in applicable Treasury Regulations, 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 common 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 a U.S. Holder who is an individual (and to the extent specified in applicable Treasury regulations, 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.

F. ***Dividends and paying agents***

Not Applicable.

G. ***Statement by experts***

Not Applicable.

H. ***Documents on display***

We file reports and other information with the SEC. These materials, including this annual report and the accompanying exhibits, are available from the SEC's website http://www.sec.gov.

I. ***Subsidiary information***

Not Applicable.

Item 11. Quantitative and Qualitative Disclosures about Market Risk

Interest Rates

We are exposed to market risks associated with changes in interest rates relating to our loan facility, according to which we pay interest at LIBOR or SOFR plus a margin; and as such, increases in interest rates could affect our results of operations. An average increase of 1% in 2022 interest rates would have resulted in interest expenses of $3.9 million, instead of $3.2 million, an increase of about 22%. Bank interest expense for 2022 amounted to $3.2 million, compared to $1.6 million in 2021. The increase in 2022 was attributable to the increase of our average debt outstanding, and also to increased weighted average interest rate of our bank loan facilities for 2022 and 2021, which was 4.85% and 2.90%, respectively, because of the LIBOR and SOFR increase during 2022 as compared to 2021.

As of December 31, 2022, we had $128.5 million of debt outstanding. In the future, we expect to manage any exposure in interest rates through our regular operating and financing activities and, when deemed appropriate, through the use of derivative financial instruments. Global financial markets and economic conditions have been, and continue to be, volatile. Specifically, due to the COVID-

19 outbreak and the recent war in Ukraine and resulting sanctions which have disrupted supply chains and caused instability in the energy markets and the global economy, credit markets and the debt and equity capital markets have been distressed, and the uncertainty surrounding the future of the global credit markets has resulted in reduced access to credit worldwide, particularly for the shipping industry. These issues, along with significant write-offs in the financial services sector, the repricing of credit risk and the current weak economic conditions, have made, and will likely continue to make, it difficult to obtain additional financing.

As of December 31, 2022, 2021, and 2020 and as of the date of this annual report, we did not and have not designated any financial instruments as accounting hedging instruments.

Currency and Exchange Rates

We generate all of our revenues in U.S. dollars, but currently incur approximately half of our general and administrative expenses (around 46% in 2022 and 55% in 2021) and have historically incurred a significant portion of our operating expenses (around 11% in 2022 and 10% in 2021) in currencies other than the U.S. dollar, primarily the Euro. For accounting purposes, expenses incurred in Euros are converted into U.S. dollars at the exchange rate prevailing on the date of each transaction. The amount and frequency of some of these expenses, such as vessel repairs, supplies and stores, may fluctuate from period to period. Since approximately 2002, the U.S. dollar has depreciated against the Euro, but it has recovered during 2022. Depreciation in the value of the dollar relative to other currencies increases the dollar cost to us of paying such expenses. The portion of our expenses incurred in other currencies could increase in the future, which could expand our exposure to losses arising from currency fluctuations.

While we have not mitigated the risk associated with exchange rate fluctuations through the use of financial derivatives, we may determine to employ such instruments from time to time in the future in order to minimize this risk. Our use of financial derivatives would involve certain risks, including the risk that losses on a hedged position could exceed the nominal amount invested in the instrument and the risk that the counterparty to the derivative transaction may be unable or unwilling to satisfy its contractual obligations, which could have an adverse effect on our results. Because during 2022 and 2021, our Euro expenses represented 6% and 12%, respectively of our revenues, we do not consider the risk from exchange rate fluctuations to be material for our results of operations and therefore, we are not engaged in derivative instruments to hedge part of those expenses.

Item 12. Description of Securities Other than Equity Securities

Not Applicable.

PART II

Item 13. Defaults, Dividend Arrearages and Delinquencies

None.

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

Pursuant to the Stockholders' Rights Agreement dated December 20, 2021, each common share includes one preferred stock purchase right that entitles the holder to purchase from us one-thousandth of a share of our Series A Participating Preferred Stock if any third party acquires beneficial ownership of 10% or more of our common shares without the approval of our board of directors. See "Item 10.B—Memorandum and Articles of Association—Stockholders' Rights Agreement."

The superior voting rights of our Series C Preferred Shares limit the ability of our common shareholders to control or influence corporate matters. See "Description of Securities," attached hereto as Exhibit 2.5 and incorporated by reference herein, and the risk factor under "Item 3. Key Information – D. Risk Factors" entitled "Aliki Paliou, the Chairperson of the Board, controls a majority of voting power over matters on which our shareholders are entitled to vote, and accordingly, may exert considerable influence over us and may have interests that are different from the interests of our other shareholders."

Item 15. Controls and Procedures

a) Disclosure Controls and Procedures

Management, including our Chief Executive Officer and Chief Financial Officer, has conducted an evaluation of the effectiveness of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, as of the end of the period covered by this report. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures are effective to ensure that information required to be disclosed by us in the reports that we file or submit to the SEC under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms.

b) Management's Annual Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) of the Exchange Act. Our internal control over financial reporting is a process designed under the supervision of our Chief Executive Officer and Chief Financial Officer to provide reasonable assurance regarding the reliability of financial reporting and the preparation of our financial statements for external reporting purposes in accordance with U.S. GAAP.

Management has conducted an assessment of the effectiveness of our internal control over financial reporting based on the framework established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 Framework). Based on this assessment, management has determined that our internal control over financial reporting as of December 31, 2022, is effective.

c) Attestation Report of Independent Registered Public Accounting Firm

Not applicable.

d) Changes in Internal Control over Financial Reporting

None.

Inherent Limitations on Effectiveness of Controls

Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls or our internal control over financial reporting will prevent or detect all error and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Further, because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple errors or mistakes. Controls can also be circumvented by the individual acts of some persons, by collusion of two or

more people, or by management override of the controls. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Projections of any evaluation of controls effectiveness to future periods are subject to risks. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures.

Item 16. **[Reserved]**

Item 16A. **Audit Committee Financial Expert**

Alex Papageorgiou serves as the Chairman of our Audit Committee. Our board of directors has determined that Alex Papageorgiou qualifies as an "audit committee financial expert" and is "independent" according to SEC rules.

Item 16B. **Code of Ethics**

We have adopted a code of ethics that applies to officers, directors, employees and agents. Our code of ethics is posted on our website, http://www.pshipping.com, under "How We Care—Code of Business Conduct and Ethics." Copies of our Code of Ethics are available in print, free of charge, upon request to Performance Shipping Inc., 373 Syngrou Avenue, 175 64 Palaio Faliro, Athens, Greece. We intend to satisfy any disclosure requirements regarding any amendment to, or waiver from, a provision of this Code of Ethics by posting such information on our website.

Item 16C. **Principal Accountant Fees and Services**

a) Audit Fees

Our principal accountants, Ernst and Young (Hellas) Certified Auditors Accountants S.A., have billed us for audit services.

In 2022 and 2021, audit fees amounted to €114,900 or about $128,000, and €78,750 or about $93,000, respectively, at the then-prevailing exchange rates, and related to audit services provided in connection with the audit and AS 4105 interim reviews of our consolidated financial statements.

b) Audit-Related Fees

In 2022 and 2021, our principal accountants, Ernst and Young (Hellas), Certified Auditors Accountants S.A., also billed us for audit-related services provided for the Company's registration statements, which amounted to €118,125 or about $127,000, and €54,900 or about $65,000, respectively, at the then-prevailing exchange rates.

c) Tax Fees

In 2022 and 2021, Ernst and Young LLP, have also billed us for tax services provided for the Company's earnings and profits calculations, which amounted to $9,000 and $9,000, respectively.

d) All Other Fees

None.

e) Audit Committee's Pre-Approval Policies and Procedures

Our Audit Committee is responsible for the appointment, replacement, compensation, evaluation and oversight of the work of our independent auditors. As part of this responsibility, the Audit Committee pre-approves all audit and non-audit services performed by the independent auditors in order to assure that they do not impair the auditor's independence from the Company. The Audit Committee has adopted a policy which sets forth the procedures and the conditions pursuant to which services proposed to be performed by the independent auditors may be pre-approved.

f) Audit Work Performed by Other Than Principal Accountant if Greater Than 50%

Not applicable.

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

Not applicable.

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

None.

Item 16F. Change in Registrant's Certifying Accountant

Not applicable.

Item 16G. Corporate Governance

We have certified to Nasdaq that our corporate governance practices are in compliance with, and are not prohibited by, the laws of the Republic of the Marshall Islands. Therefore, we are exempt from many of Nasdaq's corporate governance practices other than the requirements regarding the disclosure of a going concern audit opinion, submission of a listing agreement, notification to Nasdaq of non-compliance with Nasdaq corporate governance practices, prohibition on disparate reduction or restriction of shareholder voting rights, and the establishment of an audit committee satisfying Nasdaq Listing Rule 5605(c)(3) and ensuring that such audit committee's members meet the independence requirement of Listing Rule 5605(c)(2)(A)(ii). The practices we follow in lieu of Nasdaq's corporate governance rules applicable to U.S. domestic issuers are as follows:

- As a foreign private issuer, we are not required to have an audit committee comprised of at least three members. Our audit committee is comprised of two members;
- As a foreign private issuer, we are not required to adopt a formal written charter or board resolution addressing the nominations process. We do not have a nominations committee, nor have we adopted a board resolution addressing the nominations process;
- As a foreign private issuer, we are not required to hold regularly scheduled board meetings at which only independent directors are present;
- In lieu of obtaining shareholder approval prior to the issuance of designated securities, we will comply with provisions of the Marshall Islands Business Corporations Act, which allows the board of directors to approve share issuances;
- As a foreign private issuer, we are not required to solicit proxies or provide proxy statements to Nasdaq pursuant to Nasdaq corporate governance rules or Marshall Islands law. Consistent with Marshall Islands law and as provided in our bylaws, we will notify our shareholders of meetings between 15 and 60 days before the meeting. This notification will contain, among other things, information regarding business to be transacted at the meeting. In addition, our bylaws provide that shareholders must give us between 150 and 180 days advance notice to properly introduce any business at a meeting of shareholders.

Other than as noted above, we are in compliance with all other Nasdaq corporate governance standards applicable to U.S. domestic issuers.

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 statements required by this Item 18 are filed as a part of this annual report beginning on page F-1.

Item 19. **Exhibits**

(a) Exhibits

Exhibit Number	Description
1.1	Amended and Restated Articles of Incorporation of the Company (1)
1.2	Articles of Amendment to the Amended and Restated Articles of Incorporation of the Company, dated June 8, 2016 (2)
1.3	Articles of Amendment to the Amended and Restated Articles of Incorporation of the Company, dated July 3, 2017 (3)
1.4	Articles of Amendment to the Amended and Restated Articles of Incorporation of the Company, dated July 26, 2017 (4)
1.5	Articles of Amendment to the Amended and Restated Articles of Incorporation of the Company, dated August 23, 2017 (5)
1.6	Articles of Amendment to the Amended and Restated Articles of Incorporation of the Company, dated September 22, 2017 (6)
1.7	Articles of Amendment to the Amended and Restated Articles of Incorporation of the Company, dated November 1, 2017 (7)
1.8	Articles of Amendment to the Amended and Restated Articles of Incorporation of the Company, dated February 25, 2019(8)
1.9	Articles of Amendment to the Amended and Restated Articles of Incorporation of the Company, dated October 30, 2020(9)
1.10	Articles of Amendment to the Amended and Restated Articles of Incorporation of the Company, dated November 15, 2022 **
1.11	Amended and Restated Bylaws of the Company (10)
2.1	Form of Common Share Certificate (11)
2.2	Statement of Designations of Rights, Preferences and Privileges of Series A Participating Preferred Stock of Performance Shipping Inc., dated August 2, 2010 (12)
2.3	Amended and Restated Certificate of Designation, Preferences and Rights of the Series B Convertible Cumulative Perpetual Preferred Stock of Performance Shipping Inc., dated January 12, 2022 (13)
2.4	Certificate of Designation of Series C Convertible Cumulative Redeemable Perpetual Preferred Shares dated October 17, 2022 (14)
2.5	Description of Securities**
4.1	Registration Rights Agreement dated April 6, 2010 (15)
4.2	Stockholders' Rights Agreement dated December 20, 2021 (16)
4.3	Amended and Restated 2015 Equity Incentive Plan (17)
4.4	Administrative Services Agreement with UOT (18)
4.5	Form of Vessel Management Agreement with UOT (19)
4.6	Second Amendment and Restatement to Loan Agreement with Nordea Bank Abp, filial i Norge, dated March 20, 2020 (20)
4.7	First Supplemental Agreement to Secured Loan Facility Agreement dated July 24, 2019 (21)
4.8	$31.5 Million Piraeus Loan Facility (22)
4.9	Shipbuilding Contract dated March 7, 2023 among Nakaza Shipping Company Inc, China Shipbuilding Trading Company Limited and Shanghai Waigaoqiao Shipbuilding Company Limited**
4.10	Credit Facility dated March 2, 2022 between Mango Shipping Corp. and the Company (23)
4.11	Warrant Agency Agreement dated as of June 1, 2022 among the Company, Computershare Inc., and Computershare Trust Company, N.A. (24)
4.12	Form of Class A Common Share Purchase Warrant (25)
4.13	Loan Agreement dated June 30, 2022 between Arno Shipping Company Inc., as borrowers and Piraeus Bank S.A., as lender **
4.14	Form of Securities Purchase Agreement between the Company and the purchasers thereto (26)
4.15	Form of Common Share Purchase Warrant (27)
4.16	Form of Securities Purchase Agreement between the Company and the purchasers thereto (28)
4.17	Form of Common Share Purchase Warrant (29)
4.18	Stock Purchase Agreement dated October 17, 2022 between Mango Shipping Corp. and the Company (30)
4.19	Loan Agreement dated November 1, 2022 between Alpha Bank S.A. as lender and Garu Shipping Company Inc., as borrower **

4.20 Secured Loan Agreement dated November 25, 2022 between Toka Shipping Company Inc. and Bock Shipping Company Inc., as borrowers and Piraeus Bank S.A., as lender **

4.21	Loan Agreement dated December 7, 2022 between Alpha Bank S.A., as lender and Arbar Shipping Company Inc., as borrower **
4.22	Form of Securities Purchase Agreement dated as of February 28, 2023 between the Company and the purchasers thereto (31)
4.23	Form of Series A Common Share Purchase Warrant (32)
4.24	Form of Series B Common Share Purchase Warrant (33)
8.1	List of Subsidiaries**
12.1	Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer**
12.2	Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer**
13.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**
13.2	Certification of 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**
15.2	Consent of Watson Farley & Williams LLP**
101	The following financial information from Performance Shipping Inc.'s Annual Report on Form 20-F for the fiscal year ended December 31, 2022, formatted as Inline eXtensible Business Reporting Language (iXBRL): (1) Consolidated Balance Sheets as of December 31, 2022 and 2021; (2) Consolidated Statements of Operations for the years ended December 31, 2022, 2021, and 2020; (3) Consolidated Statements of Comprehensive Income / (Loss) for the years ended December 31, 2022, 2021, and 2020; (4) Consolidated Statements of Stockholders' Equity for the years ended December 31, 2022, 2021, and 2020; (5) Consolidated Statements of Cash Flows for the years ended December 31, 2022, 2021, and 2020; and (6) Notes to Consolidated Financial Statements.
104	Cover Page Interactive Data File (formatted as Inline eXtensible Business Reporting Language (iXBRL) and contained in Exhibit 101)

(1) Filed as Exhibit 3.1 to the Company's Registration Statement on Form F-4 (File No. 333-169974) on October 15, 2010.
(2) Filed as Exhibit 3.3 to the Company's report on Form 6-K, filed with the SEC on June 9, 2016.
(3) Filed as Exhibit 3.1 to the Company's report on Form 6-K, filed with the SEC on July 6, 2017.
(4) Filed as Exhibit 3.1 to the Company's report on Form 6-K, filed with the SEC on July 28, 2017.
(5) Filed as Exhibit 3.1 to the Company's report on Form 6-K, filed with the SEC on August 28, 2017.
(6) Filed as Exhibit 3.1 to the Company's report on Form 6-K, filed with the SEC on September 26, 2017.
(7) Filed as Exhibit 3.1 to the Company's report on Form 6-K, filed with the SEC on November 3, 2017.
(8) Filed as Exhibit 1.8 to the Company's Annual Report on Form 20-F on March 18, 2019.
(9) Filed as Exhibit 3.1 to the Company's report on Form 6K, filed with the SEC on November 2, 2020
(10) Filed as Exhibit 3.2 to the Company's Registration Statement on Form F-4 (File No. 333-169974) on October 15, 2010.
(11) Filed as Exhibit 4.1 to the Company's report on Form 6-K, filed with the SEC on November 2, 2020.
(12) Filed as Exhibit 4.4 to the Company's Registration Statement on Form F-4 (File No. 333-169974) on October 15, 2010.
(13) Filed as Exhibit 3.1 to the Company's report on Form 6-K, filed with the SEC on February 4, 2022.
(14) Filed as Exhibit 99.2 to the Company's report on Form 6-K, filed with the SEC on October 21, 2022.
(15) Filed as Exhibit 4.2 to the Company's Registration Statement on Form F-4 (File No. 333-169974) on October 15, 2010.
(16) Filed as Exhibit 4.1 to the Company's report on Form 6-K, filed with the SEC on December 21, 2021.
(17) Filed as Exhibit 1 to the Company's report on Form 6-K, filed with the SEC on December 31, 2020.
(18) Filed as Exhibit 4.8 to the Company's Annual Report on Form 20-F on March 26, 2014.
(19) Filed as Exhibit 4.11 to the Company's Annual Report on Form 20-F on March 26, 2014.
(20) Filed as Exhibit 4.11 to the Company's Annual Report on Form 20-F, filed with the SEC on April 10, 2020.
(21) Filed as Exhibit 4.8 to the Company's Registration Statement on Form F-1/A (File No. 333-255100) on April 20, 2021.
(22) Filed as Exhibit 4.9 to the Company's Registration Statement on Form F-1/A (File No. 333-255100) on April 20, 2021.
(23) Filed as Exhibit 4.10 to the Company's Annual Report on Form 20-F on March 11, 2022.
(24) Filed as Exhibit 4.1 to the Company's report on Form 6-K, filed with the SEC on June 2, 2022.
(25) Filed as Exhibit 4.2 to the Company's report on Form 6-K, filed with the SEC on June 2, 2022.
(26) Filed as Exhibit 4.2 to the Company's report on Form 6-K, filed with the SEC on July 20, 2022.
(27) Filed as Exhibit 4.3 to the Company's report on Form 6-K, filed with the SEC on July 20, 2022.
(28) Filed as Exhibit 4.2 to the Company's report on Form 6-K, filed with the SEC on August 17, 2022.
(29) Filed as Exhibit 4.3 to the Company's report on Form 6-K, filed with the SEC on August 17, 2022.
(30) Filed as Exhibit 99.3 to the Company's report on Form 6-K, filed with the SEC on October 21, 2022.
(31) Filed as Exhibit 4.2 to the Company's report on Form 6-K, filed with the SEC on March 3, 2023.
(32) Filed as Exhibit 4.3 to the Company's report on Form 6-K, filed with the SEC on March 3, 2023.
(33) Filed as Exhibit 4.4 to the Company's report on Form 6-K, filed with the SEC on March 3, 2023.

** Filed herewith.

SIGNATURES

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

PERFORMANCE SHIPPING INC.

By: /s/ Andreas Michalopoulos
Andreas Michalopoulos
Chief Executive Officer, Director and Secretary

Dated: April 27, 2023

PERFORMANCE SHIPPING INC.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors of Performance Shipping Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Performance Shipping Inc. (the Company) as of December 31, 2022 and 2021, the related consolidated statements of operations, comprehensive income/(loss), stockholders' equity and cash flows for each of the three years in the period ended December 31, 2022, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2022 and 2021, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2022, in conformity with U.S. generally accepted accounting principles.

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.

Critical audit matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of the critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Fair value measurement of Preferred Stock using significant unobservable inputs

Description of the matter

As discussed in Notes 2(t), 10(b) and 14 to the consolidated financial statements, during 2022, the Company initially measured Series B and Series C preferred stock (collectively, the "Preferred Stock") at their fair value. The aggregate fair value of the Company's Preferred Stock on their respective initial measurement dates totaled $44.8 million. In addition, as discussed in Notes 2(af), 10(b) and 14 to the consolidated financial statements, during 2022, the Company measured the value of the effect of the down round feature of the Series C preferred stock as the difference between the fair value of Series C preferred stock with a conversion price corresponding to the stated conversion price of the Series C preferred stock before the conversion price reduction and the fair value of Series C preferred stock with a conversion price corresponding to the reduced conversion price upon the down round feature being triggered. The value of the effect of the down round feature amounted to $5.9 million. Management determines the fair value of these Preferred Stock, categorized as Level III of the fair value hierarchy, by applying the methodologies described in Notes 2(t),10(b) and 14 to the consolidated financial statements and using significant unobservable inputs. Determining the fair value of the Preferred Stock requires management to make significant judgments about the valuation methodologies, including the unobservable inputs and other assumptions and estimates used in the measurements.

Auditing the fair value measurement of the Company's Preferred Stock was complex given the judgement and estimation uncertainty involved in determining the fair value of the Preferred Stock. The significant judgement and estimation uncertainty was primarily due to the dependence of the respective fair value measurement on underlying assumptions that were based on significant unobservable inputs. In particular, to value its Preferred Stock, the Company used significant unobservable inputs such as expected volatility and expected life of convertibility option of the Series C preferred shares to common shares, which are significant to the valuation of the Preferred Stock.

How we addressed the matter in our audit

Our audit procedures included, among others, analyzing management's fair value measurement by comparing the valuation methodology used to determine the fair value of the Preferred Stock against accounting guidance in ASC 820 and testing significant unobservable inputs, estimates, and the mathematical accuracy of the Company's valuation calculations. We involved our valuation specialists to assist in the testing of the significant unobservable inputs, independently developing fair value estimates and comparing them to the Company's estimates, and comparing significant inputs and underlying data used in the Company's fair value measurement to the statements of designation of the Preferred Stock and the stock purchase agreement and information available from third-party sources. We also assessed the adequacy of the disclosures in Notes 2(t), 2(af), 10(b) and 14.

/s/ Ernst & Young (Hellas) Certified Auditors Accountants S.A.

We have served as the Company's auditor since 2010.

Athens, Greece
March 23, 2023

PERFORMANCE SHIPPING INC.
Consolidated Balance Sheets as at December 31, 2022 and 2021
(Expressed in thousands of U.S. Dollars, except for share and per share data)

ASSETS	December 31, 2022	December 31, 2021
CURRENT ASSETS:		
Cash and cash equivalents (Note 2 (e))	$ 38,726	$ 9,573
Accounts receivable, net of provision for credit losses (Notes 2 (g), (h) and 4)	9,110	3,792
Deferred voyage expenses	20	58
Inventories (Note 2 (i))	3,037	4,286
Prepaid expenses and other assets	2,524	1,670
Current assets from discontinued operations (Notes 2 (z) and 3)	46	47
Total current assets	53,463	19,426
FIXED ASSETS:		
Vessels, net (Notes 2 (j),(k), (l) and 6)	236,607	123,036
Property and equipment, net	72	151
Total fixed assets	236,679	123,187
NON-CURRENT ASSETS:		
Restricted cash, non-current (Notes 2 (f) and 8)	1,000	-
Right of use asset under operating leases (Note 9)	163	84
Deferred charges, net (Note 2(p))	1,098	1,408
Other non-current assets (Notes 2(j) and 6)	522	819
Prepaid charter revenue	54	-
Total non-current assets	2,837	2,311
Total assets	$ 292,979	$ 144,924
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Current portion of long-term bank debt, net of unamortized deferred fin. costs (Note 8)	$ 16,746	$ 7,788
Accounts payable, trade and other	4,580	5,742
Due to related parties (Note 5)	335	127
Accrued liabilities	2,889	1,342
Deferred revenue (Notes 2 (n) and 4)	1,378	-
Lease liabilities, current (Note 9)	73	66
Current liabilities from discontinued operations (Notes 2 (z) and 3)	98	120
Total current liabilities	26,099	15,185
LONG-TERM LIABILITIES:		
Long-term bank debt, net of unamortized deferred financing costs (Note 8)	110,929	42,110
Other liabilities, non-current	156	262
Long-term lease liabilities (Note 9)	90	18
Commitments and contingencies (Note 9)	-	-
Total long-term liabilities	111,175	42,390
STOCKHOLDERS' EQUITY:		
Preferred stock, $0.01 par value; 25,000,000 shares authorized, 136,261 and 0 Series B, and 1,314,792 and 0 Series C issued and outstanding as at December 31, 2022 and 2021, respectively (Note 10)	15	-
Common stock, $0.01 par value; 500,000,000 shares authorized; 4,187,588 and 337,500 issued and outstanding as at December 31, 2022 and 2021, respectively (Note 10)	42	3
Additional paid-in capital (Note 10)	513,623	457,487
Other comprehensive loss	66	(2)
Accumulated deficit	(358,041)	(370,139)

Total stockholders' equity	155,705	87,349
Total liabilities and stockholders' equity	$ 292,979	$ 144,924

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

PERFORMANCE SHIPPING INC.
Consolidated Statements of Operations
For the years ended December 31, 2022, 2021 and 2020
(Expressed in thousands of U.S. Dollars – except for share and per share data)

	2022	2021	2020
REVENUE:			
Revenue (Notes 2 (n) and 4)	$ 75,173	$ 36,491	$ 42,045
EXPENSES:			
Voyage expenses (Note 2 (n))	14,861	19,205	14,434
Vessel operating expenses	13,828	12,301	9,208
Depreciation and amortization of deferred charges (Notes 2(k),(p) and 6)	9,281	7,472	5,799
Management fees	-	-	231
General and administrative expenses (Notes 5 and 10)	6,751	5,782	7,985
Gain on vessel's sale (Note 6)	(9,543)	-	-
Provision for credit losses and write offs (Notes 2(h) and 4)	33	160	79
Foreign currency (gains) / losses	(20)	31	35
Operating income / (loss)	$ 39,982	$ (8,460)	$ 4,274
OTHER INCOME / (EXPENSES)			
Interest and finance costs (Notes 5, 8 and 11)	(3,966)	(1,801)	(2,089)
Interest income	284	18	110
Gain from property sale	-	137	-
Total other expenses, net	$ (3,682)	$ (1,646)	$ (1,979)
Net income / (loss) from continuing operations	$ 36,300	$ (10,106)	$ 2,295
Gain from repurchase of preferred shares (Note 12)	$ -	$ -	$ 1,500
Income allocated to participating securities (Note 12)	(6)	-	(87)
Deemed dividend on Series B preferred stock upon exchange of common stock (Notes 2 (ac), 10 and 12)	(9,271)	-	-
Deemed dividend on Series C preferred stock upon exchange of Series B preferred stock and re-acquisition of loan due to a related party (Notes 2 (ad), 10 and 12)	(6,944)	-	-
Deemed dividend to the Series C preferred stockholders due to triggering of a down-round feature (Notes 2 (af), 10 and 12)	(5,930)	-	-
Deemed dividend to the July and August warrants' holders due to triggering of a down-round feature (Notes 2 (af), 10 and 12)	(1,116)	-	-
Dividends on preferred stock (Note 12)	(1,030)	-	-
Net income / (loss) attributable to common stockholders from continuing operations	$ 12,003	$ (10,106)	$ 3,708
Net income attributable to common stockholders from discontinued operations (Note 3)	$ -	$ 400	$ 1,482
Total net income / (loss) attributable to common stockholders	$ 12,003	$ (9,706)	$ 5,190
Earnings / (Loss) per common share, basic, continuing operations (Note 12)	$ 6.49	$ (30.16)	$ 11.41
Earnings / (Loss) per common share, diluted, continuing operations (Note 12)	$ 3.02	$ (30.16)	$ 11.25
Earnings per common share, basic, discontinued operations (Note 12)	$ -	$ 1.19	$ 4.56
Earnings per common share, diluted, discontinued operations (Note 12)	$ -	$ 1.19	$ 4.49
Earnings / (Loss) per common share, basic, total (Note 12)	$ 6.49	$ (28.97)	$ 15.97
Earnings / (Loss) per common share, diluted, total (Note 12)	$ 3.02	$ (28.97)	$ 15.74

Weighted average number of common shares, basic (Note 12)	1,850,072	335,086	325,031
Weighted average number of common shares, diluted (Note 12)	6,447,710	335,086	329,704

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

PERFORMANCE SHIPPING INC.
Consolidated Statements of Comprehensive Income / (Loss)
For the years ended December 31, 2022, 2021 and 2020
(Expressed in thousands of U.S. Dollars)

	2022	2021	2020
Net income / (loss) from continuing and discontinued operations	$ 36,300	$ (9,706)	$ 3,777
Other comprehensive income / (loss) (Actuarial gain / (loss))	68	(10)	(61)
Comprehensive income / (loss) from continuing and discontinued operations	$ 36,368	$ (9,716)	$ 3,716

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

PERFORMANCE SHIPPING INC.
Consolidated Statements of Stockholders' Equity
For the years ended December 31, 2022, 2021 and 2020
(Expressed in thousands of U.S. Dollars – except for share and per share data)

	Common Stock		Preferred Stock			Additional	Other		
	# of Shares	Par Value	# of B Shares	# of C Shares	Par Value	Paid-in Capital	Comprehensive Income / (Loss)	Accumulated Deficit	Total
Balance, December 31, 2019	325,457	$ 3	1,600	-	$ -	$ 459,374	$ 69	$ (365,208)	$ 94,238
- Net income	-	-	-	-	-	-	-	3,777	3,777
- Conversion of Series B preferred stock to common stock (Note 10)	13,014	-	(1,100)	-	-	-	-	-	-
- Repurchase and cancellation of Series B preferred stock	-	-	(400)	-	-	(400)	-	-	(400)
- Repurchase and cancellation of Series C preferred stock, including expenses	-	-	(100)	-	-	(3,015)	-	1,500	(1,515)
- Issuance of restricted stock and compensation cost on restricted stock (Note 10)	4,481	-	-	-	-	1,916	-	-	1,916
- Common shares re-purchase and retirement, including expenses	(5,452)	-	-	-	-	(656)	-	-	(656)
- Actuarial loss	-	-	-	-	-	-	(61)	-	(61)
- Dividends declared and paid (at $1.50 per share) (Note 12)	-	-	-	-	-	-	-	(502)	(502)
Balance, December 31, 2020	337,500	$ 3	-	-	$ -	$ 457,219	$ 8	$ (360,433)	$ 96,797
- Net loss	-	-	-	-	-	-	-	(9,706)	(9,706)
- Compensation cost on restricted stock and stock option awards (Note 10)	-	-	-	-	-	268	-	-	268
- Actuarial loss	-	-	-	-	-	-	(10)	-	(10)
Balance, December 31, 2021	337,500	$ 3	-	-	$ -	$ 457,487	$ (2)	$ (370,139)	$ 87,349
- Net income	-	-	-	-	-	-	-	36,300	36,300
- Common shares exchanged for Series B preferred shares (Note 10)	(188,974)	(1)	793,657	-	8	9,264	-	(9,271)	-
- Compensation cost on restricted stock awards (Note 10)	-	-	-	-	-	107	-	-	107
- Issuance of common stock under ATM program, net of issuance costs (Note 10)	175,507	2	-	-	-	1,786	-	-	1,788
- Issuance of units, net of issuance costs (Note 10)	508,000	5	-	-	-	7,121	-	-	7,126
- Issuance of common stock and July warrants, net of issuance costs (Note 10)	1,133,333	11	-	-	-	5,260	-	-	5,271
- Issuance of common stock and August warrants, net of issuance costs (Note 10)	2,222,222	22	-	-	-	13,685	-	-	13,707
- Series B preferred shares exchanged for Series C	-	-	(657,396)	1,314,792	7	11,867	-	(6,944)	4,930

preferred shares and re-acquisition of loan due to a related party (Note 10)									
- Actuarial gain	-	-	-	-	-	-	68	-	68
- Deemed dividend to the July warrants holders due to triggering of a down-round feature (Note 10)	-	-	-	-	-	214	-	(214)	-
- Deemed dividend to the August warrants holders due to triggering of a down-round feature (Note 10)	-	-	-	-	-	902	-	(902)	-
- Deemed dividend to the Series C stockholders due to triggering of a down-round feature (Note 10)	-	-	-	-	-	5,930	-	(5,930)	-
- Dividends declared and paid on Series B preferred shares (at $ 0.875 per share) (Note 10)	-	-	-	-	-	-	-	(530)	(530)
- Dividends declared and paid on Series C preferred shares (at $ 0.3125 per share) (Note 10)	-	-	-	-	-	-	-	(411)	(411)
Balance, December 31, 2022	4,187,588	$ 42	136,261	1,314,792	$ 15	$ 513,623	$ 66	$ (358,041)	$155,705

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

PERFORMANCE SHIPPING INC.
Consolidated Statements of Cash Flows (continuing and discontinued operations)
For the years ended December 31, 2022, 2021 and 2020
(Expressed in thousands of U.S. Dollars)

	2022	2021	2020
Cash Flows provided by / (used in) Operating Activities:			
Net income / (loss)	$ 36,300	$ (9,706)	$ 3,777
Adjustments to reconcile net income / (loss) to net cash provided by / (used in) operating activities:			
Depreciation and amortization of deferred charges (Notes 3 and 6)	9,281	7,472	5,898
Amortization of deferred financing costs (Note 11)	402	143	325
Amortization of prepaid charter revenue	(54)	-	-
Impairment losses	-	-	339
Gain on vessel's sale (Note 6)	(9,543)	-	(319)
Gain from property sale	-	(137)	-
Compensation cost on restricted stock and stock option awards (Note 10)	107	268	1,916
Actuarial gain / (loss)	68	(10)	(61)
(Increase) / Decrease in:			
Accounts receivable	(5,318)	(196)	1,072
Deferred voyage expenses	38	17	(6)
Inventories	1,249	(2,305)	866
Prepaid expenses and other assets	(854)	(319)	20
Right of use asset under operating leases	(79)	100	6
Other non-current assets	189	(261)	-
Increase / (Decrease) in:			
Accounts payable, trade and other	(293)	3,233	(293)
Due to related parties	208	59	60
Accrued liabilities	1,592	84	(523)
Deferred revenue	1,378	-	-
Other liabilities, non-current	(106)	11	105
Lease liabilities under operating leases	79	(100)	(6)
Drydock costs	(797)	(1,476)	-
Net Cash provided by / (used in) Operating Activities	$ 33,847	$ (3,123)	$ 13,176
Cash Flows used in Investing Activities:			
Vessel acquisitions and other vessels' costs (Note 6)	(143,440)	-	(63,386)
Proceeds from sale of vessels, net of expenses	32,626	-	23,464
Proceeds from sale of property, net of expenses	-	1,015	-
Payments for vessels' improvements (Note 6)	(2,109)	(1,777)	-
Property and equipment additions	(27)	(8)	(224)
Net Cash used in Investing Activities	$ (112,950)	$ (770)	$ (40,146)
Cash Flows provided by / (used in) Financing Activities:			
Proceeds from related party loans (Note 5)	5,000	-	-
Proceeds from long-term bank debt (Note 8)	108,633	-	34,800
Repayments of related party loans (Note 5)	(70)	-	-
Repayments of long-term bank debt (Note 8)	(30,327)	(7,911)	(9,181)
Issuance of units, common stock and warrants, net of issuance costs (Note 10)	26,104	-	-
Common shares re-purchase and retirement, including expenses	-	-	(656)
Repurchase of Series C preferred shares, including expenses	-	-	(1,515)
Repurchase of Series B preferred shares	-	-	(400)
Issuance of common stock under ATM program, net of issuance costs (Note 10)	1,788	-	-
Payments of equity issuance and financing costs (Notes 5 and 8)	(932)	-	(561)
Cash dividends (Note 12)	(941)	-	(502)
Net Cash provided by / (used in) Financing Activities	$ 109,255	$ (7,911)	$ 21,985
Net increase / (decrease) in cash, cash equivalents and restricted cash	$ 30,152	$ (11,804)	$ (4,985)
Cash, cash equivalents and restricted cash at beginning of the year	$ 9,574	$ 21,378	$ 26,363
Cash, cash equivalents and restricted cash at end of the year	$ 39,726	$ 9,574	$ 21,378
RECONCILIATION OF CASH, CASH EQUIVALENTS AND RESTRICTED CASH			
Cash and cash equivalents at the end of the year	$ 38,726	$ 9,574	$ 21,378

Restricted cash at the end of the year	1,000	-	-
Cash, cash equivalents and restricted cash at the end of the year	$ 39,726	$ 9,574	$ 21,378
SUPPLEMENTAL CASH FLOW INFORMATION			
Non-cash extinguishment of a related party debt through the issuance of Series C preferred shares (Note 10)	$ 4,930	$ -	$ -
Non-cash investing activities	$ 64	$ 999	$ -
Interest payments	$ 3,123	$ 1,608	$ 1,655

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

1. General Information

Company's identity

The accompanying consolidated financial statements include the accounts of Performance Shipping Inc. (or "Performance") and its wholly-owned subsidiaries (collectively, the "Company"). Performance was incorporated as Diana Containerships Inc. on January 7, 2010, under the laws of the Republic of the Marshall Islands for the purpose of engaging in any lawful act or activity under the Marshall Islands Business Corporations Act. On February 19, 2019, the Company's Annual Meeting of Shareholders approved an amendment to the Company's Amended and Restated Articles of Incorporation to change the name of the Company from "Diana Containerships Inc." to "Performance Shipping Inc.", which was effected on February 25, 2019. The Company's common shares trade on the Nasdaq Capital Market under the ticker symbol "PSHG".

The Company is a global provider of shipping transportation services through the ownership of tanker vessels, while it owned container vessels since its incorporation through August 2020 (Note 3). The Company operates its fleet through Unitized Ocean Transport Limited (the "Manager" or "UOT"), a wholly-owned subsidiary. The fees payable to UOT are eliminated in consolidation as intercompany transactions.

Financial Statements' presentation

Following the sale of all Company's container vessels in 2020, the Company's results of operations of the container vessels, as well as their assets and liabilities, are reported as discontinued operations for all periods presented in the accompanying consolidated financial statements (Note 3). For the statement of cash flows, the Company elected the alternative of combining cash flows from discontinued operations with cash flows from continuing operations within each cash flow statement category, and as such, no separate disclosure of cash flows from discontinued operations is presented in the statement of cash flows.

Furthermore, effective November 15, 2022, the Company effected a one-for-fifteen reverse stock split on its common stock (Note 10), while previously, on November 2, 2020, the Company effected a one-for-ten reverse stock split on its common stock. All share and per share amounts disclosed in the accompanying consolidated financial statements give effect to these reverse stock splits retroactively, for all periods presented.

Other matters

On March 11, 2020, the World Health Organization declared the novel coronavirus ("COVID-19") outbreak a pandemic. In response to the outbreak, many countries, ports and organizations, including those where the Company conducts a large part of its operations, have implemented measures to combat the outbreak, such as quarantines, travel restrictions, and other emergency public health measures in an effort to contain the outbreak. Such measures have resulted in a significant reduction in global economic activity and extreme volatility in the global financial markets, which has reduced the global demand for oil and oil products, which the Company's vessels transport, and has exposed the Company to the risk of volatility in the near-term. During the global gradual recovery from COVID-19, the Company continues to take proactive measures to ensure the health and wellness of its crew and onshore employees while endeavoring to maintain effective business continuity and uninterrupted service to its customers. During the years ended December 31, 2022 and 2021, the Company incurred increased costs as a result of the restrictions imposed in various jurisdictions creating delays and additional complexities with respect to port calls and crew rotations. The Company's revenues are impacted by fluctuations in spot charter rates for Aframax tankers. During the year ended December 31, 2021, the Company's revenue came under pressure due to record OPEC+ oil production cuts and lower production from other oil producing countries, which reduced crude exports, and the unwinding of floating storage and the delivery of newbuilding vessels to the world tanker fleet. However, during the year ended December 31, 2022, the Company's revenues improved due to strength in spot charter rates on account of higher OPEC+ production and increased ton mile due to the sanctions on Russian crude oil exports. As of December 31, 2022, and during the year ended December 31, 2022, the Company's financial results have not been adversely affected from the impact of COVID. Given the dynamic nature of these circumstances, the full extent to which the COVID-19 global pandemic may have direct or indirect impact on the Company's business and the related financial reporting implications cannot be reasonably estimated at this time, although it could materially affect the Company's business, results of operations and financial condition in the future.

Furthermore, the outbreak of war between Russia and the Ukraine has disrupted supply chains and caused instability in the global economy, while the United States and the European Union, among other countries, announced sanctions against Russia, including sanctions targeting the Russian oil sector, among those a prohibition on the import of oil from Russia to the United States. The ongoing conflict could result in the imposition of further economic sanctions against Russia and given Russia's role as a major global exporter of crude oil, the Company's business may be adversely impacted. Currently, none of the Company's contracts have been affected by the events in Russia and Ukraine. As of December 31, 2022, and during the year ended December 31, 2022, the Company's financial results have not been adversely affected from the impact of war between Russia and Ukraine. However, it is possible that in the future third parties with whom the Company has or will have contracts may be impacted by such events. While in general much uncertainty remains regarding the global impact of the conflict in Ukraine, it is possible that such tensions could adversely affect the Company's business, financial condition, results of operation and cash flows. Also, the Company monitors elevated inflation in the United States of America, Eurozone and other countries, including ongoing global prices pressures in the wake of the war in Ukraine, driving up energy prices, commodity prices, which continue to have a moderate effect on the Company's operating expenses. Additionally, interest rates have increased rapidly and substantially as central banks in developed countries raise interest rates in an effort to subdue inflation. The eventual implications of tighter monetary policy, and potentially higher long-term interest rates may drive a higher cost of capital for the Company's business.

2. Recent Accounting Pronouncements and Significant Accounting Policies

Recent Accounting Pronouncements Not Yet Adopted

Reference Rate Reform (Topic 848): In 2020, the Board issued Accounting Standards Update No. 2020-04, Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting, which provides optional guidance to ease the potential burden in accounting for (or recognizing the effects of) reference rate reform on financial reporting. The objective of the guidance in Topic 848 is to provide temporary relief during the transition period. The Board included a sunset provision within Topic 848 based on expectations of when the London Interbank Offered Rate (LIBOR) would cease being published. At the time that Update 2020-04 was issued, the UK Financial Conduct Authority (FCA) had established its intent that it would no longer be necessary to persuade, or compel, banks to submit to LIBOR after December 31, 2021. As a result, the sunset provision was set for December 31, 2022—12 months after the expected cessation date of all currencies and tenors of LIBOR. In March 2021, the FCA announced that the intended cessation date of the overnight 1-, 3-, 6-, and 12-month tenors of USD LIBOR would be June 30, 2023, which is beyond the current sunset date of Topic 848. Because the current relief in Topic 848 may not cover a period of time during which a significant number of modifications may take place, the amendments in this Update defer the sunset date of Topic 848 from December 31, 2022, to December 31, 2024, after which entities will no longer be permitted to apply the relief in Topic 848. The date of adoption of this optional guidance and the effect on its consolidated financial statements and accompanying notes is currently under evaluation by the Company. In addition, in January 2021, the FASB issued another ASU (ASU No. 2021-01) with respect to the Reference Rate Reform (Topic 848). The amendments in this Update clarify that certain optional expedients and exceptions in Topic 848 for contract modifications and hedge accounting apply to derivatives that are affected by the discounting transition. Also, In December 2022 FASB issued another ASU (ASU 2022-06), regarding the Reference Rate Reform (Topic 848). This ASU does not create any new disclosure requirements; it delays the date that ASUs 2020-04 and 2021-01 can be applied from 31 December 2022 to 31 December 2024.

Significant Accounting Policies

(a) Principles of Consolidation: The accompanying consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles and include the accounts of Performance Shipping Inc. and its wholly-owned subsidiaries. All significant intercompany balances and transactions have been eliminated upon consolidation. Under Accounting Standards Codification ("ASC") 810 "Consolidation", the Company consolidates entities in which it has a controlling financial interest, by first considering if an entity meets the definition of a variable interest entity ("VIE") for which the Company is deemed to be the primary beneficiary under the VIE model, or if the Company controls an entity through a majority of voting interest based on the voting interest model. The Company evaluates financial instruments, service contracts, and other arrangements to determine if any variable interests relating to an entity exist. The Company's evaluation did not result in an identification of variable interest entities as of December 31, 2022 and 2021.

(b) Use of Estimates: The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(c) Other Comprehensive Income / (Loss): The Company follows the provisions of Accounting Standard Codification (ASC) 220, "Comprehensive Income", which requires separate presentation of certain transactions, which are recorded directly as components of stockholders' equity. The Company presents Other Comprehensive Income / (Loss) in a separate statement.

(d) Foreign Currency Translation: The functional currency of the Company is the U.S. Dollar because the Company operates its vessels in international shipping markets, and therefore, primarily transacts business in U.S. Dollars. The Company's accounting records are maintained in U.S. Dollars. Transactions involving other currencies during the years presented are converted into U.S. Dollars using the exchange rates in effect at the time of the transactions. At the balance sheet dates, monetary assets and liabilities which are denominated in other currencies are translated into U.S. Dollars at the period-end exchange rates. Resulting gains or losses are reflected separately in the accompanying consolidated statements of operations.

(e) Cash and Cash Equivalents: The Company considers highly liquid investments such as time deposits, certificates of deposit and their equivalents with an original maturity of three months or less to be cash equivalents.

(f) Restricted Cash: Restricted cash, includes minimum cash deposits required to be maintained under the Company's borrowing arrangements.

(g) Accounts Receivable, net: The account includes receivables from pool charterers, charterers for hire, freight and demurrage, net of provision for credit losses – (please refer to paragraph (h) below and to Note 4).

(h) Provision for Credit Losses: The Company measures all expected credit losses of financial assets held at a reporting date based on historical experience, current conditions, and reasonable and supportable forecasts in order to record credit losses in a timely manner. Receivables arising from operating leases are not within the scope of Subtopic 326-20 and as such, the receivables from time-charters and pool charters are excluded. The Company measures the allowance for estimated credit losses on its short-term receivables, being freight and demurrage receivables (Note 4), cash equivalent balances and claims receivable. No allowance was recorded on insurance claims as of December 31, 2022 and 2021, as their balances were immaterial. In addition, no allowance was recorded for cash equivalents as the majority of cash balances as of the balance sheet date was on time deposits with highly reputable credit institutions, for which periodic evaluations of the relative credit standing of those financial institutions are performed.

(i) Inventories: Inventories consist of bunkers, lubricants and victualling. Bunkers inventory exist when the vessel operates under freight charter, or when on the balance sheet date a vessel has been redelivered by her previous charterers and has not yet been delivered to new charterers, or remains idle. When the vessel operates under pool charters, the bunkers may be in the possession of the Company, or of the pool, depending on the terms of the specific pool agreement. All inventories are stated at the lower of cost or net realizable value and cost is determined by the first in, first out method. Net realizable value is defined as estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation.

(j) Vessel Cost: Vessels are stated at cost which consists of the contract price and costs incurred upon acquisition or delivery of a vessel from a shipyard. Subsequent expenditures for conversions and major improvements are also capitalized when they appreciably extend the life, increase the earnings capacity or improve the efficiency or safety of the vessels; otherwise, these amounts are charged to expense as incurred. For vessels that on the balance sheet date were in the shipyard undergoing their scheduled special survey and the installation of their ballast water treatment system, improvement costs of the period under consideration are capitalized in Other non-current assets in the accompanying consolidated balance sheets.

(k) Vessel Depreciation: The Company depreciates its vessels on a straight-line basis over their estimated useful lives, after considering the estimated salvage value. Each vessel's salvage value is the product of her light-weight tonnage and estimated scrap rate, which is estimated at $0.35 per light-weight ton for the tanker vessels, and has also been $0.35 per light-weight ton for the container vessels. Management estimates the useful life of the Company's tanker vessels to be 25 years, and has been 30 years for the container vessels, from the date of initial delivery from the shipyard. Second-hand vessels are depreciated from the date of their acquisition through their remaining estimated useful life. When regulations place limitations on the ability of a vessel to trade on a worldwide basis, the vessel's useful life is adjusted at the date such regulations are adopted.

(l) Impairment of Long-Lived Assets: The Company follows ASC 360-10-40 "Impairment or Disposal of Long-Lived Assets", which addresses financial accounting and reporting for the impairment or disposal of long-lived assets. The Company reviews vessels for impairment 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 a vessel plus her unamortized dry-dock costs and cost of any equipment not yet installed may not be recoverable. When the estimate of future undiscounted net operating cash flows, excluding interest charges, expected to be generated by the use of the vessel over her remaining useful life and her eventual disposition is less than her carrying amount plus unamortized drydock-costs and cost of any equipment not yet installed, the Company evaluates the vessel for impairment loss. The measurement of the impairment loss is based on the fair value of the vessel. The fair value of the vessel is determined based on assumptions by making use of available market data and taking into consideration third-party valuations. The Company evaluates the carrying amounts and periods over which vessels are depreciated to determine if events have occurred which would require modification to their carrying values or useful lives. In evaluating useful lives and carrying values of long-lived assets, management reviews certain indicators of potential impairment, such as undiscounted projected operating cash flows, vessel sales and purchases, business plans and overall market conditions. In developing estimates of future undiscounted cash flows, the Company makes assumptions and estimates about the vessels' future performance, with the significant assumptions being related to charter rates and fleet utilization, while other assumptions include vessels' operating expenses, vessels' residual value, dry-dock costs and the estimated remaining useful life of each vessel. The assumptions used to develop estimates of future undiscounted cash flows are based on historical trends as well as future expectations. The Company also takes into account factors such as the vessels' age and employment prospects under the then current market conditions and determines the future undiscounted cash flows considering its various alternatives, including sale possibilities existing for each vessel as of the testing dates.

In detail, the projected net operating cash flows are determined by considering the historical and estimated vessels' performance and utilization, as well as historical utilization of other vessels of similar type and size considering the Company's recent shift to the tanker market and the lack of extended historical data, the charter revenues from existing time charters for the fixed fleet days and an estimated daily rate for the unfixed days (based on the most recent 10 year average historical rates available for each type of vessel) over the remaining estimated life of each vessel, net of commissions, expected outflows for scheduled vessels' maintenance and vessel operating expenses assuming an average annual inflation rate. Effective fleet utilization is assumed to 89% in the Company's exercise for the tanker vessels, and has been 98% for the container vessels until their sale, taking into account the period(s) each vessel is expected to undergo her scheduled maintenance (dry docking and special surveys), assumptions in line with the Company's historical performance since the acquisition of its tanker vessels, peers' historical performance, and its expectations for future fleet utilization under its fleet employment strategy. For 2022, the Company assessed that there were no indications for potential impairment of any of its vessels. For 2021 and 2020, the review of the tanker vessels' carrying values plus unamortized dry-dock costs and cost of any equipment not yet installed, in connection with the estimated recoverable amounts did not result in a recognition of impairment charge, while the respective review for the Company's container vessels for 2020 also did not indicate impairment charges.

(m) Assets Held for Sale: The Company classifies assets or assets in disposal groups as being held for sale in accordance with ASC 360-10-45-9 "Long-Lived Assets Classified as Held for Sale" when the following criteria are met: (i) management possessing the necessary authority has committed to a plan to sell the asset (disposal group); (ii) the asset (disposal group) is immediately available for sale on an "as is" basis; (iii) an active program to find the buyer and other actions required to execute the plan to sell the asset (disposal group) have been initiated; (iv) the sale of the asset (disposal group) is probable, and transfer of the asset (disposal group) is expected to qualify for recognition as a completed sale within one year; and (v) the asset (disposal group) is being actively marketed for sale at a price that is reasonable in relation to its current fair value and actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn. In case a long-lived asset is to be disposed of other than by sale (for example, by abandonment, in an exchange measured based on the recorded amount of the nonmonetary asset relinquished, or in a distribution to owners in a spinoff) the Company continues to classify it as held and used until its disposal date. Long-lived assets or disposal groups classified as held for sale are measured at the lower of their carrying amount or fair value less cost to sell. These assets are not depreciated once they meet the criteria to be held for sale. The review of the related criteria as of December 31, 2022 and 2021 did not result in held for sale classification for any of the Company's vessels. During 2020, the Company has recognized an impairment charge of $339 from classification of certain of its container vessels as held for sale within the respective year, which is included in Net income /(loss) from discontinued operations in the accompanying consolidated statements of operations (Notes 3 and 6).

(n) Revenues and Voyage Expenses: Since the Company's vessels are employed under time, voyage and pool charter contracts, the Company disaggregates its revenue from contracts with customers by the type of charter (time charters, spot charters and pool arrangements).

The Company has determined that all of its time charter agreements contain a lease and are therefore accounted for as operating leases in accordance with ASC 842. Time charter revenues are accounted for over the term of the charter as the service is provided. Vessels are chartered when a contract exists and the vessel is delivered (commencement date) to the charterer, for a fixed period of time, at rates that are generally determined in the main body of charter parties and the relevant voyage expenses burden the charterer (i.e. port dues, canal tolls, pilotages and fuel consumption). Upon delivery of the vessel, the charterer has the right to control the use of the vessel (under agreed prudent operating practices) as they have the enforceable right to: (i) decide the delivery and redelivery time of the vessel; (ii) arrange the ports from which the vessel shall pass; (iii) give directions to the master of the vessel regarding vessel's operations (i.e. speed, route, bunkers purchases, etc.); (iv) sub-charter the vessel and (v) consume any income deriving from the vessel's charter. Any off-hires are recognized as incurred. The charterer may charter the vessel with or without owner's crew and other operating services. In the case of time charter agreements, the agreed hire rates include compensation for part of the agreed crew and other operating services provided by the owner (non-lease components). The Company, as a lessor, elected to apply the practical expedient which allowed it to account for the lease and the non-lease components of time charter agreements as one, as the criteria of the paragraphs ASC 842-10-15-42A through 42B are met. Time-charter revenue is usually received in advance, and as such, deferred revenue represents cash received prior to the balance sheet date for which related service has not been provided.

Spot, or voyage charter is a charter where a contract is made in the spot market for the use of a vessel for a specific voyage for a specified freight rate per ton, regardless of time to complete. The Company has determined that under voyage charters, the charterer has no right to control any part of the use of the vessel. Thus, the Company's voyage charters do not contain lease and are accounted for in accordance with ASC 606. More precisely, the Company satisfies its single performance obligation to transfer cargo under the contract over the voyage period. Thus, revenues from voyage charters on the spot market are recognized ratably from the date of loading (Notice of Readiness to the charterer, that the vessel is available for loading) to discharge date of cargo (loading-to-discharge). Voyage charter payments are due upon discharge of the cargo. Demurrage revenue, which is included in voyage revenues, represents charterers' reimbursement for any potential delays exceeding the allowed lay time as per charter party agreement, represents a form of variable consideration and is recognized as the performance obligation is satisfied. The Company has taken the practical expedient not to disclose the value of unsatisfied performance obligations for contracts with an original expected length of one year or less.

For vessels operating in pooling arrangements, the Company earns a portion of total revenues generated by the pool, net of expenses incurred by the pool. The amount allocated to each pool participant vessel, including the Company's vessels, is determined in accordance with an agreed-upon formula, which is determined by the margins awarded to each vessel in the pool based on the vessel's age, design and other performance characteristics. Revenue under pooling arrangements is accounted for as variable rate operating lease on the accrual basis and is recognized in the period in which the variability is resolved. The Company recognizes net pool revenue on a quarterly basis, when the vessel has participated in a pool during the period and the amount of pool revenue can be estimated reliably based on the pool report. The allocation of such net revenue may be subject to future adjustments by the pool, however, such changes are not expected to be material (Note 4).

As discussed above, under a time charter, specified voyage costs such as bunkers and port charges are paid by the charterer, while commissions are paid by the Company. Under spot charter arrangements, voyage expenses that are unique to a particular charter are paid for by the Company. Commissions are expensed as incurred. Voyage expenses that qualify as contract fulfilment costs (mainly consisting of bunkers expenses and port dues) and are incurred by the Company from the latter of the end of the previous vessel employment, provided that the vessel is fixed, or from the date of inception of a voyage charter contract until the arrival at the loading port, are capitalized to Deferred Voyage Expenses and amortized ratably over the total transit time of the voyage (loading-to-discharge). Vessel voyage expenses that do not qualify as contract fulfilment costs, and operating expenses are expensed when incurred.

(o) Earnings/(Loss) per Common Share: Basic earnings/(loss) per common share are computed by dividing net income / (loss) attributable to common stockholders by the weighted average number of common shares outstanding during the period. The two-class method is an earnings allocation formula that determines earnings per share for common stock and participating securities, according to dividends declared and participation rights in undistributed earnings. Under this method, net earnings is reduced by the amount of dividends declared in the current period for common shareholders and participating security holders. The remaining earnings or "undistributed earnings" are allocated between common stock and participating securities to the extent that each security may share in earnings as if all of the earnings for the period had been distributed. Once calculated, the earnings per common share is computed by dividing the net (loss) earnings attributable to common shareholders by the weighted average number of common shares outstanding during each year presented. Diluted earnings/(loss) per common share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised. Diluted (loss) earnings attributable to common shareholders per common share is computed by dividing the net (loss) earnings attributable to common shareholders by the weighted average number of common shares outstanding plus the dilutive effect of restricted shares, warrants and options outstanding during the applicable periods computed using the treasury method and the dilutive effect of convertible securities during the applicable periods computed using the "if converted" method. The two-class method is used for diluted earnings/(loss) per common share when such is the most dilutive method, considering anti – dilution sequencing as per ASC 260. In cases when the effect from restricted stock, options and convertible securities is anti-dilutive, such are not included in the diluted earnings / (loss) per common share calculation. For purposes of the if-converted calculation, the fixed conversion price of preferred convertible stock is used, unless the number of shares that may be issued is variable, at which case the average market price of the period is used (Note 12).

(p) Dry-Docking Costs: The Company follows the deferral method of accounting for dry-docking costs whereby actual costs incurred are deferred and amortized on a straight-line basis over the period through the date the next dry-docking will be scheduled to become due. Unamortized dry-docking costs of vessels that are sold are written off and included in the calculation of the resulting gain or loss in the year of the vessel's sale. Unamortized dry-docking costs of vessels classified as held for sale are written off as impairment charges when these vessels' carrying values are impaired as a result of their classification. The unamortized dry-docking cost as of December 31, 2022, and 2021 was $1,098 and $1,408, respectively. Amortization of dry-docking costs for 2022, 2021 and 2020 for the tanker vessels amounted to $544, $68, and $0 respectively, and is included in Depreciation and amortization of deferred charges in the accompanying consolidated statement of operations, while the amortization of dry-docking costs for 2020 for the container vessels amounted to $68 and is included in Net income / (loss) from discontinued operations in the accompanying consolidated statement of operations. Also, in 2022, deferred dry-dock costs of the tanker vessels which were written off in Gain on vessels' sale in the accompanying consolidated statement of operations amounted to $562, while in 2020, deferred dry-dock costs which were written off as Loss / (Gain) on vessels' sale for the container vessels amounted to $66 and are included in Net income / (loss) from discontinued operations in the accompanying consolidated statement of operations (Note 3).

(q) Financing Costs and Liabilities: Fees paid to lenders for obtaining new loans, or for refinancing existing ones which are determined as debt modifications, are deferred and recorded as a contra to debt. Other fees paid for obtaining loan facilities not used at the balance sheet date are capitalized as deferred financing costs. Fees are amortized to interest and finance costs over the life of the related debt using the effective interest method and, for the fees relating to loan facilities not used at the balance sheet date, according to the loan availability terms. Discount premiums are accounted for similar to other financing fees. Loan commitment fees are charged to expense in the period incurred. A loan liability is derecognized when the Company pays the creditor and is relieved of its obligation for the liability. For loans repaid or refinanced that meet the criteria of debt extinguishment, the difference between the settlement price and the net carrying amount of the debt being extinguished (which includes any deferred debt issuance costs) is recognized as a gain or loss in the statement of operations.

(***r) Repairs and Maintenance:*** All repair and maintenance expenses including underwater inspection expenses are expensed in the period incurred. Such costs relating to the Company's tanker vessels are included in Vessel operating expenses, and those relating to the container vessels are included in Net income / (loss) from discontinued operations in the accompanying consolidated statements of operations.

(s) Share-Based Payment: The Company issues restricted share awards which are measured at their grant date fair value and are not subsequently re-measured. That cost is recognized under the straight-line method over the period during which an employee is required to provide service in exchange for the award—the requisite service period (usually the vesting period). At cases when part of the vesting of the restricted share award takes place on the grant date, then the corresponding compensation cost is recognized as incurred. When the service inception date precedes the grant date, the Company accrues the compensation cost for periods before the grant date based on the fair value of the award at the reporting date. In the period in which the grant date occurs, cumulative compensation cost is adjusted to reflect the cumulative effect of measuring compensation cost based on the fair value at the grant date. Forfeitures of awards are accounted for when and if they occur. If an equity award is modified after the grant date, incremental compensation cost will be recognized in an amount equal to the excess of the fair value of the modified award over the fair value of the original award immediately before the modification.

The Company also grants stock options as incentive-based compensation to certain of its officers, in accordance with the terms of the Company's Equity Incentive Plan. Stock-based compensation awards that are classified as equity and do not contain any market, service or performance conditions, are recognized on the grant date with a corresponding credit to equity and are measured at fair value. The compensation cost of the Company's stock-based compensation awards is included in general and administrative expenses in the consolidated statement of operations (Note 10).

(t) Fair Value Measurements: The Company follows the provisions of ASC 820 "Fair Value Measurements and Disclosures", which defines fair value and provides guidance for using fair value to measure assets and liabilities. The guidance creates a fair value hierarchy of measurement and describes fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the market in which the reporting entity transacts. In accordance with the requirements of accounting guidance relating to Fair Value Measurements, the Company classifies and discloses its assets and liabilities carried at the fair value in one of the following categories:

- Level 1: Quoted market prices in active markets for identical assets or liabilities;
- Level 2: Observable market based inputs or unobservable inputs that are corroborated by market data;
- Level 3: Unobservable inputs that are not corroborated by market data.

The fair value measurement assumes that an instrument classified in the shareholders' equity is transferred to a market participant at the measurement date. The transfer of an instrument classified in shareholders' equity assumes that the instrument would remain outstanding, and the market participant takes on the rights and responsibilities associated with the instrument.

(u) Concentration of Credit Risk: Financial instruments, which potentially subject the Company to significant concentrations of credit risk, consist principally of cash and trade accounts receivable. The Company places its temporary cash investments, consisting mostly of deposits, with various qualified financial institutions and performs periodic evaluations of the relative credit standing of those financial institutions that are considered in the Company's investment strategy. The Company limits its credit risk with accounts receivable by performing ongoing credit evaluations of its customers' financial condition and generally does not require collateral for its accounts receivable and does not have any agreements to mitigate credit risk. For credit losses accounting on the Company's financial assets please see paragraph (h) above.

(v) Going Concern: The Company evaluates whether there is substantial doubt about its ability to continue as a going concern by applying the provisions of ASC 205-40. In more detail, the Company evaluates whether there are conditions or events that raise substantial doubt about the Company's ability to continue as a going concern within one year from the date the consolidated financial statements are issued. As part of such evaluation, the Company did not identify any conditions that raise substantial doubt about the entity's ability to continue as a going concern within one year from the date the consolidated financial statements are issued. Accordingly, the Company continues to adopt the going concern basis in preparing its consolidated financial statements.

(w) Evaluation of Purchase Transactions: When the Company enters into an acquisition transaction, it determines whether the acquisition transaction was the purchase of an asset or a business based on the facts and circumstances of the transaction. In accordance with Business Combinations (Topic 805): Clarifying the Definition of a Business, if substantially all of the fair value of the gross assets acquired in an acquisition transaction are concentrated in a single identifiable asset or group of similar identifiable assets, then the set is not a business. To be considered a business, a set must include an input and a substantive process that together significantly contributes to the ability to create an output. All assets acquired and liabilities assumed in a business combination are measured at their acquisition-date fair values. For asset acquisitions, the cost of the acquisition is allocated to individual assets and liabilities on a relative fair value basis. Acquisition costs associated with business combinations are expensed as incurred. Acquisition costs associated with asset acquisitions are capitalized.

(x) Repurchase and Retirement of Company's Common Shares: All Company's common shares re-purchased are immediately cancelled and retired, and the Company's share capital is accordingly reduced. The excess of the cost of the common shares over their par value is allocated in additional paid-in capital.

(y) Repurchase and Retirement of Company's Preferred Shares: All Company's preferred shares re-purchased are immediately cancelled and retired, and the Company's share capital is accordingly reduced. Any difference between the fair value of the consideration transferred to the holders of the preferred stock and the carrying amount of the preferred stock represents a return to (from) the preferred stockholder that should be treated in a manner similar to the treatment of dividends paid on preferred stock. If the fair value of the consideration transferred plus any direct costs incurred in relation to the redemption, is less than the carrying amount of the preferred shares redeemed (net of any issuance costs), the difference is credited to retained earnings. In addition, any possible excess between the fair value of the consideration paid for the re-purchase of preferred shares and the carrying amount of the shares surrendered is reflected as gain which should be added to the net income/(loss) from continuing operations to arrive at the net income/(loss) available to common stockholders from continuing operations (Note 12).

(z) Discontinued Operations: It is a Company's policy, that the current and prior year periods assets, liabilities, results of operations and cash flows of a Company's component disposed of by sale are reported as discontinued operations when it is determined that their operations and cash flows will be eliminated from the ongoing operations of the Company as a result of their disposal, and that the Company will not have continuing involvement in the operation of these assets after their disposal (Note 3).

(aa) Rent Concessions Related to the COVID-19 Pandemic: The FASB has provided accounting elections for entities that provide or receive rent concessions (e.g., deferral of lease payments, reduced future lease payments) due to the COVID-19 pandemic. Entities are allowed to elect to not evaluate whether a concession provided by a lessor due to COVID-19 is a lease modification. An entity that makes this election can then elect whether to apply the modification guidance (i.e., assume the concession was always contemplated by the contract or assume the concession was not contemplated by the contract). During 2021, the Company's rent costs were reduced as a result of COVID-19 relief measures applied by the Greek government, while for 2022 and 2020 no such relief measures were in force. The Company assessed that the rent concession qualifies for the election, as the concession did not result in a substantial increase in the rights of the lessor or the obligations of the lessee, and then elected to not evaluate whether this concession provided by the Greek government due to COVID-19 is a lease modification, and further chose to adopt a policy to not account for the concession as a lease modification. Finally, the Company, as a lessee that was contractually released from certain lease payments, accounts the rent concession like a negative variable lease payment (Note 9).

(ab) Segmental Reporting: The Company engages in the operation of tanker vessels which has been identified as one reportable segment. The operation of the vessels is the main source of revenue generation, the services provided by the vessels are similar and they all operate under the same economic environment. Additionally, the vessels do not operate in specific geographic areas, as they trade worldwide. The Company reports financial information and evaluates the operations by charter revenues and not by the length of ship employment for its customers, i.e. spot or time charters.

(ac) Exchange of Common Shares for Shares of Series B Convertible Preferred Stock: In cases of exchanges of common stock for preferred stock, the Company values separately the common stock and the preferred stock on the date of the exchange. When the Company determines that on the measurement date there is an excess value of the preferred stock, as compared to the fair value of the exchanged common stock, that value represents a dividend to the preferred holders, which should be deducted from the net income/(loss) from continuing operations to arrive at the net income/(loss) available to common stockholders from continuing operations.

(ad) Exchange of Series B Convertible Preferred Stock and Related Party Loan for Series C Convertible Preferred Stock: The Company follows the provisions of ASC 470-50 "Modifications and Extinguishments" to determine whether exchange of preferred stock should be accounted for as a modification or extinguishment. For extinguishments, the Company follows the accounting as per ASC 260-10-S99-2. Under that guidance, when equity-classified preferred shares are extinguished, the difference between (1) the fair value of the consideration transferred to the holders of the preferred shares (i.e., the cash or the fair value of new instruments issued) and (2) the carrying amount of the preferred shares (net of issuance costs) are subtracted from (or added to) net income to arrive at income available to common stockholders in the calculation of earnings/(losses) per share. As far as it concerns extinguishment of related party loans, the Company follows provision of ASC 470-50-40-2, indicating that such extinguishment transactions may be in essence capital transactions.

(ae) Preferred Shares and Warrants Accounting: The Company follows the provision of ASC 480 "Distinguishing Liabilities from Equity" and ASC 815 "Derivatives and Hedging" to determine the classification of certain freestanding financial instruments as permanent equity, temporary equity or liability. The Company, when assessing the accounting of the warrants, the pre-funded warrants, the Series B Preferred Shares and the Series C Preferred Shares takes into consideration ASC 480 to determine whether the warrants, the pre-funded warrants, the Series B Preferred Shares and the Series C Preferred Shares should be classified as permanent equity instead of temporary equity or liability. The Company further analyses the key features of the warrants, the pre-funded warrants, the Series B and Series C Preferred Shares to determine whether these are more akin to equity or to debt. In its assessment, the Company identifies any embedded features, examines whether these fall under the definition of a derivative according to ASC 815 applicable guidance or whether certain of these features affect the classification. In cases when derivative accounting is deemed inappropriate, no bifurcation of these features is performed.

(af) Accounting of Down-Round Features: For preferred stock and warrants bearing down-round features, the Company evaluates whether there are circumstances that trigger the down-round feature. At the date when the down-round features are triggered, the Company considers the provision of ASC 260-10-30-1 and measures the value of the effect of the feature as the difference between (a) the fair value of the financial instrument (without the down-round feature) with a conversion price or exercise price (as applicable), corresponding to the stated conversion or exercise price of the issued instrument before the conversion or exercise price reduction and (b) the fair value of the financial instrument (without the down-round feature) with a conversion or exercise price, corresponding to the reduced conversion or exercise price upon the down-round feature being triggered. When the Company determines that on the measurement date there is an excess value of the preferred stock or the warrant due to the triggering of the down-round feature, then this value represents a deemed dividend to the preferred or to the warrant holders (as applicable), which should be deducted from the net income/(loss) from continuing operations to arrive at the net income/(loss) available to common stockholders from continuing operations.

3. Discontinued Operations

Since August 2019, upon the delivery of the Company's first tanker vessel "Blue Moon", through August 2020, when the last container vessel "Domingo" was sold, the Company's fleet was a mixture of container and tanker vessels. Accordingly, the Company had determined that it would operate under two reportable segments, one relating to its operations of container vessels (containers' segment) and one to the operations of tanker vessels (tankers' segment). Concurrently with the acquisition of its first tanker vessels, as the market environment for the Company's containers fleet continued to be negative and with difficult employment opportunities, management initiated a number of actions for the gradual disposal of the whole container vessels' fleet, although no decision at that time was reached for a strategic shift to a different segment. In the first months of 2020, the Company acquired two additional tanker vessels. In August 2020, at the time when the fleet's last container vessel was sold, the Company evaluated the results of the tanker vessels owned since 2019 and assessed the prospects of the specific segment as positive. At that time, the Company determined that its decision to exit the container segment represented a strategic shift to the exclusive ownership of tanker vessels and further assessed that the disposal of all its container vessels constituted a disposal of an entity's segment, that will have a major effect on the Company's operations and financial results. Furthermore, the Company determined that it would not have continuing involvement in the operation of the disposed assets. In this respect, the results of operations of the container vessels, as well as their assets and liabilities, are reported since 2020 as discontinued operations for all periods presented in the accompanying consolidated financial statements.

Below are presented summarized the operating results of the discontinued operations for years ended December 31, 2022, 2021 and 2020, as well as the balance sheet information on the Company's discontinued operations as of December 31, 2022 and 2021:

	2022	2021	2020
Items constituting net income from discontinued operations			
Time-charter revenues	$ -	$ -	$ 4,238
Voyage expenses	-	-	(188)
Vessels' operating expenses	-	-	(2,336)
Depreciation and amortization of deferred charges	-	-	(99)
Management fees	-	-	(116)
Impairment losses	-	-	(339)
Gain on vessels' sale	-	-	319
Other income	-	400	-
Foreign currency gains / (losses)	-	-	3
Net income from discontinued operations	-	400	1,482

	December 31, 2022	December 31, 2021
Carrying amounts of major classes of assets of discontinued operations		
Cash and cash equivalents	$ -	$ 1
Accounts receivable, trade	17	17
Prepaid expenses and other assets	29	29
Total major classes of current assets of discontinued operations	46	47
Carrying amounts of major classes of liabilities of discontinued operations		
Accounts payable, trade and other	98	115
Accrued liabilities	-	5
Total major classes of current liabilities of discontinued operations	98	120

4. Revenue, Accounts Receivable and Provision for Credit Losses

Revenue and Accounts Receivable

The Company's tanker vessels are employed under various types of charters and accordingly, the Company disaggregates its revenue from contracts with customers by the type of charter (time charters, spot charters and pool charters).

For 2022, Revenue from continuing operations amounted to $23,330 from spot charters, to $8,131 from time-charters and to $43,712 from pool charters. For 2021, Revenues from continuing operations amounted to $23,606 from spot charters, to $10,282 from time-charters and to $2,603 from pool charters. For 2020, Revenues from continuing operations amounted to $34,742 from spot charters, to $7,303 from time-charters and to $nil from pool charters.

As of December 31, 2022, the balance of Accounts receivable, net, for the continuing operations amounted to $2,636 for the spot charters (of which $167 relates to contract assets), to $34 for the time-charters and to $6,440 for the pool charters. As of December 31, 2021, the balance of Accounts receivable, net, for the continuing operations amounted to $2,037 for the spot charters (of which $196 relates to contract assets), to $2 for the time-charters and to $1,753 for the pool charters.

As of December 31, 2022 and 2021, the balance of Deferred Revenue for the continuing operations amounted to $1,378 and $nil, respectively, and related solely to cash received up-front from the Company's time-charter contracts.

For the years ended December 31, 2022, 2021, and 2020, charterers that accounted for more than 10% of the Company's revenue, were as follows:

Charterer	2022	2021	2020
A	-	26%	20%
B	-	17%	-
C	41%	-	-
D	18%	-	-

The maximum aggregate amount of loss due to credit risk, net of related allowances, that the Company would incur if the aforementioned charterers failed completely to perform according to the terms of the relevant charter parties, amounted to $6,440 and to $405 as of December 31, 2022 and 2021, respectively.

Credit Losses Provision

The Company, in estimating its expected credit losses, gathers annual historical losses on its freight and demurrage receivables since 2019 when the Company's tanker vessels firstly operated in the spot market, and makes forward-looking adjustments in the estimated loss ratio, which is re-measured on an annual basis. As of December 31, 2022 and 2021, the balance of the Company's allowance for estimated credit losses on its outstanding freight and demurrage receivables were $109 and $121, respectively, and is included in Accounts receivable, net of provision for credit losses in the accompanying consolidated balance sheets. For the years ended December 31, 2022, 2021 and 2020, the Provision for credit losses and write offs in the accompanying consolidated statements of operations includes changes in the provision of estimated losses of $(12), $42 and $79, respectively, and for 2022 and 2021 it also includes an amount of $45 and $118, respectively, representing demurrages write offs.

5. Transactions with Related Parties

(a) Pure Brokerage and Shipping Corp. ("Pure Brokerage"): Pure Brokerage, a company controlled by the Company's Chairperson of the Board and controlling shareholder Aliki Paliou, provides brokerage services to the Company since June 15, 2020, pursuant to a Brokerage Services Agreement for a fixed monthly fee per each tanker vessel owned by the Company. Pure Shipbroking may also, from time to time, receive sale and purchase commissions and chartering commissions on the gross revenue of the tanker vessels, depending on the respective charter parties' terms.

For 2022, 2021 and 2020, commissions to Pure Brokerage amounted to $887, $431 and $227, respectively, and are included in Voyage expenses in the accompanying consolidated statements of operations. Also, for 2022, 2021 and 2020, brokerage fees to Pure Brokerage amounted to $204, $180 and $80, respectively, and are included in General and administrative expenses in the accompanying consolidated statements of operations. Also, for 2020, commissions of discontinued operations amounted to $56 and are included in Net income / (loss) from discontinued operations. As at December 31, 2022 and 2021, an amount of $335 and $63 was payable to Pure Brokerage and is included in Due to related parties in the accompanying consolidated balance sheets.

(b) ***Mango Shipping Corp ("Mango")***: On March 2, 2022, the Company entered into an unsecured credit facility with Mango, whose beneficial owner is the Company's Chairperson of the Board and controlling shareholder Aliki Paliou, of up to $5.0 million, for general working capital purposes. The loan had a term of one year from the date of the agreement, bore interest of 9.0% per annum, and was drawn in arrears at the Company's request. The agreement also provided for arrangement fees of $200 payable on the date of the agreement, and commitment fees of 3.00% per annum on any undrawn amount until the maturity date. The Company drew down the $5,000 loan amount in two advances in March 2022, and repaid it in full on October 19, 2022 (see paragraph below). For 2022, interest and commitment fees incurred in connection with the Mango loan amounted to $277, and together with arrangement fees of $200 which were amortized and written off during 2022, are included in Interest and finance costs in the accompanying consolidated statements of operations (Note 11).

In December 2021, the Company commenced an offer to exchange up to 271,078 of its then issued and outstanding common shares, par value $0.01 per share, for newly issued shares of the Company's Series B Convertible Cumulative Perpetual Preferred Stock, par value $0.01, at a ratio of 4.20 Series B Preferred Shares for each common Share (Note 10). The tender offer expired on January 27, 2022, and a total of 188,974 common shares were validly tendered and accepted for exchange, which resulted in the issuance of 793,657 Series B Preferred Shares, out of which 657,396 were beneficially owned by Aliki Paliou through Mango, and 28,171 were beneficially owned by Andreas Michalopoulos. On October 17, 2022, the Company entered into a stock purchase agreement with Mango pursuant to which it agreed to issue to Mango in a private placement 1,314,792 Series C Preferred Stock in exchange for (i) all 657,396 Series B Preferred Shares held by Mango, and (ii) the agreement by Mango to apply $4,930 (an amount equal to the aggregate cash conversion price payable upon conversion of such Series B Preferred Shares into Series C Preferred Shares pursuant to their terms) as a prepayment by the Company of the unsecured credit facility. The transaction was approved by a special independent committee of the Company's Board of Directors. On October 19, 2022, the Company repaid the remaining amount due to the credit facility of $70, together with accrued interest, and terminated the agreement.

The Series B and the Series C Preferred stock is entitled to an annual dividend of 4.00% and 5.00%, respectively (Note 10). For 2022, dividends declared and paid to Mango on its Series B preferred shares amounted to $411 (or $0.875 per each Series B preferred share) and were calculated for the period from February 2, 2022 (date of issuance of the Series B preferred shares) until September 15, 2022. Following the issuance of the Series C preferred shares in October 2022 to Mango, the dividends on the Series B preferred shares held by Mango accrued until the last dividend payment date, which was September 15, 2022. Additionally, for 2022, dividends declared and paid to Mango on its Series C preferred shares amounted $411, (or $0.3125 per each Series C preferred share), and were calculated for the period from September 15, 2022 until December 15, 2022. On December 31, 2022, accrued and not paid dividends on the Series C preferred shares held by Mango, amounted to $82 (Note 10).

For the details of the terms of the Series B and the Series C preferred stock, and the respective accounting treatment followed by the Company, please refer to Note 10.

Ex Related Parties transactions of 2021 and 2020

During 2020 and 2021, the Company was receiving travel, brokerage, and vessels' management services from certain affiliated companies, on the basis that these entities were either controlled by the Company's then Chairman of the Board, or the Company had common board members with these entities. Additionally, in 2021, the Company sold to an ex-affiliated entity its co-owned indivisible share in a plot of land, located in Athens, Greece. The Company gradually from February 2020 to January 2021 either terminated its co-operation with these entities or ceased to be affiliated to them.

For 2021 and 2020, aggregate expenses for services provided by the aforementioned entities amounted to $18 and $596, respectively, and are included in Vessel operating expenses, in General and administrative expenses and in Net income / (loss) from discontinued operations in the accompanying consolidated financial statements. Also, in 2021, the Company recognized a gain of $137 from the sale of property to an ex-affiliated entity, and it is depicted as Gain from property sale in the accompanying consolidated financial statements (Note 7). As at December 31, 2021, there were no amount due to or due from these ex related party entities.

6. Vessels, net

Vessels' acquisitions and Vessels' Improvements - Continuing Operations

During 2021, the Company capitalized in Vessels, net an amount of $2,218, mainly representing costs for the installation of ballast water treatment system on the tanker vessels "Briolette" and "P. Fos", out of which $1,758 has been settled until December 31, 2021 and is included in Payments for vessels' improvements in the accompanying consolidated statement of cash flows. Additionally, an amount of $558 relating to the installation costs of the ballast water treatment system of the vessel "Blue Moon", whose scheduled special survey was in progress as of December 31, 2021, is included in Other non-current assets in the accompanying 2021 consolidated balance sheets. Out of the $558 of these installation costs, $19 have been paid until December 31, 2021 and is included in Payments for vessels' improvements in the accompanying consolidated statement of cash flows.

During 2022, the Company capitalized in Vessels, net an aggregate amount of $1,218, out of which $558 was transferred from other non-current assets, representing costs for the installation of ballast water treatment system on the vessel "Blue Moon". During the year, $1,199 of these costs have been paid and are included in line "Payments for vessels' improvements" in the accompanying consolidated statements of cash flows. Furthermore, in 2022, the Company capitalized in other non-current assets an amount of $450, representing advances paid for the installation of ballast water treatment system on the vessel "P. Kikuma", also included in line "Payments for vessels' improvements" in the accompanying consolidated statements of cash flows.

From June to November 2022, the Company, through four newly established subsidiaries, entered into four memoranda of agreement with unrelated parties to acquire the Aframax tanker vessels "P. Sophia", "P. Aliki", "P. Monterey", and "P. Long Beach", for a purchase price of $27,577, $36,500, $35,000, and $43,750, respectively. The vessels were delivered to the Company from July to December 2022. Aggregate pre-delivery costs capitalized in connection with these vessels' acquisition amounted to $677.

Vessel's Disposals – Continuing and Discontinued Operations

In October 2022, the Company, through one of its subsidiaries, entered into a memorandum of agreement to sell the Aframax tanker vessel "P. Fos" to unrelated parties for an aggregate gross price of $34,000. The vessel was delivered to her new owners in November 2022 and the Company received the sale proceeds in accordance with the terms of the contract. For 2022, the gain on sale of vessels, net of direct to sale expenses, amounted to $9,543 and is reflected in Gain on vessel's sale in the accompanying consolidated statement of operations.

In January and August 2020, the Company, through two of its subsidiaries, agreed to sell the container vessels "Rotterdam" and "Domingo" to unrelated parties for an aggregate gross price of $24,100. The vessels were delivered to their new owners in April and August 2020, respectively, and the Company received the sale proceeds in accordance with the terms of the contracts. For 2020, the gain on sale of vessels, net of direct to sale expenses, amounted to $319. The gain on vessels' sale is included in Net income/(loss) from discontinued operations in the accompanying consolidated statement of operations.

Vessels' impairment – Discontinued Operations

In 2020, the Company, taking into account the provisions of ASC 360 and factors such as the vessels' age and employment prospects under the then current market conditions, determined the future undiscounted cash flows for each of its vessels, considering its various alternatives, including sale possibilities. During 2020, the carrying values of one of the Company's containers vessels was impaired as a result of its classification as "held for sale". More specifically, in 2020, an impairment loss of $339 was recognized in connection with the container vessels' "Rotterdam" held for sale classification on the March 31, 2020 balance sheets, as the vessel's carrying value exceeded its fair value, less costs to sell. The vessel was measured at fair value on a non-recurring basis as a result of its "held for sale" classification and their fair value was determined through Level 2 inputs of the fair value hierarchy making also use of available market data for the market value of vessels with similar characteristics. The fair value of the impaired vessel as of the testing date were $18,130 in 2020.

In 2020, the impairment loss recognized by the Company for its container vessels amounted to $339 and is included in Net income/(loss) from discontinued operations in the accompanying consolidated statement of operations.

The amounts of Vessels, net, in the accompanying consolidated balance sheets are analyzed as follows:

	Vessels' Cost	Accumulated Depreciation	Net Book Value
Balance, December 31, 2020	$ 134,564	$ (6,456)	$ 128,108
- Vessels' improvements	2,218	-	2,218
- Depreciation	-	(7,290)	(7,290)
Balance, December 31, 2021	$ 136,782	$ (13,746)	$ 123,036
- Vessels' acquisitions	143,504	-	143,504
- Vessels' improvements transferred from other non-current assets	558	-	558
- Vessels' improvements	660	-	660
- Vessels' disposals	(27,208)	4,688	(22,520)
- Depreciation	-	(8,631)	(8,631)
Balance, December 31, 2022	$ 254,296	$ (17,689)	$ 236,607

7. Property and Equipment, net

On November 18, 2021, the Company, through UOT, sold to a subsidiary of Diana Shipping Inc. its co-owned indivisible share in a plot of land, located in Athens, Greece, for a purchase price of Euro 1,100,000 (or $1,248 based on a $1.1345 Euro/USD exchange rate). In connection with this sale, the Company recorded a gain, net of $233 taxes and expenses, of $137, which is presented as Gain from property sale in the accompanying 2021 consolidated statement of operations.

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

	Property and Equipment	Accumulated Depreciation	Net Book Value
Balance, December 31, 2020	$ 1,790	$ (655)	$ 1,135
- Additions in equipment	8	-	8
- Land sale	(878)	-	(878)
- Depreciation	-	(114)	(114)
Balance, December 31, 2021	$ 920	$ (769)	$ 151
- Additions in equipment	27	-	27
- Depreciation	-	(106)	(106)
Balance, December 31, 2022	$ 947	$ (875)	$ 72

8. Long-Term Debt

The amount of long-term debt shown in the accompanying consolidated balance sheets is analyzed as follows:

	December 31, 2022	Current	Non-current	December 31, 2021	Current	Non-current
Nordea Bank secured term loan	$ 20,663	$ 3,740	$ 16,923	$ 24,403	$ 3,740	$ 20,663
Piraeus Bank secured term loans	67,584	9,048	58,536	25,786	4,171	21,615
Alpha Bank secured term loans	40,250	4,200	36,050	-	-	-
less unamortized deferred financing costs	(822)	(242)	(580)	(291)	(123)	(168)
Total debt, net of deferred financing costs	$ 127,675	$ 16,746	$ 110,929	$ 49,898	$ 7,788	$ 42,110

Secured Term Loans: The Company, through its vessel-owning subsidiaries, has entered into various long term loan agreements with certain financial institutions (as described below) to partially finance the acquisition cost of its tanker vessels. All loans are repayable in quarterly installments plus one balloon installment per loan agreement to be paid together with the last installment, and bear variable interest at SOFR or LIBOR plus a fixed margin ranging from 2.35% to 2.85%. Their maturities fall due from July 2024 to December 2027, and at each utilization date, arrangement fees ranging from 0.50% to 1.00% were paid. As of December 31, 2022, the term loans were collateralized by the Company's eight tanker vessels, whose aggregate net book value was $236,607.

In July 2019, the Company, through two of its vessel-owning subsidiaries, entered into a loan agreement with Nordea Bank Abp, Filial i Norge ("Nordea Bank") for a senior secured term loan facility of up to $33,000, to partially finance the acquisition cost of the vessels "Blue Moon" and "Briolette". In December 2019 and in March 2020, the Nordea Bank loan was twice amended and restated to increase the loan facility to up to $47,000 and $59,000, respectively, to partially support the acquisition cost of the tanker vessels "P. Fos" and "P. Kikuma", respectively. In December 2020, the Company entered a Deed of Release with Nordea Bank, according to which the borrowers of the vessels "P. Fos" and "P. Kikuma" were released from all obligations under the agreement, in connection with the re-finance by Piraeus Bank S.A. (described below). Also in December 2020, the Company entered into a Supplemental Loan Agreement with Nordea Bank, to amend the existing repayment schedules of the "Blue Moon" and "Briolette" tranches and to amend the major shareholder's clause included in the agreement.

In December 2020, the Company, through three of its vessel-owning subsidiaries, entered into a loan agreement with Piraeus Bank S.A. ("Piraeus Bank") for a senior secured term loan facility of up to $31,526, to refinance the existing indebtedness of the vessels "P. Fos" and "P. Kikuma" with Nordea Bank, described above, and partially finance the acquisition cost of the vessel "P. Yanbu". The three borrowers utilized in December 2020 an aggregate amount of $29,958 under the loan agreement, and no amount remained available for drawdown thereafter. The "P. Fos" trance was repaid in full and released from the loan agreement in November 2022, due to the vessels' sale (Note 6). Furthermore, the "P. Yanbu" and the "P. Kikuma" trances were also released from the specific loan agreement in July and December 2022, respectively, as part of their refinancing under the new loan agreements with Piraeus Bank signed in June and November 2022 (discussed below), and as such, the specific loan agreement was terminated.

In June 2022, the Company, through the vessel-owning subsidiaries of the vessels "P. Sophia" (Note 6) and "P. Yanbu", entered into a new loan agreement with Piraeus Bank for a senior secured term loan facility of up to $31,933. The purpose of this facility was to finance the acquisition of "P. Sophia" by up to $24,600 and refinance the existing indebtedness of $7,333 of the vessel "P. Yanbu". The Company utilized the full amount of $31,933 in July 2022.

Later, in November 2022, the Company, through the vessel-owning subsidiaries of the vessels "P. Monterey" (Note 6) and "P. Kikuma", entered into a new loan agreement with Piraeus Bank for a senior secured term loan facility of up to $37,400. The purpose of this facility was to finance the acquisition of "P. Monterey" by up to $29,615 and refinance the existing indebtedness of $7,785 of the vessel "P. Kikuma". The Company utilized the amount of $36,450 in November 2022, and no amount remained available for drawdown thereafter.

Also in November 2022, the Company, through the vessel-owning subsidiary of the vessel "P. Aliki" (Note 6) signed a loan agreement with Alpha Bank S.A ("Alpha Bank"), to support the acquisition of the vessel by providing a secured term loan of up to $18,250. The maximum loan amount was drawn down upon the vessel's delivery to the Company in November 2022.

Finally, in December 2022, the Company, through the vessel-owning subsidiary of the vessel "P. Long Beach" (Note 6) signed a loan agreement with Alpha Bank S.A, to support the acquisition of the vessel by providing a secured term loan of up to $22,000. The maximum loan amount was drawn down upon the vessel's delivery to the Company in December 2022.

All loans are guaranteed by Performance Shipping Inc. and are also secured by first priority mortgages over the financed fleet, first priority assignments of earnings, insurances and of any charters exceeding durations of certain length of time, pledge over the borrowers' shares and over their earnings accounts, and vessels' managers' undertakings. The loan agreements also require a minimum hull value of the financed vessels, impose restrictions as to dividend distribution following the occurrence of an event of default and changes in shareholding, include customary financial covenants and require at all times during the facility period a minimum cash liquidity. As at December 31, 2022 and 2021, the maximum compensating cash balance required under the Company's loan agreements amounted to $10,500 and $5,000 respectively, and is included in Cash and cash equivalents in the accompanying consolidated balance sheets. Also, as at December 31, 2022 and December 31, 2021, the restricted cash, being pledged deposits, required under the Company's loan agreements amounted to $1,000 and $nil, respectively, and is included in Restricted cash, non-current in the accompanying consolidated balance sheets. As at December 31, 2022 and 2021, the Company was in compliance with all of its loan covenants.

The weighted average interest rate of the Company's bank loans for 2022 and 2021, was 4.85% and 2.90%, respectively.

For 2022, 2021 and 2020 interest expense on long-term bank debt amounted to $3,191, $1,596 and $1,710, respectively, and is included in Interest and finance costs in the accompanying consolidated statement of operations. Accrued interest on bank debt as of December 31, 2022 and 2021, amounted to $390 and $51, respectively, and is included in Accrued liabilities in the accompanying consolidated balance sheets.

As at December 31, 2022, the maturities of the drawn portions of the debt facilities described above, are as follows:

	Principal Repayment
Year 1	$ 16,988
Year 2	28,222
Year 3	11,298
Year 4	11,298
Year 5	60,691
Total	$ 128,497

9. Commitments and Contingencies

(a) Various claims, suits, 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 claims or contingent liabilities, which should be disclosed, or for which a provision should be established and has not 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's vessels are covered for pollution in the amount of $1 billion per vessel per incident, by the protection and indemnity association ("P&I Association") in which the Company's vessels are entered. The Company's vessels are subject to calls payable to their P&I Association and may be subject to supplemental calls which are based on estimates of premium income and anticipated and paid claims. Such estimates are adjusted each year by the Board of Directors of the P&I Association until the closing of the relevant policy year, which generally occurs within three years from the end of the policy year. Supplemental calls, if any, are expensed when they are announced and according to the period they relate to. The Company is not aware of any supplemental calls outstanding in respect of any policy year.

(b) As of December 31, 2022, part of the Company's fleet was operating under time-charters. The minimum contractual annual charter revenues, net of related commissions to third parties (including related parties), to be generated from the existing as of December 31, 2022 non-cancelable time charter contract are estimated at $48,683 until December 31, 2023, and at $26,231 until December 31, 2024.

(c) The Company rents its office spaces in Greece under various lease agreements with unaffiliated parties. The durations of these agreements vary from a few months to 3 years and certain of these contracts, and as of December 31, 2022 the weighted-average remaining lease term for all lease agreements is 2.42 years. The contracts also bear the option for the Company to extend the lease terms for further periods. Under ASC 842, the Company, as a lessee, has classified these contracts as operating leases and accordingly, a lease liability of $163 and $84, respectively, and an equal right-of-use asset based on the present value of future minimum lease payments for the fixed periods of each contract have been recognized on the December 31, 2022 and 2021 balance sheets. The weighted average discount rate used for the calculation of the present value of future lease payments was 3.98%. The monthly rent cost under the existing as of December 31, 2022 lease agreements are $7 (based on the exchange rate of Euro/US Dollar $1.043 as of December 31, 2022). Rent costs have been reduced for the Company during 2021 as a result of COVID 19-relief measures applied by the Greek government, as the lessor was partially reimbursed for these rent payments by the state. Accordingly, rent expenses amounted to $87, $47 and $104 for 2022, 2021 and 2020, respectively, and are included in General and administrative expenses in the accompanying consolidated financial statements. The Company assessed in 2021 that the rent concession qualifies for the election and elected to not evaluate whether a concession provided due to COVID-19 is a lease modification under ASC 842. The Company has assessed the right of use asset recognized for office leases for impairment and concluded that no impairment charge should be recorded as December 31, 2022 and 2021 as no impairment indicators existed.

The following table sets forth the Company's undiscounted office rental obligations as at December 31, 2022:

	Amount
Year 1	$ 77
Year 2	59
Year 3	39
Total	$ 175
Less imputed interest	(12)
Present value of lease liabilities	$ 163
Lease liabilities, current	73
Lease liabilities, non- current	90
Present value of lease liabilities	$ 163

10. Changes in Capital Accounts

(a) Company's Preferred Stock: As of December 31, 2022 and 2021, the Company's authorized preferred stock consists of 25,000,000 shares of preferred stock, par value $0.01 per share. Of these preferred shares, 1,250,000 have been designated Series A preferred shares, 1,200,000 have been designated Series B preferred shares, and 1,587,314 have been designated as Series C Preferred Shares (see paragraph (b) below). As of December 31, 2022, 136,261 Series B preferred shares and 1,314,792 Series C preferred shares were issued and outstanding, while as of December 31, 2021, no preferred stock was issued and outstanding.

(b) Tender Offer to Exchange Common Shares for Shares of Series B Convertible Cumulative Perpetual Preferred Stock, and Issuance of Shares of Series C Convertible Cumulative Perpetual Preferred Stock: In December 2021, the Company commenced an offer to exchange up to 271,078 of its then issued and outstanding common shares, par value $0.01 per share, for newly issued shares of the Company's Series B Convertible Cumulative Perpetual Preferred Stock ("Series B Preferred Shares"), par value $0.01, at a ratio of 4.20 Series B Preferred Shares for each common Share.

The material terms of the Series B Preferred Shares are as follows: 1) Dividends: The Company pays a 4.00% annual dividend on the Series B Preferred Shares, on a quarterly basis, either in cash, or, at the Company's option, through the issuance of additional common shares, valued at the volume-weighted average price of the common stock for the 10 trading days prior to the dividend payment date; 2) Voting Rights: Each Series B Preferred Share has no voting rights; 3) Conversion Rights: Each Series B Preferred Share is convertible at the option of the holder during the applicable conversion period and for additional cash consideration of $7.50 per converted Series B Preferred Share, into two Series C Preferred Shares (see description below); 4) Liquidation: Each Series B Preferred Share has a fixed liquidation preference of $25.00 per share; 5) Redemption: The Series B Preferred Shares are not subject to mandatory redemption or to any sinking fund requirements, and will be redeemable at the Company's option, at any time, on or after the date that is the date immediately following the 15-month anniversary of the issuance date, at $25.00 per share plus accumulated and unpaid dividends thereon to and including the date of redemption. Also, upon the occurrence of a liquidation event, holders of Series B Preferred Shares shall be entitled to receive out liquidating distribution or payment in full redemption of such Series B Preferred Shares in an amount equal to $25.00, plus the amount of any accumulated and unpaid dividends thereon; 6) Rank: Finally, the Series B Preferred Shares rank senior to common shares with respect to dividend distributions and distributions upon any liquidation, winding up or dissolution of the Company.

The tender offer expired on January 27, 2022, and a total of 188,974 common shares were validly tendered and accepted for exchange, which resulted in the issuance of 793,657 Series B Preferred Shares (with aggregate liquidation preference of $19,841), out of which 657,396 were acquired by Aliki Paliou through Mango (Note 5), and 28,171 were acquired by Andreas Michalopoulos. For 2022, declared and paid dividends on Series B preferred shares amounted to $530 (or $0.875 per each Series B preferred share) which represented the dividends calculated for the period from February 2, 2022 (date of issuance of the Series B preferred shares) until December 15, 2022, out of which $411 were dividends paid to Mango for its Series B preferred shares (Note 5). As of December 31, 2022, accrued and not paid dividends on the Series B preferred shares amounted to $7.

On October 17, 2022, the Company entered into a stock purchase agreement with Mango, pursuant to which it agreed to issue to Mango in a private placement 1,314,792 shares (with aggregate liquidation preference of $32,870) of its newly-designated Series C Convertible Cumulative Redeemable Perpetual Preferred Stock ("Series C Preferred Shares") in exchange for (i) all 657,396 Series B Preferred Shares held by Mango and (ii) the agreement by Mango to apply $4,930 (an amount equal to the aggregate cash conversion price payable upon conversion of such Series B Preferred Shares into Series C Preferred Shares pursuant to their terms) as a prepayment by the Company of the unsecured credit facility agreement dated March 2, 2022 (Note 5) and made between the Company as borrower and Mango as lender, maturing in March 2023 and bearing interest at 9.0% per annum. The Company repaid on October 19, 2022 the remaining amount due to the credit facility of $70, and any remaining accrued interest, and terminated the loan agreement with Mango. The transaction was approved by a special independent committee of the Company's Board of Directors. The authorized number of Series C Preferred Shares, par value $0.01 and $25.00 liquidation preference, is 1,587,314, out of which 1,314,792 shares were issued to Mango.

The remaining Series C Preferred Shares can be issued not earlier than one year from the date of original issuance of the Series B Preferred Shares (Note 15). The material terms of the Series C Preferred Shares are as follows: 1) Dividends: Dividends on each Series C Preferred Share shall be cumulative and shall accrue at a rate equal to 5.00% per annum of the Series C liquidation preference per Series C Preferred Share from the dividend payment date immediately preceding issuance, and can be paid either in cash, or, at the Company's option, through the issuance of additional common shares; 2) Voting Rights: Each holder of Series C Preferred Shares is entitled, from the date of issuance of the Series C Preferred Shares, to a number of votes equal to the number of Common Shares into which such holder's Series C Preferred Shares would then be convertible (notwithstanding the requirement that the Series C Preferred Shares are convertible only after six months following the Original Issuance Date), multiplied by 10. The holders of Series C Preferred Shares shall vote together as one class with the holders of Common Shares on all matters submitted to a vote of the Company's shareholders (with certain exceptions); 3) Conversion Rights: The Series C Preferred Shares are convertible into common shares (i) at the option of the holder: in whole or in part, at any time on or after the date that is the date immediately following the six-month anniversary of the Original Issuance Date at a rate equal to the Series C liquidation preference, plus the amount of any accrued and unpaid dividends thereon to and including the date of conversion, divided by an initial conversion price of $0.50, subject to adjustment from time to time, or (ii) mandatorily: on any date within the Series C Conversion Period, being any time on or after the date that is the date immediately following the six-month anniversary of October 17, 2022 (or "the Original Issuance Date"), on which less than 25% of the authorized number of Series C Preferred Shares are outstanding and the volume-weighted average price of the common shares for the 10 trading days preceding such date exceeds 130% of the conversion price in effect on such date, the Company may elect that all, or a portion of the outstanding Series C Preferred Shares shall mandatorily convert into common shares at a rate equal to the Series C liquidation preference, plus the amount of any accrued and unpaid dividends thereon to and including such date, divided by the conversion price. The conversion price is subject to adjustment for any stock splits, reverse stock splits or stock dividends, and shall also be adjusted to the lowest price of issuance of common stock by the Company for any registered offering following the Original Issuance Date, provided that such adjusted conversion price shall not be less than $0.50 (this conversion price adjustment clause is further analyzed later); 4) Liquidation: Each Series C Preferred Share has a fixed liquidation preference of $25.00 per share; 5) Redemption: The Series C Preferred Shares are not subject to mandatory redemption, and will be redeemable at the Company's option, at any time, on or after the date that is the date immediately following the 15-month anniversary of the issuance date, in whole or in part, at $25.00 per share plus accumulated and unpaid dividends thereon to and including the date of redemption. The Company shall effect any such redemption by paying a) cash or, b) at the Company's election, and provided on the date of the redemption notice less than 25% of the authorized number of Series C are outstanding, shares of common stock valued at the volume-weighted average price of common stock for the last 10 trading days prior to the redemption date. Also, upon the occurrence of a liquidation event, holders of Series C Preferred Shares shall be entitled to receive out liquidating distribution or payment in full redemption of such Series C Preferred Shares in an amount equal to $25.00, plus the amount of any accumulated and unpaid dividends thereon; 6) Rank: The Series C Preferred Shares rank senior to common shares, and on a parity with the Series B Preferred Stock, with respect to dividend distributions and distributions upon any liquidation.

For 2022, declared and paid dividends on the Series C preferred shares held by Mango amounted to $411 (or $0.3125 per each Series C preferred share), which represented the dividends calculated for the period from September 15, 2022 until December 15, 2022. On December 31, 2022, accrued and not paid dividends on the Series C preferred shares held by Mango, amounted to $82 (Note 5).

The Company, when assessing the accounting of the Series B preferred stock, has taken into consideration the provisions of ASC 480 "Distinguishing Liabilities from Equity" and ASC 815 "Derivatives and Hedging" and determined that the Series B preferred shares should be classified as permanent equity rather than temporary equity or liability. The preferred stock was measured as of the date of closing of the tender offer, being January 27, 2022, at fair value on a non-recurring basis. Its fair value was determined through Level 3 inputs of the fair value hierarchy as determined by management and amounted to $18,030. The fair value of the preferred stock weighted the probabilities: a) that the Series B are not further exchanged for Preferred C shares, and b) that the Series B are converted to Series C on the applicable conversion date. The fair value of the conversion option embedded in the Series C Preferred Shares was estimated using the Black & Scholes model. Moreover, the Company's valuation used the following assumptions: (a) stated dividend yields for the Series B preferred stock and Series C preferred stock, (b) cost of equity of 11.07%, based on the CAPM theory; (c) expected volatility of 77%, (d) risk free rate of 1.66% determined by management using the applicable 5-year treasury yield as of the measurement date, (e) market value of common stock of $3.09 (which was the current market price as of the date of the fair value measurement) and (f) expected life of convertibility option of the Series C preferred shares to common shares of 4 years. The Company applied option moneyness scenarios and determined the aforementioned assumptions of volatility and expected life of the convertibility option. The Company's valuation determined that the exchange resulted in an excess value of the Series B preferred shares of $9,271, or $11.68 per preferred share, as compared to the fair value of the common shares exchanged, that was transferred from the common holders to the preferred holders on the measurement date, and that that value represented a deemed dividend to the preferred holders that should be deducted from the net income from continuing operations to arrive to the net income available to common stockholders from continuing operations (Note 12). The fair value of the common shares exchanged on the measurement date of $8,759 was determined through Level 1 inputs of the fair value hierarchy (quoted market price on the date of the exchange).

Accordingly, in its assessment for the accounting of the Series C preferred stock, the Company has taken into consideration the provisions of ASC 480 "Distinguishing Liabilities from Equity" and ASC 815 "Derivatives and Hedging" and determined that the Series C preferred shares should be classified as permanent equity rather than temporary equity or liability. The Series C preferred stock was measured as of the date of their issuance, being October 17, 2022, at fair value on a non-recurring basis. Its fair value was determined through Level 3 inputs of the fair value hierarchy as determined by management and amounted to $26,809. The fair value of the preferred stock was estimated as the sum of two components: a) the "straight" preferred stock component, using the discounted cash flow model, and b) the embedded option component, using the Black & Scholes model. For this assessment, the Company's valuation used the following assumptions: (a) stated dividend yield for the Series C preferred stock (b) cost of equity of 10.38%, based on the CAPM theory; (c) expected volatility of 89%, (d) risk free rate of 4.23% determined by management using the applicable 5-year treasury yield as of the measurement date, (e) market value of common stock of $0.31 (which was the current market price as of the date of the fair value measurement), and (f) expected life of convertibility option of the Series C preferred shares to common shares of 4 years. The Company applied option moneyness scenarios and determined the aforementioned assumptions of volatility and expected life of the convertibility option. The Company's valuation determined that the transaction resulted in an excess value of the Series C preferred shares of $6,944, or $5.28 per preferred share, as compared to the sum of the amount of $4,930 (being the carrying value of the amount applied by the Company as a prepayment to the loan facility with Mango) and the carrying value of the Series B preferred shares exchanged, that was transferred from the preferred Series B holders to the preferred Series C holders on the measurement date, and that that value represented a deemed dividend to the preferred Series C holders that should be deducted from the net income from continuing operations to arrive to the net income available to common stockholders from continuing operations (Note 12). The carrying value of the Series B preferred shares exchanged by Mango on the measurement date was $14,935.

As discussed above, the conversion price adjustment clause of the Series C Preferred Shares provides for a reduction in the initial conversion price in case, subsequent to the issuance of the Series C preferred shares, any of the following, among others, happens: a) upon stock dividend, split, or reverse stock split, or b) in case the Company issues equity securities at prices below the conversion price of the Series C preferred shares then in effect. The Company concluded that the feature mentioned in b) above provides protection to investors in promising to give each Series C holder investor the lowest pricing available to any other investors, rather than protecting against true economic dilution, and accordingly, this feature constitutes a down round feature. Following the reverse stock split that was effected in November 2022 (discussed later in paragraph (h)) the conversion price has been adjusted in November 2022 from $0.50 to $7.50. Later, on December 12, 2022, because of the issuance of common shares through the ATM offering (discussed later in paragraph (e)), the conversion price has been further adjusted to $3.51, and at that date the Company assessed that the down round feature was triggered. To measure the effect of the down round feature the Company performed fair value measurements by applying the same methodology as per initial fair value measurement for Series C preferred stock. For this assessment the Company updated the Level 3 inputs as follows: (a) expected volatility of 87% for the valuation of the instrument based on the initial conversion price of $7.50, and 118% for the valuation of the instrument based on the reduced conversion price of $3.51, and (b) expected life of convertibility option of the Series C preferred shares to common shares of 5 years for the valuation of the instrument based on the initial conversion price of $7.50, and 1 year for the valuation of the instrument based on the reduced conversion price of $3.51. The Company applied option moneyness scenarios and determined the aforementioned assumptions of volatility and expected life of the convertibility option. In this respect, the Company determined an aggregate measurement of the down round feature of $5,930, which was accounted for as a deemed dividend that should be deducted from the net income from continuing operations to arrive to the net income available to common stockholders (Note 12).

The fair values of the Series B and Series C Preferred Shares at their issuance, as well as the fair value of the Series C Preferred Shares that were assessed on the date of triggering of the down-round feature as discussed above, were determined through Level 3 of the fair value hierarchy as defined in FASB guidance for Fair Value Measurements, as they are derived by using significant unobservable inputs. Determining the fair value of the preferred stock requires management to make judgments about the valuation methodologies, including the unobservable inputs and other assumptions and estimates, which are significant in the valuation of the preferred stock.

(c)Compensation Cost on Stock Option Awards: On January 1, 2021, the Company granted to its Chief Financial Officer stock options to purchase 8,000 of the Company's common shares as share-based remuneration. The stock options, which were granted pursuant to, and in accordance with, the Company's Equity Incentive Plan, have been approved by the Company's board of directors, and have a term of five years. The exercise prices of the options are as follows: 2,000 shares for an exercise price of $150.00 per share, 1,667 shares for an exercise price of $187.50 per share, 1,333 shares for an exercise price of $225.00 per share, 1,000 shares for an exercise price of $300.00 per share, 1,000 shares for an exercise price of $375.00 per share, and 1,000 shares for an exercise price of $450.00 per share.

In its assessment for the accounting of the stock options awards, the Company has taken into consideration the provisions of ASC 718 "Compensation – Stock Compensation" and determined that these stock options should be classified as equity rather than liability. The award was measured on the grant date, being January 1, 2021, at fair value on a non-recurring basis. Its fair value was determined through Level 3 inputs of the fair value hierarchy as determined by management and amounted to $134. The fair value of the stock option was estimated using the binomial-pricing model with the following assumptions: (a) 6% dividend yield, assumed based on Company's stated dividend policy and existing capital structure, (b) weighted average expected volatility of 75%, (c) risk free rate of 0.36% determined by management using the applicable 5-year treasury yield as of the measurement date, (d) market value of common stock of $4.64 (which was the current market price as of the date of the fair value measurement) and (e) expected life of 5 years as at January 1, 2021. Until December 31, 2022, no stock options were exercised, and in 2021 the full amount of $134 was recognized as compensation cost in General and administrative expenses in the accompanying statements of operations.

(d) Compensation Cost on Restricted Common Stock: On December 30, 2020, the Company's Board of Directors approved an amendment to the 2015 Equity Incentive Plan (or the "Plan"), to increase the aggregate number of shares issuable under the plan to 35,922 shares, and further approved 4,481 restricted common shares to be issued on the same date as an award to the Company's directors. The fair value of the award was $320 and was calculated by using the share closing price of December 29, 2020. One fourth of the shares vested on December 30, 2020, and the remainder three fourths vest ratably over three years from the issuance date. As at December 31, 2022, 31,441 restricted common shares remained reserved for issuance under the Plan.

Following the resignation of four of the Company's board members on February 28, 2022, the Company decided to accelerate the vesting of any unvested shares on the date of their resignation as a severance benefit and the Company recognized the corresponding compensation cost during the first quarter of 2022. During 2022, 2021 and 2020, the aggregate compensation cost on restricted stock amounted to $107, $134 and $1,916 respectively, and is included in General and administrative expenses in the accompanying consolidated statements of operations. As at December 31, 2022 and 2021, the total unrecognized compensation cost relating to restricted share awards was $52 and $159, respectively.

During 2022, 2021 and 2020, the movement of the restricted stock cost was as follows:

	Number of Shares	Weighted Average Grant Date Price
Outstanding at December 31, 2019	25,904	$ 133.50
Granted	4,481	71.40
Vested	(23,713)	131.10
Forfeited or expired	-	-
Outstanding at December 31, 2020	6,672	$ 100.65
Granted	-	-
Vested	(4,432)	115.50
Forfeited or expired	-	-
Outstanding at December 31, 2021	2,240	71.40
Granted	-	-
Vested	(1,890)	71.40
Forfeited or expired	-	-
Outstanding at December 31, 2022	350	$ 71.40

As at December 31, 2022, the weighted-average period over which the total compensation cost related to non-vested restricted stock, as presented above, is expected to be recognized, is 0.99 years.

(e)At The Market ("ATM") Offering: On March 5, 2021, the Company entered into an At The Market (or "ATM") Offering Agreement with H.C. Wainwright & Co., LLC ("Wainwright"), as sales agent, pursuant to which the Company could offer and sell, from time to time, up to an aggregate of $5,900 of its common shares, par value $0.01 per share. During 2022, a total of 35,128 common shares were issued as part of the Company's ATM offering with Wainwright, and the net proceeds received, after deducting underwriting commissions and other expenses, amounted to $1,338. The Company terminated the specific ATM agreement effective August 23, 2022.

Furthermore, on December 9, 2022, the Company entered into an At The Market (or "ATM") Offering Agreement with Virtu Americas LLC ("Virtu"), as sales agent, pursuant to which the Company could offer and sell, from time to time, up to an aggregate of $30,000 of its common shares, par value $0.01 per share. During 2022, a total of 140,379 common shares were issued as part of the Company's ATM offering with Virtu, and the net proceeds received, after deducting underwriting commissions and other expenses, amounted to $450. Subsequent to the balance sheet date and up to February 27, 2023, when the Company terminated its ATM agreement with Virtu, a total of 224,817 shares of the Company's common stock were issued as part of the Company's ATM offering (Note 15).

(f) Equity Offerings: On June 1, 2022, the Company completed its underwritten public offering of 508,000 units at a price of $15.75 per unit. Each unit consists of one common share (or pre-funded warrant in lieu thereof) and one Class A warrant (the "June 2022 Warrants") to purchase one common share and was immediately separated upon issuance. Each Class A warrant was immediately exercisable for one common share at an exercise price of $15.75 per share and has a maturity of five years from issuance and can be either physically settled or through the means of a cashless exercise. The Company may at any time during the term of its warrants reduce the then current exercise price of each warrant to any amount and for any period of time deemed appropriate by the board of directors of the Company, subject to terms disclosed in each warrants' agreements. The warrants also contain a cashless exercise provision, whereby if at the time of exercise, there is no effective registration statement, then the warrants can be exercised by means of a cashless exercise as disclosed in each warrants' agreements. The Class A warrants and the pre-funded warrants do not have any voting, dividend or participation rights, nor do they have any liquidation preferences. The Company had granted the underwriters a 45-day option to purchase up to an additional 76,200 common shares and/or prefunded warrants and/or 76,200 Class A warrants, at the public offering price, less underwriting discounts and commissions. The offering closed on June 1, 2022, and the Company received net proceeds, after underwriting discounts and commissions and expenses, of $7,126 including the partial exercise of the over-allotment option by the underwriters of 59,366 Class A Warrants to purchase up to 59,366 common shares at $0.01 per share.

Furthermore, on July 18, 2022, the Company completed a direct offering of 1,133,333 common shares and warrants to purchase up to 1,133,333 common shares (the "July 2022 Warrants") at a concurrent private placement. The combined effective purchase price for one common share and one warrant to purchase one common share was $5.25. Each warrant is immediately exercisable for one common share at an initial exercise price of $5.25 per share, and will expire in five and a half years from issuance. The July 2022 Warrants have similar terms to the June Warrants, with the only significant difference being the existence of an exercise price adjustment clause (discussed below), which was assessed by the Company as a down round feature. Further to the registered direct offering of August 12, 2022 (discussed below) the July 2022 Warrants' exercise price has been reduced to $4.75, and following the share issuances through the Company's ATM offering in December 2022 (discussed previously), the July 2022 Warrants' exercise price has been reduced to $3.51, according to the terms of the Form of Warrant, as has been further reduced to $1.65 subsequent to the balance sheet date. The offering closed on July 19, 2022, and the Company received net proceeds, after underwriting discounts and commissions and expenses, of approximately $5,271.

Finally, on August 12, 2022, the Company entered into a securities purchase agreement with certain unaffiliated institutional investors to purchase 2,222,222 of its common shares and warrants to purchase 2,222,222 common shares (the "August 2022 Warrants") at a price of $6.75 per common share and accompanying warrant in a registered direct offering. The August Warrants are immediately exercisable, expire five years from the date of issuance, and had an initial exercise price of $6.75 per common share. The August 2022 Warrants have similar terms to the July 2022 Warrants, including the exercise price adjustment clause that constitutes a down-round feature. Further to the share issuances through the Company's ATM offering in December 2022 (discussed previously), the August 2022 Warrants' exercise price has been reduced to $3.51, according to the terms of the Form of Warrant, as has been further reduced to $1.65 subsequent to the balance sheet date. The offering closed on August 16, 2022, and the Company received net proceeds, after deducting underwriting discounts and commissions and expenses, of approximately $13,707.

The exercise price adjustment clause of the July 2022 and August 2022 Warrants provides for a reduction in the warrants' initial exercise price in case the company, subsequent to the warrants issuance: a) issues equity securities at prices below the initial exercise price of the July 2022 and August 2022 Warrants, or b) the Company's stock trades below the July 2022 and August 2022 Warrants' exercise price during any of the five trading sessions following the issuance of such equity securities. The Company concluded that the specific feature provides protection to investors in promising to give each warrant holder investor the lowest pricing available to any other investors, rather than protecting against true economic dilution, and accordingly, this feature constitutes a down round feature. Following the Company's registered offering in August 2022 (discussed later), the down round feature of the July 2022 Warrants was triggered. Consequently, the Company measured the value of the effect of the feature as of the August 18, 2022, being the date that the down round feature was triggered and determined an approximate measurement of the down round feature of $22, which was accounted for as a deemed dividend. Moreover, following the ATM offering with Virtu (discussed previously) during which common shares were issued, the down round features of the July 2022 and August 2022 Warrants were triggered. In this respect, the Company measured the value of the effect of the feature as of the dates that the down round features were triggered, being December 12, 2022 for both the July 2022 and the August 2022 Warrants, and determined an approximate measurement of the down round feature of $192 and $902, respectively, which were accounted for as deemed dividends. The deemed dividends resulting from the re-valuation of the July 2022 and August 2022 Warrants are deducted from the net income from continuing operations to arrive to the net income available to common stockholders (Note 12). The fair values of the warrants, that were assessed on the date of triggering of the down-round features as discussed previously, were determined through Level 3 of the fair value hierarchy as defined in FASB guidance for Fair Value Measurements, as they are derived by using significant unobservable inputs such as historical volatility.

As of December 31, 2022, the Company had 4,187,588 common shares outstanding, and none of the June 2022, July 2022 and August 2022 Warrants had been exercised.

(g)Reverse Stock Splits: With the intention of complying with NASDAQ's minimum bid price requirements, the Company effected as of the opening of trading on November 15, 2022, a one-for-fifteen reverse stock split of its common shares, which was approved by shareholders at the Company's 2022 Special Meeting of Shareholders held on November 7, 2022. Consequently, the Company regained compliance with Nasdaq Listing Rule 5450(a)(1), for the breach of which it was previously notified by the Nasdaq. The number of the Company's common shares issued and outstanding at the date of the reverse stock split effectiveness was reduced from 60,728,363 to 4,047,209. No fractional shares were issued in connection with the reverse split. Shareholders who would otherwise hold fractional shares of the Company's common stock received a cash payment in lieu of such fractional share.

Also on November 2, 2020, with the intention of complying with NASDAQ's minimum bid price requirements, the Company effected as of the opening of trading a one-for-ten reverse stock split of its common shares, which was approved by shareholders at the Company's 2020 Special Meeting of Shareholders held on October 29, 2020. Consequently, the Company regained compliance with Nasdaq Listing Rule 5450(a)(1), for the breach of which it was previously notified by the Nasdaq. The number of the Company's common shares issued and outstanding at that date was reduced from 50,155,299 to 5,015,501. No fractional shares were issued in connection with the reverse split. Shareholders who would otherwise hold fractional shares of the Company's common stock received a cash payment in lieu of such fractional share.

11. Interest and Finance Costs

The amounts in the accompanying consolidated statements of operations are analyzed as follows:

	2022	2021	2020
Interest expense on bank debt (Note 8)	$ 3,191	$ 1,596	$ 1,710
Interest expense and other fees on related party debt (Note 5)	277	-	-
Amortization of deferred financing costs on bank and related party debt	402	143	325
Commitment fees and other	96	62	54
Total	$ 3,966	$ 1,801	$ 2,089

12. Earnings / (Loss) per Share

All common shares issued (including the restricted shares issued under the equity incentive plan, or else) are the Company's common stock and have equal rights to vote and participate in dividends, subject to forfeiture provisions set forth in the applicable award agreements. Unvested shares granted under the Company's incentive plan, or else, are entitled to receive dividends which are not refundable, even if such shares are forfeited, and therefore are considered participating securities for basic and diluted earnings per share calculation purposes. For 2022, the Company paid aggregate dividends amounting to $941 to its Series B and Series C preferred stockholders, while for 2021 and 2020 the Company paid dividends of $nil and $502, respectively, to its common stockholders. The calculation of basic earnings/ (loss) per share does not consider the non-vested shares as outstanding until the time-based vesting restrictions have lapsed. The dilutive effect of share-based compensation arrangements and for unexercised warrants that are in-the money, is computed using the treasury stock method, which assumes that the "proceeds" upon exercise of these awards or warrants are used to purchase common shares at the average market price for the period, while the dilutive effect of convertible securities is computed using the "if converted" method. In particular, for the preferred convertible stock that requires the payment of cash by the holder upon conversion, the proceeds assumed to be received shall be assumed to be applied to purchase common stock under the treasury stock method and the convertible security shall be assumed to be converted under the "if-converted" method. For 2022 and 2020 the most dilutive method was the two-class method, considering anti-dilution sequencing as per ASC 260. For 2022 and 2020, the computation of diluted earnings per share reflects the potential dilution from conversion of outstanding preferred convertible stock calculated with the "if converted" method described above and resulted in 4,597,638 shares and 4,673 shares, respectively. For 2022, 2021 and 2020, securities that could potentially dilute basic earnings per share in the future that were not included in the computation of diluted earnings per share, because to do so would have anti-dilutive effect, are any incremental shares resulting from the non-vested restricted share awards, outstanding warrants, the non-exercised stock options and the Series C preferred stock calculated with the treasury stock method, or if converted method, as applicable, considering of anti-dilution sequencing as per ASC 260.

For 2020, net income / (loss) from continuing operations is significantly adjusted to arrive to net income / (loss) attributable to common equity holders by $1,500, being the difference between the fair value of the consideration paid for the re-purchase of the Series C preferred shares (Note 10) and the carrying amount of the shares surrendered. The $1,500 gain from repurchase has been allocated to continuing operations, as it derives from corporate decisions in connection with the restructuring of the Company's share capital.

For 2022, net income / (loss) from continuing operations is significantly adjusted by an amount of $9,271 representing deemed dividends on Series B preferred stock upon exchange of common stock (Note 10 (b)), by an amount of $6,944 representing deemed dividends on Series C preferred stock upon exchange of Series C preferred stock (Note 10 (b)), by a deemed dividend to the Series C preferred stockholders due to triggering of a down-round feature of $5,930, (Note 10 (b)), by a deemed dividend to the holders of the July and August 2022 Warrants of $1,116 as a result of triggering of a down-round feature (Note 10 (f)), and also by an amount of $1,030 representing dividends on Series B and Series C Preferred Stock (Note 10 (b)), to arrive at the net income / (loss) attributable to common equity holders.

The following table sets forth the computation for basic and diluted earnings (losses) per share:

	2022		2021		2020	
	Basic EPS	Diluted EPS	Basic LPS	Diluted LPS	Basic LPS	Diluted LPS
Net income/ (loss) from continuing operations	$ 36,300	$ 36,300	$ (10,106)	$ (10,106)	$ 2,295	$ 2,295
plus gain from repurchase of preferred shares	-	-	-	-	1,500	1,500
less income allocated to participating securities	(6)	(2)	-	-	(87)	(87)
less deemed dividends on Series B preferred stock upon exchange of common stock	(9,271)	(9,271)	-	-	-	-
less deemed dividends on Series C preferred stock upon exchange of Series B preferred stock and re-acquisition of loan due to a related party	(6,944)	-	-	-	-	-
less deemed dividend to the Series C preferred stockholders due to triggering of a down-round feature	(5,930)	(5,930)	-	-	-	-
less deemed dividend to the July and August warrants' holders due to triggering of a down-round feature	(1,116)	(1,116)	-	-	-	-
less dividends on preferred stock	(1,030)	(493)	-	-	-	-
Net income / (loss) attributable to common stockholders from continuing operations	12,003	19,488	(10,106)	(10,106)	3,708	3,708
Net income from discontinued operations	-	-	400	400	1,482	1,482
Total net income /(loss) attributable to common stockholders	12,003	19,488	(9,706)	(9,706)	5,190	5,190
Weighted average number of common shares, basic	1,850,072	1,850,072	335,086	335,086	325,031	325,031
Effect of dilutive shares	-	4,597,638	-	-	-	4,673
Weighted average number of common shares, diluted	1,850,072	6,447,710	335,086	335,086	325,031	329,704
Earnings / (Loss) per common share, continuing operations	$ 6.49	$ 3.02	$ (30.16)	$ (30.16)	$ 11.41	$ 11.25
Earnings per common share, discontinued operations	$ -	$ -	$ 1.19	$ 1.19	$ 4.56	$ 4.49
Earnings / (Loss) per common share, total	$ 6.49	$ 3.02	$ (28.97)	$ (28.97)	$ 15.97	$ 15.74

13. Income Taxes

Under the laws of the countries of the companies' incorporation and / or vessels' registration, the companies are not subject to tax on international shipping income; however, they are subject to registration and tonnage taxes, which are included in Vessel operating expenses in the accompanying consolidated statements of operations.

The Company is potentially subject to a four percent U.S. federal income tax on 50% of its gross income derived by its voyages that begin or end in the United States. However, under Section 883 of the Internal Revenue Code of the United States (the "Code"), a corporation is exempt from U.S. federal income taxation on its U.S.-source shipping income if: (a) it is organized in a foreign country that grants an equivalent exemption from tax to corporations organized in the United States (an "equivalent exemption"); and (b) either (i) more than 50% of the value of its common stock is owned, directly or indirectly, by "qualified shareholders,", which is referred to as the "50% Ownership Test," or (ii) its common stock is "primarily and regularly traded on an established securities market" in the United States or in a country that grants an "equivalent exemption", which is referred to as the "Publicly-Traded Test."

The Marshall Islands, the jurisdiction where Performance Shipping Inc. and each of its vessel-owning subsidiaries are incorporated, grant an "equivalent exemption" to U.S. corporations. Therefore, the Company would be exempt from U.S. federal income taxation with respect to its U.S.-source shipping income if either the 50% Ownership Test or the Publicly-Traded Test is met.

Based on the trading and ownership of its stock, the Company believes that it satisfied the 50% Ownership Test for its 2022 taxable year and intends to take this position on its 2022 U.S. federal income tax returns. Therefore, the Company does not expect to have any U.S. federal income tax liability for the year ended December 31, 2022.

14. Financial Instruments and Fair Value Disclosures

The carrying values of temporary cash investments, accounts receivable and accounts payable approximate their fair value due to the short-term nature of these financial instruments. The fair values of long-term bank loans approximate the recorded values, due to their variable interest rates. The Company is exposed to interest rate fluctuations associated with its variable rate borrowings and its objective is to manage the impact of such fluctuations on earnings and cash flows of its borrowings. Currently, the Company does not have any derivative instruments to manage such fluctuations. During 2022, the Company measured on a non-recuring basis its newly-issued equity instruments on their appropriate measurement dates, using Level 3 inputs of the fair value hierarchy. These valuations resulted:

- **for the Company's Series B Preferred Shares as of January 27, 2022, which was the date of the instrument's issuance, to a fair value of $18,030 (Note 10 (b)),**
- **for the Company's Series C Preferred Shares as of October 17, 2022, which was the date of the instrument's issuance, to a fair value of $26,809 (Note 10 (b)).**

During 2022, the Company measured on a non-recurring basis the fair values of the Series C Preferred Shares, July 2022 and August 2022 Warrants, before and after the triggering of the down round features. These valuations resulted:

- **in a deemed dividend for the Company's Series C Preferred Shares as of December 12, 2022, of $5,930 (Note 10 (b)),**
- **in a deemed dividend for the Company's July 2022 Warrants as of August 18, 2022, of $22 (Note 10 (f)),**
- **in a deemed dividend for the Company's July 2022 Warrants as of December 12, 2022, of $192 (Note 10 (f)), and**
- **in a deemed dividend for the Company's August 2022 Warrants as of December 12, 2022, of $902 (Note 10 (f)).**

15. Subsequent Events

(a) ***At-The-Market ("ATM") Offering:*** Subsequent to the balance sheet date and up to February 15, 2023, a total of 224,817 shares of the Company's common stock were issued as part of the Company's ATM offering (Note 10), and the net proceeds received, after deducting agent's commissions, amounted to $694. The Company terminated its ATM agreement on February 27, 2023.

(b) ***Conversion of Series B Preferred Shares to Series C Preferred Shares:*** On February 13, 2023, the Company notified its Series B preferred stockholders, that pursuant to the effective registration statement on Form F-3 filed by the Company with the U.S. Securities and Exchange Commission on January 27, 2023, the holders of the Company's issued and outstanding Series B Preferred Shares may at any time through and including March 15, 2023, convert, at the option of the holder, one Series B Preferred Share, for additional cash consideration of $7.50 per converted Series B Preferred Share, into two shares of Series C Convertible Cumulative Perpetual Preferred Stock. Upon the closing of the conversion period on March 15, 2023, 85,535 Series B preferred shares have been converted to 171,070 Series C preferred shares, and the Company collected gross proceeds of $642.

(c) ***Registered Direct Offering***: On March 3, 2023, the Company completed a registered direct offering of (i) 5,556,000 of its common shares, $0.01 par value per share, (ii) Series A Warrants to purchase up to 3,611,400 common shares and (iii) Series B Warrants to purchase up to 4,167,000 common shares directly to several institutional investors. Each Series A Warrant and each Series B Warrant are immediately exercisable upon issuance for one common share at an exercise price of $2.25 per share and expire five years after the issuance date. Alternatively, each Series A Warrant will become exchangeable for one common share beginning on the earlier of 30 days following the closing of the Offering and the date on which the cumulative trading volume of the Company's common shares following the date of entry into a securities purchase agreement with the purchasers in this offering exceeds 15,000,000 shares. At closing, the Company received proceeds of $11,586, net of placement agent's fees and expenses. Subsequent to the closing and through March 22, 2023, the Company received exercise notices for 2,589,600 Series A warrants, and thus, 2,589,600 common shares were issued for no cash consideration, according to the terms of the Form of Warrant.

(d) ***Shipbuilding Contract for the Construction of an Oil Tanker:*** On March 7, 2023, the Company, through a newly established subsidiary, entered into a shipbuilding contract with China Shipbuilding Trading Company Limited and Shanghai Waigaoqiao Shipbuilding Company Limited for the construction of a product/crude oil tanker of approximately 114,000 dwt. The newbuilding (H1515) has a gross contract price of $63,250 and the Company expects to take delivery of it by the end of October 2025. The purchase price of the newbuilding will be paid in five instalments, with the first one at $9,488, the second, third and fourth at $6,325 each, and the final instalment for the balance of the amount or $34,787.

(e) ***Dividend Payment to the Series B and Series C Preferred Stockholders:*** On March 15, 2023, the Company paid cash dividends to its Series B and Series C preferred stockholders amounting to $15 (or $0.25 per share) and $458 (or $0.3125 per share), respectively, according to the terms of each preferred stock, out of which $411 were paid to Mango (Note 5).

Exhibit 1.10

ARTICLES OF AMENDMENT
TO THE
AMENDED AND RESTATED ARTICLES OF INCORPORATION
OF
PERFORMANCE SHIPPING INC.
PURSUANT TO SECTION 90 OF
THE MARSHALL ISLANDS BUSINESS CORPORATIONS ACT

The undersigned, Andreas Michalopoulos, as the Chief Executive Officer of Performance Shipping Inc., a corporation incorporated under the laws of the Republic of the Marshall Islands (the "Corporation"), for the purpose of amending the Amended and Restated Articles of Incorporation of said Corporation pursuant to Section 90 of the Business Corporations Act, as amended, hereby certifies that:

1. The name of the Corporation is: Performance Shipping Inc.

2. The Articles of Incorporation were filed with the Registrar of Corporations on the 7th day of January, 2010.

3. The Articles of Incorporation were amended and restated in their entirety and filed with the Registrar of Corporations on the 19th day of February, 2010; were further amended and restated in their entirety and filed with the Registrar of Corporations on the 5th day of March, 2010; and were further amended and restated in their entirety and filed with the Registrar of Corporations on the 5th day of April, 2010 (the "Amended and Restated Articles of Incorporation").

4. The Statement of Designations of rights, preferences and privileges of the Corporation's Series A Participating Preferred Stock was filed with the Registrar of Corporations on the 2nd day of August, 2010.

5. Articles of Amendment were filed with the Registrar of Corporations on the 8th day of June, 2016.

6. The Statement of Designations of rights, preferences and privileges of the Corporation's Series B-1 Convertible Preferred Stock was filed with the Registrar of Corporations on the 21st day of March, 2017.

7. The Statement of Designations of rights, preferences and privileges of the Corporation's Series B-2 Convertible Preferred Stock was filed with the Registrar of Corporations on the 21st day of March, 2017.

8. The Statement of Designations of rights, preferences and privileges of the Corporation's Series C Preferred Stock was filed with the Registrar of Corporations on the 30th day of May, 2017.

9. Articles of Amendment were filed with the Registrar of Corporations on the 3rd day of July, 2017.

10. Articles of Amendment were filed with the Registrar of Corporations on the 26th day of July, 2017.

11. Articles of Amendment were filed with the Registrar of Corporations on the 23rd day of August, 2017.

12. Articles of Amendment were filed with the Registrar of Corporations on the 22nd day of September, 2017.

13. Articles of Amendment were filed with the Registrar of Corporations on the 1st day of November, 2017.

14. Articles of Amendment were filed with the Registrar of Corporations on the 25th day of February, 2019.

15. Articles of Amendment were filed with the Registrar of Corporations on the 30th day of October, 2020.

16. The Statement of Designations of rights, preferences and privileges of the Corporation's Series B Convertible Cumulative Perpetual Preferred Stock was filed with the Registrar of Corporations on the 20th day of December, 2021.

17. The Amended and Restated Statement of Designations of rights, preferences and privileges of the Corporation's Series B Convertible Cumulative Perpetual Preferred Stock was filed with the Registrar of Corporations on the 12th day of January, 2022.

18. The Statement of Designations of rights, preferences and privileges of the Corporation's Series C Convertible Cumulative Redeemable Perpetual Preferred Stock was filed with the Registrar of Corporations on the 17th day of October, 2022.

19. Section D of the Amended and Restated Articles of Incorporation is hereby amended by adding the following paragraph to the end of such Section:

"Effective with the commencement of business on November 15, 2022, the Corporation has effected a one-for-fifteen reverse stock split as to its issued common stock, pursuant to which the number of issued shares of common stock shall decrease from 60,728,363 to 4,048,557, as adjusted for the cancellation of fractional shares, and which may be further adjusted for the cancellation of fractional shares. The reverse stock split shall not change the number of registered shares of common stock the Corporation is authorized to issue or the par value of the common stock. The stated capital of the Corporation is hereby reduced from $607,283.63 to $40,485.57, which may be further adjusted for the cancellation of fractional shares and the amount of the reduction in stated capital shall be allocated to surplus."

20. All of the other provisions of the Amended and Restated Articles of Incorporation shall remain unchanged.

21. This amendment to the Amended and Restated Articles of Incorporation was approved by the affirmative vote of a majority of all outstanding shares of the Corporation with a right to vote thereon at the Special Meeting of Shareholders of the Corporation held on November 7, 2022, and by the Corporation's Board of Directors on November 8, 2022.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the undersigned has executed this Amendment to the Amended and Restated Articles of Incorporation on this 14th day of November, 2022.

/s/ Andreas Michalopoulos
Name: Andreas Michalopoulos
Title: Chief Executive Officer

Exhibit 2.5

DESCRIPTION OF THE REGISTRANT'S SECURITIES REGISTERED PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934

As of December 31, 2022, Performance Shipping Inc. (the "Company") had two classes of securities registered under Section 12 of the Securities Exchange Act of 1934, as amended:

(1) Common stock, $0.01 par value (the "common shares"); and

(2) Preferred stock purchase rights (the "Preferred Stock Purchase 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 Amended and Restated Articles of Incorporation, as amended (the "Articles of Incorporation") and (ii) the Company's Amended and Restated Bylaws (the "Bylaws"), each of which is incorporated by reference as an exhibit to the Annual Report on Form 20-F of which this Exhibit is a part. We encourage you to refer to our Articles of Incorporation and Bylaws for additional information.

Please note in this description of securities, "we," "us," "our" and "the Company" all refer to Performance Shipping Inc. and its subsidiaries, unless the context requires otherwise.

Authorized Capitalization

Under our amended and restated articles of incorporation, our authorized capital stock consists of 500,000,000 common shares, par value $0.01 per share, of which 11,969,501 shares are currently issued and outstanding as of April 19, 2023, and 25,000,000 preferred shares, par value $0.01 per share, of which 50,726 of our Series B Preferred Shares and 1,485,862 of our Series C Preferred Shares are currently issued and outstanding.

DESCRIPTION OF COMMON SHARES

The respective number of common shares issued and outstanding as of the last day of the fiscal year for the annual report on Form 20-F to which this description is attached or incorporated by reference as an exhibit, is provided on the cover page of such annual report on Form 20-F.

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, holders of common shares are entitled to receive ratably all dividends, if any, declared by our board of directors out of funds legally available for dividends. 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 our preferred shares having liquidation preferences, if any, the holders of our common shares will be entitled to receive pro rata our remaining assets available for distribution. Holders of our common shares do not have conversion, redemption or preemptive rights to subscribe to any of our securities. The rights, preferences and privileges of holders of common shares are subject to the rights of the holders of our preferred shares, including our existing classes of preferred shares and any preferred shares we may issue in the future.

Voting Rights

Each outstanding common share entitles the holder to one vote on all matters submitted to a vote of shareholders. At any annual or special general meeting of shareholders where there is a quorum, the affirmative vote of a majority of the votes cast by holders of shares of stock represented at the meeting shall be the act of the shareholders. (Under the Articles of Incorporation, at all meetings of shareholders except otherwise expressly provided by law, there must be present in person or proxy shareholders of record holding at least one third of the shares issued and outstanding and entitled to vote at such meeting in order to constitute a quorum but if less than a quorum is present, a majority of those shares present either in person or by proxy shall have power to adjourn any meeting until a quorum shall be present.)

Our Bylaws do not confer any conversion, redemption or preemptive rights attached to our common shares.

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 of directors out of funds legally available for dividends.

Liquidation Rights

Upon our dissolution or liquidation or the sale of all or substantially all of our assets, after payment in full of all amounts required to be paid to creditors and to the holders of our preferred shares having liquidation preferences, if any, the holders of our common shares will be entitled to receive pro rata our remaining assets available for distribution.

Variation of Rights

Generally, the rights or privileges attached to our common shares may be varied or abrogated by the rights of the holders of our preferred shares, including our existing classes of preferred shares and any preferred shares we may issue in the future.

Limitations on Ownership

Under Marshall Islands law generally, 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 PREFERRED SHARES

Our amended and restated articles of incorporation authorize our board of directors 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 the Series B Convertible Cumulative Perpetual Preferred Stock

On December 21, 2021, we offered to exchange up to 271,078 of our then issued and outstanding common shares for newly issued shares of our Series B Convertible Cumulative Perpetual Preferred Stock, par value $0.01 and liquidation preference $25.00 (the "Series B Preferred Shares") at a ratio of 0.28 Series B Preferred Shares for each common share. The offer expired on January 27, 2022 and a total of 188,974 common shares were validly tendered and accepted for exchange in the offer, which resulted in the issuance of 793,657 Series B Preferred Shares.

The authorized number of Series B Preferred Shares was initially 1,200,000 and is currently 457,069 as a result of the cancellation of Series B Preferred Shares following their repurchase or conversion. 50,726 Series B Preferred Shares are currently issued and outstanding.

The following description of the terms of the Series B Preferred Shares is a summary and does not purport to be complete and qualified in its entirety by the provisions of the Amended and Restated Certificate of Designations of the Series B Preferred Shares, dated January 12, 2022, which is incorporated by reference herein.

Voting. The Series B Preferred Shares have no voting rights except as set forth below, as set forth in the Certificate of Designation for the Series B Preferred Shares, or as otherwise provided by Marshall Islands law. Unless we have received the affirmative vote or consent of the holders of at least two-thirds of the outstanding Series B Preferred Shares, voting as a single class, we may not adopt any amendment to our articles of incorporation that materially and adversely alters the preferences, powers or rights of the Series B Preferred Shares. On any matter described above in which the Series B Preferred Shareholders are entitled to vote as a class, whether separately or together with the holders of any Parity Securities, such holders will be entitled to one vote per Series B Preferred Share.

Redemption. The Series B Preferred Shares are redeemable. At any time on or after the date that is the date immediately following the 15-month anniversary of the Original Issue Date of the Series B Preferred Shares, we may redeem, at our option, in whole or in part, the Series B Preferred Shares at a redemption price in cash equal to $25.00 plus any accumulated and unpaid dividends thereon to and including the date of redemption. Any such optional redemption shall be effected only out of funds legally available for such purpose. We may undertake multiple partial redemptions. The Series B Preferred Shares are not subject to mandatory redemption or to any sinking fund requirements.

***Liquidation Preference*.** Upon any liquidation, dissolution or winding up of the Company, either voluntary or involuntary, the Series B Preferred Shares will rank (i) senior to (a) common shares and (b) all Junior Securities (as such terms is defined in the Series B Certificate of Designation), (ii) pari passu with the Parity Securities (as such term is defined in the Series B Certificate of Designation), including the Series C Preferred Shares, and (iii) junior to Senior Securities (as such term is defined in the Series B Certificate of Designation). The Series B Preferred Shares shall be entitled to receive a payment equal to $25, plus the amount of any accumulated and unpaid dividends thereon (whether or not such dividends shall have been declared) per Series B Preferred Share, in cash, concurrently with any distribution made to the holders of parity securities and before any distribution shall be made to the holders of common shares or any other junior securities. The Series B Preferred Shares holder has no other rights to distributions upon any liquidation, dissolution or winding up of the Company.

***Conversion*.** Each Series B Preferred Share was convertible, at the option of the holder and for additional cash consideration of $7.50 per converted Series B Preferred Share, into two Series C Preferred Shares. Such Series B Preferred Share conversion right was only exercisable during a 30-day period, such period commencing on the date that is the later of (i) the date that is the date immediately following the one-year anniversary of the Original Issue Date and (ii) the date on which the Company notifies the holders of Series B Preferred Shares that the issuance of Series C Preferred Shares upon exercise of the Series B Conversion Right is covered under an effective registration statement that is filed with the SEC under the Securities Act or the date that the Company notifies the holders of Series B Preferred Shares that it has determined, in its sole discretion, that the issuance of such Series C Preferred Shares is exempt from the registration requirements of the Securities Act (the "Conversion Period"). The Conversion Period expired on March 15, 2023. During the Conversion Period, 85,535 Series B Preferred Shares were converted to 171,070 Series C Preferred Shares.

Dividends. Dividends on each Series B Preferred Share shall be cumulative and shall accrue at a rate equal to 4.00% per annum of the liquidation preference per Series B Preferred Share from the Original Issuance Date. When and if declared, the dividend payment dates for the Series B Preferred Shares shall be each June 15, September 15, December 15 and March 15. At the Company's option, such dividends may be paid in common shares of the Company valued at the volume-weighted average price of the common shares for the 10 trading days prior to the Dividend Payment Date.

Listing. Currently, no market exists for the Series B Preferred Shares, and we do not intend to apply to list the Series B Preferred Shares on any stock exchange or in any trading market.

Description of the Series C Convertible Cumulative Redeemable Perpetual Preferred Stock

On October 17, 2022 (the "Original Issuance Date"), we filed a Certificate of Designation (the "Series C Certificate of Designation") with the Registrar of Corporations of the Republic of the Marshall Islands pursuant to which we established our newly designated Series C Preferred Shares. The authorized number of Series C Preferred Shares is 1,587,314, of which 1,485,862 Series C Preferred Shares are issued and outstanding.

The following description of the terms of the Series C Preferred Shares is a summary and does not purport to be complete and is qualified by reference to the Series C Certificate of Designation filed as an exhibit to our Form 6-K filed on October 21, 2022 and incorporated herein by reference.

Voting. Each holder of Series C Preferred Shares is entitled to a number of votes equal to the number of Common Shares into which such holder's Series C Preferred Shares would then be convertible (notwithstanding the requirement that the Series C Preferred Shares are convertible only after six months following the Original Issuance Date), multiplied by 10. Except as set forth in the Series C Certificate of Designation with respect to certain matters requiring the majority vote of the Series C Preferred Shares or as required by law, the holders of Series C Preferred Shares shall vote together as one class with the holders of Common Shares on all matters submitted to a vote of our shareholders.

Redemption. The Series C Preferred Shares are redeemable. The Company has the right at any time, on or after the date that is the date immediately following the 15-month anniversary of the Original Issuance Date, to redeem, at its option, in whole or in part, the Series C Preferred Shares, provided that on the date of any Series C redemption notice, except with respect to any redemption for cash, less than 25% of the authorized number of Series C Preferred Shares are outstanding. The redemption price per Series C Preferred Shares shall be equal to $25.00 plus any accumulated and unpaid dividends thereon to and including the date of redemption, payable in cash or, at the Company's election, Common Shares valued at the volume-weighted average price of the Common Shares for the 10 trading days prior to the date of redemption. The Company may undertake multiple partial redemptions. The Series B Preferred Shares are not subject to mandatory redemption or to any sinking fund requirements.

Liquidation Preference. Upon any liquidation, dissolution or winding up of the Company, either voluntary or involuntary, the Series C Preferred Shares will rank (i) senior to (a) common shares and (b) all Junior Securities (as such terms is defined in the Series C Certificate of Designation), (ii) pari passu with the Parity Securities (as such term is defined in the Series C Certificate of Designation), including the Series B Preferred Shares, and (iii) junior to Senior Securities (as such term is defined in the Series C Certificate of Designation). The Series C Preferred Shares shall be entitled to receive a payment equal to $25, plus the amount of any accumulated and unpaid dividends thereon (whether or not such dividends shall have been declared) per Series C Preferred Share, in cash, concurrently with any distribution made to the holders of parity securities and before ay distribution shall be made to the holders of common shares or any other junior securities. The Series C Preferred Shares holder has no other rights to distributions upon any liquidation, dissolution or winding up of the Company.

Conversion. The Series C Preferred Shares are convertible into common shares (i) *at the option of the holder*: in whole or in part, at a rate equal to the Series C liquidation preference, plus the amount of any accrued and unpaid dividends thereon to and including the date of conversion, divided by a conversion price of $1.3576 per common share, subject to adjustment from time to time, or (ii) *mandatorily*: on any date within the Series C Conversion Period on which less than 25% of the authorized number of Series C Preferred Shares are outstanding and the volume-weighted average price of the common shares for the 10 trading days preceding such date exceeds 130% of the conversion price in effect on such date, the Company may elect that all or a portion of the outstanding Series C Preferred Shares shall mandatorily convert into common shares at a rate equal to the Series C liquidation preference, plus the amount of any accrued and unpaid dividends thereon to and including such date, divided by the conversion price. The conversion price is subject to adjustment for any stock splits, reverse stock splits or stock dividends, and shall also be adjusted to the lowest price of issuance of common shares by the Company for any registered offering following the Original Issuance Date, provided that such adjusted conversion price shall not be less than $0.50. Any common shares issued upon conversion of the Series C Preferred Shares will be exempt from registration pursuant to Section 3(a)(9) of the Securities Act.

Dividends. Dividends on each Series C Preferred Share shall be cumulative and shall accrue at a rate equal to 5.00% per annum of the liquidation preference per Series C Preferred Share from the dividend payment date immediately preceding issuance. When and if declared, the dividend payment dates for the Series C Preferred Shares shall be each June 15, September 15, December 15 and March 15. At the Company's option, such dividends may be paid in Common Shares of the Company valued at the volume-weighted average price of the common shares for the 10 trading days prior to the Dividend Payment Date.

Listing. Currently, no market exists for the Series C Preferred Shares, and we do not intend to apply to list the Series C Preferred Shares on any stock exchange or in any trading market.

DESCRIPTION OF PREFERRED STOCK PURCHASE RIGHTS

On December 20, 2021, we entered into a new Stockholders' Rights Agreement, or the Rights Agreement, with Computershare Inc. as Rights Agent. Pursuant to the Rights Agreement, each share of our common stock includes one right, or a Right, that entitles the holder to purchase from us a unit consisting of one one-thousandth of a share of our Series A Participating Preferred Stock at an exercise price of $50.00, subject to specified adjustments. The Rights will separate from the common stock and become exercisable only if a person or group acquires beneficial ownership of 10% or more of our common stock in a transaction not approved by our board of directors. In that situation, each holder of a Right (other than the acquiring person, whose Rights will become void and will not be exercisable) will have the right to purchase, upon payment of the exercise price, a number of shares of our common stock having a then-current market value equal to twice the exercise price. In addition, if we are acquired in a merger or other business combination after an acquiring person acquires 10% or more of our common stock, each holder of the Right will thereafter have the right to purchase, upon payment of the exercise price, a number of shares of common stock of the acquiring person having a then-current market value equal to twice the exercise price. The acquiring person will not be entitled to exercise these Rights. Under the Rights Agreement's terms, it will expire on December 20, 2031.

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 of directors. 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 of directors can approve a redemption of the Rights or a permitted offer, the Rights should not interfere with a merger or other business combination approved by our board of directors.

We have summarized the material terms and conditions of the Rights Agreement and the related Rights below.

Distribution and Transfer of Rights; Rights Certificates

The Board has declared a dividend of one Right for each outstanding Common Share. Prior to the Distribution Date referred to below:

- the Rights will be evidenced by and trade with the certificates for the Common Shares (or, with respect to any uncertificated Common Shares registered in book entry form, by notation in book entry), and no separate rights certificates will be distributed;

- new Common Shares certificates issued after the Record Date will contain a legend incorporating the Rights Agreement by reference (for uncertificated Common Shares registered in book entry form, this legend will be contained in a notation in book entry); and

- the surrender for transfer of any certificates for Common Shares (or the surrender for transfer of any uncertificated Common Shares registered in book entry form) will also constitute the transfer of the Rights associated with such Common Shares.

Rights will accompany any new Common Shares that are issued after the Record Date.

Distribution Date

Subject to certain exceptions specified in the Rights Agreement, the Rights will separate from the Common Shares and become exercisable following the earlier of (i) the 10th calendar day (or such later date as may be determined by the Board) after the public announcement that a person or group of affiliated or associated persons (an "Acquiring Person") has acquired beneficial ownership of 10% or more of the Common Shares; or (ii) the 10th business day (or such later date as may be determined by the Board) after a person or group announces a tender or exchange offer that would result in ownership by a person or group of 10% or more of the Common Shares. For purposes of the Rights Agreement, beneficial ownership is defined to include the ownership of derivative securities.

The date on which the Rights separate from the Common Shares and become exercisable is referred to as the "Distribution Date."

After the Distribution Date, the Company will mail Rights certificates to the Company's stockholders (and in the case of uncertificated shares, by notation in book entry accounts reflecting ownership) as of the close of business on the Distribution Date and the Rights will become transferable apart from the Common Shares. Thereafter, such Rights certificates alone will represent the Rights.

Preferred Shares Purchasable Upon Exercise of Rights

After the Distribution Date, each Right will entitle the holder to purchase, for the Exercise Price, one one-thousandth of a Preferred Share having economic and other terms similar to that of one Common Share. This portion of a Preferred Share is intended to give the stockholder approximately the same dividend, voting and liquidation rights as would one Common Share, and should approximate the value of one Common Share.

More specifically, each one one-thousandth of a Preferred Share, if issued, will, among other things:

- not be redeemable;

- entitle holders to quarterly dividend payments in an amount per share 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 Common Shares or a subdivision of the outstanding Common Shares (by reclassification or otherwise), declared on the Common Shares since the immediately preceding quarterly dividend payment date; and

- entitle holders of Series A Participating Preferred Stock to 1,000 votes on all matters submitted to a vote of the stockholders of the Company.

Flip-In Trigger

If an Acquiring Person obtains beneficial ownership of 10% or more of the Common Shares, *then* each Right will entitle the holder thereof to purchase, for the Exercise Price, a number of 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 Trigger

If, after an Acquiring Person obtains 10% or more of the 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 shares of common stock of the person engaging in the transaction having a then-current market value of twice the Exercise Price.

Redemption of the Rights

The Rights will be redeemable at the Company's option for $0.01 per Right (payable in cash, Common Shares or other consideration deemed appropriate by the Board) at any time on or prior to the 10th business day (or such later date as may be determined by the Board) after the public announcement that an Acquiring Person has acquired beneficial ownership of 10% or more of the Common Shares. Immediately upon the action of the Board ordering redemption, the Rights will terminate and the only right of the holders of the Rights will be to receive the $0.01 redemption price. The redemption price will be adjusted if the Company undertakes a stock dividend or a stock split.

Exchange Provision

At any time after the date on which an Acquiring Person beneficially owns 10% or more of the Common Shares and prior to the acquisition by the Acquiring Person of 50% of the Common Shares, the Board may exchange the Rights (except for Rights that have previously been voided as set forth above), in whole or in part, for Common Shares at an exchange ratio of one Common Share per Right (subject to adjustment). 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 of the Rights

The Rights expire on the earliest of (i) 5:00 p.m., New York City time, on December 20, 2031 (unless such date is extended); or (ii) the redemption or exchange of the Rights as described above.

Amendment of Terms of Rights Agreement and Rights

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 in order to (i) cure any ambiguities; (ii) shorten or lengthen any time period pursuant to the Rights Agreement; or (iii) 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).

Voting Rights; Other Stockholder Rights

The Rights will not have any voting rights. Until a Right is exercised, the holder thereof, as such, will have no separate rights as stockholder of the Company.

Anti-Dilution Provisions

The Board may adjust the Exercise Price, the number of 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 Preferred Shares or Common Shares.

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, stockholders may recognize taxable income.

DESCRIPTION OF WARRANTS

Class A Warrants

On June 1, 2022, we completed a public offering of 508,000 units (as adjusted for the one-for-fifteen reverse stock split effective on November 15, 2022), each unit consisting of (i) one common share or a pre-funded warrant to purchase one common share at an exercise price equal to $0.01 per common share, and (ii) one Class A Warrant to purchase one common share at an initial exercise price equal to $15.75 per Common Share (a "Class A Warrant"), at a public offering price of $15.75 per unit.

At the time of the closing, the underwriters exercised and closed on part of their over-allotment option, and purchased Class A Warrants to purchase up to 59,366 common shares.

Class A Warrants to purchase up to 567,366 common shares are currently outstanding.

The following summary of certain terms and provisions of the Class A Warrants is not complete and is subject to, and qualified in its entirety by the provisions of the form of Class A Warrant, which was filed as Exhibit 4.2 to our Current Report on Form 6-K filed with the SEC on June 2, 2022 and is incorporated herein by reference.

Exercisability. The Class A Warrants are exercisable at any time after their original issuance and at any time up to the date that is five years after their original issuance. The Class A Warrants are 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 warrants under the Securities Act is effective and available for the issuance of such shares, by payment in full in immediately available funds for the number of common shares purchased upon such exercise. If a registration statement registering the issuance of the common shares underlying the Class A Warrants under the Securities Act is not effective or available, the holder may, in its sole discretion, elect to exercise the Class A Warrants through a cashless exercise, in which case the holder would receive upon such exercise the net number of common shares determined according to the formula set forth in the warrant. We may be required to pay certain amounts as liquidated damages as specified in the warrants in the event we do not deliver common shares upon exercise of the warrants within the time periods specified in the warrants. No fractional common shares will be issued in connection with the exercise of a warrant.

Exercise Limitation. 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 by a holder prior to the issuance of any warrants, 9.99%) of the number of shares of our common shares outstanding immediately after giving effect to the exercise, as such percentage ownership is determined in accordance with the terms of the warrants. However, any holder may increase or decrease such percentage to any other percentage not in excess of 9.99%, upon at least 61 days' prior notice from the holder to us with respect to any increase in such percentage.

Exercise Price. The exercise price for the Class A Warrants per whole common share purchasable upon exercise of the warrants is $15.75. The exercise price and number of common shares issuable on exercise of the Class A Warrants are subject to appropriate adjustments in the event of certain stock dividends and distributions, stock splits, stock combinations, reclassifications or similar events affecting our common shares. The exercise price of the Class A Warrants may also be reduced to any amount not less than $7.50 (as adjusted for stock splits, reverse stock splits or stock dividends) and for any period of time at the sole discretion of our board of directors.

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 list the Class A Warrants on any securities exchange or other trading market. Without an active trading market, the liquidity of the Class A Warrants will be limited.

Warrant Agent. The Class A Warrants were issued in registered form under a warrant agreement between Computershare Trust Company, N.A., as warrant agent, and us. The warrants shall initially be represented only by one or more global warrants deposited with the warrant agent, as custodian on behalf of The Depository Trust Company (DTC) and registered in the name of Cede & Co., a nominee of DTC, or as otherwise directed by DTC.

Fundamental Transactions. In the event of a fundamental transaction, as described in the Class A Warrants and generally including, with certain exceptions, any reorganization, recapitalization or reclassification of our common shares, the sale, transfer or other disposition of all or substantially all of our properties or assets, our consolidation or merger with or into another person, the acquisition of more than 50% of our outstanding common shares, or any person or group becoming the beneficial owner of 50% of the voting power represented by our outstanding common shares, the holders of the warrants will be entitled to receive upon exercise of the warrants the kind and amount of securities, cash or other property that the holders would have received had they exercised the warrants immediately prior to such fundamental transaction. In addition, in the event of a fundamental transaction, we or the successor entity, at the request of a holder of Class A Warrants, will be obligated to purchase any unexercised portion of such Class A Warrants in accordance with the terms of the Class A Warrants.

Rights as a Shareholder. Except as otherwise provided in the warrants or by virtue of such holder's ownership of our common shares, the holder of a Class A Warrant does not have the rights or privileges of a holder of our common shares, including any voting rights, until the holder exercises the warrant.

Governing Law. The Class A Warrants and the warrant agreement are governed by New York law.

July 2022 Warrants

On July 19, 2022, we issued approximately 1,133,333 of our common shares in a registered direct offering concurrently with a private placement of July 2022 Warrants to purchase up to approximately 1,133,333 common shares, each exercisable to purchase one common share for an initial exercise price of $5.25, for a purchase price of $5.25 per common share and Warrant. This private placement transaction was conducted pursuant to a Securities Purchase Agreement dated July 18, 2022.

July 2022 Warrants to purchase up to 1,133,333 common shares are currently outstanding.

The following summary of certain terms and provisions of the July 2022 Warrants is not complete and is subject to, and qualified in its entirety by the provisions of the form of July 2022 Warrant, which was filed as Exhibit 4.3 to our Current Report on Form 6-K filed with the SEC on July 20, 2022 and is incorporated herein by reference.

Exercisability. The exercise price for the July 2022 Warrants per whole common share purchasable upon exercise of the warrants is currently $1.65, as adjusted pursuant to the terms of the July 2022 Warrants subsequent to their issuance. The July 2022 Warrants are exercisable for a period of five and a half years commencing on the date of issuance. The July 2022 Warrants are exercisable, at the option of each holder, in whole or in part by delivering to us a duly executed exercise notice with payment in full in immediately available funds for the number of common shares purchased upon such exercise. If a registration statement registering the resale of the common shares underlying the July 2022 Warrants under the Securities Act is not effective or available at any time after the six month anniversary of the date of issuance of the July 2022 Warrants, the holder may, in its sole discretion, elect to exercise the July 2022 Warrant through a cashless exercise, in which case the holder would receive upon such exercise the net number of common shares determined according to the formula set forth in the Warrant.

Exercise Limitation. A holder will not have the right to exercise any portion of the July 2022 Warrant if the holder (together with its affiliates) would beneficially own in excess of 4.99% (or, upon election of the holder, 9.99%) of the number of our common shares outstanding immediately after giving effect to the exercise, as such percentage of beneficial ownership is determined in accordance with the terms of the Warrants. However, any holder may increase or decrease such percentage, but not in excess of 9.99%, provided that any increase will not be effective until the 61st day after such election.

Exercise Price Adjustment. The exercise price of the July 2022 Warrants is subject to appropriate adjustment in the event of certain stock dividends and distributions, stock splits, stock combinations, reclassifications or similar events affecting our common shares and also upon any distributions of assets, including cash, stock or other property to our stockholders. The exercise price of the July 2022 Warrants may also be reduced to any amount and for any period of time at the sole discretion of our board of directors subject to a floor price of $1.65 (as adjusted for stock splits, reverse stock splits or stock dividends). In addition, the exercise price is also subject to an anti-dilution adjustment if we issue or are deemed to have issued securities at a price lower than the then applicable exercise price, subject to a floor price of $1.65 (as adjusted for stock splits, reverse stock splits or stock dividends).

The Warrants require "buy-in" payments to be made by us for failure to deliver any shares of common stock issuable upon exercise.

Exchange Listing. There is no established trading market for the July 2022 Warrants and we do not expect a market to develop. In addition, we do not intend to apply for the listing of the July 2022 Warrants on any national securities exchange or other trading market.

Fundamental Transactions. If a fundamental transaction occurs, then the successor entity will succeed to, and be substituted for us, and may exercise every right and power that we may exercise and will assume all of our obligations under the July 2022 Warrants with the same effect as if such successor entity had been named in the 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 July 2022 Warrant following such fundamental transaction. In addition, the successor entity, at the request of warrant holders, will be obligated to purchase any unexercised portion of the July 2022 Warrants in accordance with the terms of such Warrants.

Rights as a Shareholder. Except as otherwise provided in the July 2022 Warrants or by virtue of such holder's ownership of our common shares, the holder of a July 2022 Warrant will not have the rights or privileges of a holder of our common shares, including any voting rights, until the issuance of common shares upon exercise of the warrant.

Resale/Registration Rights. We were required to file a registration statement providing for the resale of the common shares issued and issuable upon the exercise of the July 2022 Warrants and to use commercially reasonable efforts to cause such registration to become effective and to keep such registration statement effective at all times until no investor owns any Warrants or shares issuable upon exercise thereof. Such registration statement on Form F-3 (File No. 333-266946) was declared effective on August 29, 2022.

August 2022 Warrants

On August 16, 2022, we issued approximately 2,222,222 of our common shares and August 2022 Warrants to purchase up to approximately 2,222,222 common shares in a registered direct offering, each exercisable to purchase one common share for an initial exercise price of $6.75, for a purchase price of $6.75 per share and August 2022 Warrant. This issuance was conducted pursuant to a Securities Purchase Agreement dated August 12, 2022.

August 2022 Warrants to purchase up to 2,222,222 common shares are currently outstanding.

The following summary of certain terms and provisions of the August 2022 Warrants is not complete and is subject to, and qualified in its entirety by, the provisions of the form of August 2022 Warrant, which was filed as Exhibit 4.3 to our Current Report on Form 6-K filed with the SEC on August 17, 2022 and is incorporated herein by reference.

Exercisability. The exercise price for the August 2022 Warrants per whole common share purchasable upon exercise of the warrants is currently $1.65, as adjusted pursuant to the terms of the August 2022 Warrants subsequent to their issuance. The August 2022 Warrants are exercisable for a period of five years commencing on the date of issuance. The August 2022 Warrants are exercisable, at the option of each holder, in whole or in part by delivering to us a duly executed exercise notice with payment in full in immediately available funds for the number of common shares purchased upon such exercise. If a registration statement registering the resale of the common shares underlying the August 2022 Warrants under the Securities Act is not effective or available at any time after the six month anniversary of the date of issuance of the August 2022 Warrants, the holder may, in its sole discretion, elect to exercise the August 2022 Warrant through a cashless exercise, in which case the holder would receive upon such exercise the net number of common shares determined according to the formula set forth in the Warrant.

Exercise Limitation. A holder will not have the right to exercise any portion of the August 2022 Warrant if the holder (together with its affiliates) would beneficially own in excess of 4.99% (or, upon election of the holder, 9.99%) of the number of our common shares outstanding immediately after giving effect to the exercise, as such percentage of beneficial ownership is determined in accordance with the terms of the Warrants. However, any holder may increase or decrease such percentage, but not in excess of 9.99%, provided that any increase will not be effective until the 61st day after such election.

Exercise Price Adjustment. The exercise price of the August 2022 Warrants is subject to appropriate adjustment in the event of certain stock dividends and distributions, stock splits, stock combinations, reclassifications or similar events affecting our common shares and also upon any distributions of assets, including cash, stock or other property to our stockholders. The exercise price of the August 2022 Warrants may also be reduced to any amount and for any period of time at the sole discretion of our board of directors subject to a floor price of $1.65 (as adjusted for stock splits, reverse stock splits or stock dividends). In addition, the exercise price is also subject to an anti-dilution adjustment if we issue or are deemed to have issued securities at a price lower than the then applicable exercise price, subject to a floor price of $1.65 (as adjusted for stock splits, reverse stock splits or stock dividends).

The Warrants require “buy-in” payments to be made by us for failure to deliver any shares of common stock issuable upon exercise.

Exchange Listing. There is no established trading market for the August 2022 Warrants and we do not expect a market to develop. In addition, we do not intend to apply for the listing of the August 2022 Warrants on any national securities exchange or other trading market.

Fundamental Transactions. If a fundamental transaction occurs, then the successor entity will succeed to, and be substituted for us, and may exercise every right and power that we may exercise and will assume all of our obligations under the August 2022 Warrants with the same effect as if such successor entity had been named in the 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 August 2022 Warrant following such fundamental transaction. In addition, the successor entity, at the request of warrant holders, will be obligated to purchase any unexercised portion of the August 2022 Warrants in accordance with the terms of such Warrants.

Rights as a Shareholder. Except as otherwise provided in the August 2022 Warrants or by virtue of such holder’s ownership of our common shares, the holder of an August 2022 Warrant will not have the rights or privileges of a holder of our common shares, including any voting rights, until the issuance of common shares upon exercise of the warrant.

Series A Warrants

On March 3, 2023, we issued 5,556,000 of our common shares, Series A Warrants to purchase up to 3,611,400 common shares and Series B Warrants to purchase up to 4,167,000 common shares in a registered direct offering, with each Series A Warrant and Series B Warrant exercisable to purchase one common share for an initial exercise price of $2.25, for a purchase price of $2.25 per share, 0.65 of a Series A Warrant and 0.75 of a Series B Warrant. This issuance was conducted pursuant to a Securities Purchase Agreement dated February 28, 2023.

Series A Warrants to purchase up to 1,021,800 common shares are currently outstanding.

The following summary of certain terms and provisions of the Series A Warrants is not complete and is subject to, and qualified in its entirety by, the provisions of the form of Series A Warrant, which was filed as Exhibit 4.3 to our Current Report on Form 6-K filed with the SEC on March 3, 2023 and is incorporated herein by reference.

Exercisability. The Series A Warrants are exercisable for a period of five years commencing on the date of issuance. The Series A Warrants will be exercisable, at the option of each holder, in whole or in part by delivering to us a duly executed exercise notice with payment in full in immediately available funds for the number of common shares purchased upon such exercise. If a registration statement registering the issuance of the common shares underlying the Series A Warrants under the Securities Act is not effective or available at any time after the date of issuance of the Series A Warrants, the holder may, in its sole discretion, elect to exercise the Series A Warrants through a cashless exercise, in which case the holder would receive upon such exercise the net number of common shares determined according to the formula set forth in the Series A Warrant.

Exchangeability. Each Series A Warrant is exchangeable for one common share.

Exercise Limitation. A holder will not have the right to exercise any portion of the Series A Warrant if the holder (together with its affiliates) would beneficially own in excess of 4.99% (or, upon election of the holder, 9.99%) of the number of our common shares outstanding immediately after giving effect to the exercise, as such percentage of beneficial ownership is determined in accordance with the terms of the Series 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.

Exercise Price Adjustment. The exercise price of the Series 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 our common shares and also upon any distributions of assets, including cash, stock or other property to our stockholders. The exercise price of the Series A Warrants may also be reduced to any amount not below $0.11 and for any period of time at the sole discretion of our board of directors.

The Series A Warrants require "buy-in" payments to be made by us for failure to deliver any common shares issuable upon exercise.

Exchange Listing. There is no established trading market for the Series A Warrants and we do not expect a market to develop. In addition, we do not intend to apply for the listing of the Series A Warrants on any national securities exchange or other trading market.

Fundamental Transactions. If a fundamental transaction occurs, then the successor entity will succeed to, and be substituted for us, and may exercise every right and power that we may exercise and will assume all of our obligations under the Series A Warrants with the same effect as if such successor entity had been named in the Series 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 Series A Warrant following such fundamental transaction. In addition, we or the successor entity, at the request of Series A Warrant holders, will be obligated to purchase any unexercised portion of the Series A Warrants in accordance with the terms of such Series A Warrants.

Rights as a Shareholder. Except as otherwise provided in the Series A Warrants or by virtue of such holder's ownership of our common shares, the holder of a Series A Warrant will not have the rights or privileges of a holder of our common shares, including any voting rights, until the issuance of common shares upon exercise or exchange of the Series A Warrant.

Series B Warrants

On March 3, 2023, we issued 5,556,000 of our common shares, Series A Warrants to purchase up to 3,611,400 common shares and Series B Warrants to purchase up to 4,167,000 common shares in a registered direct offering, with each Series A Warrant and Series B Warrant exercisable to purchase one common share for an initial exercise price of $2.25, for a purchase price of $2.25 per share, 0.65 of a Series A Warrant and 0.75 of a Series B Warrant. This issuance was conducted pursuant to a Securities Purchase Agreement dated February 28, 2023.

Series B Warrants to purchase up to 4,167,000 common shares are currently outstanding.

The following summary of certain terms and provisions of the Series B Warrants is not complete and is subject to, and qualified in its entirety by, the provisions of the form of Series B Warrant, which was filed as Exhibit 4.4 to our Current Report on Form 6-K filed with the SEC on March 3, 2023 and is incorporated herein by reference.

Exercisability. The Series B Warrants are exercisable for a period of five years commencing on the date of issuance. The Series B Warrants will be exercisable, at the option of each holder, in whole or in part by delivering to us a duly executed exercise notice with payment in full in immediately available funds for the number of common shares purchased upon such exercise. If a registration statement registering the issuance of the common shares underlying the Series B Warrants under the Securities Act is not effective or available at any time after the date of issuance of the Series B Warrants, the holder may, in its sole discretion, elect to exercise the Series B Warrants through a cashless exercise, in which case the holder would receive upon such exercise the net number of common shares determined according to the formula set forth in the Series B Warrant.

Exercise Limitation. A holder will not have the right to exercise any portion of the Series B Warrant if the holder (together with its affiliates) would beneficially own in excess of 4.99% (or, upon election of the holder, 9.99%) of the number of our common shares outstanding immediately after giving effect to the exercise, as such percentage of beneficial ownership is determined in accordance with the terms of the Series B Warrants. However, any holder may increase or decrease such percentage, but not in excess of 9.99%, provided that any increase will not be effective until the 61st day after such election.

Exercise Price Adjustment. The exercise price of the Series B Warrants is subject to appropriate adjustment in the event of certain stock dividends and distributions, stock splits, stock combinations, reclassifications or similar events affecting our common shares and also upon any distributions of assets, including cash, stock or other property to our stockholders. The exercise price of the Series B Warrants may also be reduced to any amount not below $0.11 and for any period of time at the sole discretion of our board of directors.

The Series B Warrants require “buy-in” payments to be made by us for failure to deliver any common shares issuable upon exercise.

Exchange Listing. There is no established trading market for the Series B Warrants and we do not expect a market to develop. In addition, we do not intend to apply for the listing of the Series B Warrants on any national securities exchange or other trading market.

Fundamental Transactions. If a fundamental transaction occurs, then the successor entity will succeed to, and be substituted for us, and may exercise every right and power that we may exercise and will assume all of our obligations under the Series B Warrants with the same effect as if such successor entity had been named in the Series B 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 Series B Warrant following such fundamental transaction. In addition, we or the successor entity, at the request of Series B Warrant holders, will be obligated to purchase any unexercised portion of the Series B Warrants in accordance with the terms of such Series B Warrants.

Rights as a Shareholder. Except as otherwise provided in the Series B Warrants or by virtue of such holder’s ownership of our common shares, the holder of a Series B Warrant will not have the rights or privileges of a holder of our common shares, including any voting rights, until the issuance of common shares upon exercise of the Series B Warrant.

Directors

Our directors are elected by a plurality of the votes cast by shareholders entitled to vote. There is no provision for cumulative voting.

Our board of directors must consist of at least three members. Our amended and restated articles of incorporation provide that the board of directors may only change the number of directors by a vote of not less than two-thirds of the entire board. Directors are elected annually on a staggered basis, and each shall serve for a three-year term and until his successor shall have been duly elected and qualified, except in the event of his death, resignation, removal, or the earlier termination of his term of office. Our board of directors has the authority to fix the amounts which shall be payable to the members of the board of directors for attendance at any meeting or for services rendered to us.

Shareholder Meetings

Under our amended and restated bylaws, annual shareholder meetings will be held at a time and place selected by our board of directors. The meetings may be held in or outside the Marshall Islands. Special meetings may be called for any purpose or purposes at any time by a majority of our board of directors, the chairman of our board of directors or an officer of the Company who is also a director. Our board of directors may set a record date between 15 and 60 days before the date of any meeting to determine the shareholders that will be eligible to receive notice and vote at the meeting. Shareholders of record holding at least one-third of the shares issued and outstanding and entitled to vote at such meetings, present in person or by proxy, will constitute a quorum at all meetings of shareholders.

Dissenters' Rights of Appraisal and Payment

Under the Marshall Islands Business Corporations Act, or the BCA, our shareholders have the right to dissent from various corporate actions, including any merger or consolidation sale of all or substantially all of our assets not made in the usual course of our business, and receive payment of the fair value of their shares. In the event of any further amendment of our amended and restated articles of incorporation a shareholder also has the right to dissent and receive payment for his or her shares if the amendment alters certain rights in respect of those shares. The dissenting shareholder must follow the procedures set forth in the BCA to receive payment. In the event that we and any dissenting shareholder fail to agree on a price for the shares, the BCA procedures involve, among other things, the institution of proceedings in the high court of the Republic of the Marshall Islands or in any appropriate court in any jurisdiction in which the Company's shares are primarily traded on a local or national securities exchange.

Shareholders' Derivative Actions

Under the BCA, any of our shareholders may bring an action in our name to procure a judgment in our favor, also known as a derivative action, provided that the shareholder bringing the action is a holder of common stock both at the time the derivative action is commenced and at the time of the transaction to which the action relates.

Limitations on Liability and Indemnification of Officers and Directors

The BCA authorizes corporations to limit or eliminate the personal liability of directors to corporations and their shareholders for monetary damages for breaches of directors' fiduciary duties.

Our amended and restated bylaws provide that certain individuals, including our directors and officers, are entitled to be indemnified by us to the extent authorized by the BCA, if such individuals acted in good faith and in a manner they reasonably believed to be in or not opposed to the best interests of the Company, and, with respect to any criminal action or proceeding, had no reasonable cause to believe their conduct was unlawful. We shall have the power to pay in advance expenses a director or officer incurred while defending a civil or criminal proceeding, subject to certain conditions. We believe that these indemnification provisions and insurance are useful to attract and retain qualified directors and executive officers.

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

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

Anti-takeover Effect of Certain Provisions of our Amended and Restated Articles of Incorporation and Amended and Restated Bylaws

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

Blank Check Preferred Stock

Under the terms of our amended and restated articles of incorporation, our board of directors has authority, without any further vote or action by our shareholders, to issue up to 25,000,000 shares of blank check preferred stock. Our board of directors may issue shares of preferred stock on terms calculated to discourage, delay or prevent a change of control of our company or the removal of our management.

Classified Board of Directors

Our amended and restated articles of incorporation provide for the division of our board of directors into three classes of directors, with each class as nearly equal in number as possible, serving staggered, three-year terms. Approximately one-third of our board of directors is elected each year. This classified board provision could discourage a third party from making a tender offer for our shares or attempting to obtain control of us. It could also delay shareholders who do not agree with the policies of our board of directors from removing a majority of our board of directors for two years.

Election and Removal of Directors

Our amended and restated articles of incorporation prohibit cumulative voting in the election of directors. Our amended and restated bylaws require parties other than the board of directors to give advance written notice of nominations for the election of directors. Our amended and restated articles of incorporation also provide that our directors may be removed only for cause and only upon the affirmative vote of two-thirds of the outstanding shares of our capital stock entitled to vote for those directors. These provisions may discourage, delay or prevent the removal of incumbent officers and directors.

Limited Actions by Shareholders

Under the BCA, our amended and restated articles of incorporation and our amended and restated bylaws, any action required or permitted to be taken by our shareholders must be effected at an annual or special meeting of shareholders or by the unanimous written consent of our shareholders. Our amended and restated articles of incorporation and amended and restated bylaws provide that, unless otherwise prescribed by law, only a majority of our board of directors, the chairman of our board of directors or an officer of the Company who is also a director may call special meetings of our shareholders, and the business transacted at the special meeting is limited to the purposes stated in the notice. Accordingly, a shareholder may be prevented from calling a special meeting for shareholder consideration of a proposal over the opposition of our board of directors and shareholder consideration of a proposal may be delayed until the next annual meeting.

Advance Notice Requirements for Shareholder Proposals and Director Nominations

Our amended and restated bylaws provide that shareholders seeking to nominate candidates for election as directors or to bring business before an annual meeting of shareholders must provide timely notice of their proposal in writing to the corporate secretary. Generally, to be timely, a shareholder's notice must be received at our principal executive offices not less than 150 days nor more than 180 days prior to the one-year anniversary of the preceding year's annual meeting. Our amended and restated bylaws also specify requirements as to the form and content of a shareholder's notice. These provisions may impede shareholders' ability to bring matters before an annual meeting of shareholders or make nominations for directors at an annual meeting of shareholders.

Registrar and Transfer Agent

The Board of Directors has the power and authority to make such rules and regulations as they may deem expedient concerning the issuance, registration and transfer of shares of the Company's stock, and may appoint transfer agents and registrars thereof.

Listing

Our common shares are listed on The Nasdaq Capital Market under the symbol "PSHG."

Comparison of Marshall Island Law to Delaware Law

The following table provides a comparison between some statutory provisions of the Delaware General Company Law and the Marshall Islands Business Corporations Act 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.

Marshall Islands	**Delaware**
Shareholders' Voting Rights	
Unless otherwise provided in the articles of incorporation, any action required to be taken at a meeting of shareholders may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, is signed by all the shareholders entitled to vote with respect to the subject matter thereof, or if the articles of incorporation so provide, by the holders of outstanding shares having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted.	Any action required to be taken at a meeting of shareholders may be taken without a meeting if a consent for such action is in writing and is signed by shareholders having not fewer than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted.

Any person authorized to vote may authorize another person or persons to act for him by proxy.	Any person authorized to vote may authorize another person or persons to act for him by proxy.
Unless otherwise provided in the articles of incorporation or bylaws, a majority of shares entitled to vote constitutes a quorum. In no event shall a quorum consist of fewer than one-third of the shares entitled to vote at a meeting.	For stock corporations, the certificate of incorporation or bylaws may specify the number of shares required to constitute a quorum but in no event shall a quorum consist of less than one-third of shares entitled to vote at a meeting. In the absence of such specifications, a majority of shares entitled to vote shall constitute a quorum.
When a quorum is once present to organize a meeting, it is not broken by the subsequent withdrawal of any shareholders.	When a quorum is once present to organize a meeting, it is not broken by the subsequent withdrawal of any shareholders.
The articles of incorporation may provide for cumulative voting in the election of directors.	The certificate of incorporation may provide for cumulative voting in the election of directors.
Merger or Consolidation	
Any two or more domestic corporations may merge into a single corporation if approved by the board and if authorized by a majority vote of the holders of outstanding shares at a shareholder meeting.	Any two or more corporations existing under the laws of the state may merge into a single corporation pursuant to a board resolution and upon the majority vote by shareholders of each constituent corporation at an annual or special meeting.
Any sale, lease, exchange or other disposition of all or substantially all the assets of a corporation, if not made in the corporation's usual or regular course of business, once approved by the board, shall be authorized by the affirmative vote of two-thirds of the shares of those entitled to vote at a shareholder meeting.	Every corporation may at any meeting of the board sell, lease or exchange all or substantially all of its property and assets as its board deems expedient and for the best interests of the corporation when so authorized by a resolution adopted by the holders of a majority of the outstanding stock of the corporation entitled to vote.
Any domestic corporation owning at least 90% of the outstanding shares of each class of another domestic corporation may merge such other corporation into itself without the authorization of the shareholders of any corporation.	Any corporation owning at least 90% of the outstanding shares of each class of another corporation may merge the other corporation into itself and assume all of its obligations without the vote or consent of shareholders; however, in case the parent corporation is not the surviving corporation, the proposed merger shall be approved by a majority of the outstanding stock of the parent corporation entitled to vote at a duly called shareholder meeting.
Any mortgage, pledge of or creation of a security interest in all or any part of the corporate property may be authorized without the vote or consent of the shareholders, unless otherwise provided for in the articles of incorporation.	Any mortgage or pledge of a corporation's property and assets may be authorized without the vote or consent of shareholders, except to the extent that the certificate of incorporation otherwise provides.

Marshall Islands	Delaware
Directors	
The board of directors must consist of at least one member.	The board of directors must consist of at least one member.
The number of board members may be changed by an amendment to the bylaws, by the shareholders, or by action of the board under the specific provisions of a bylaw.	The number of board members shall be fixed by, or in a manner provided by, the bylaws, unless the certificate of incorporation fixes the number of directors, in which case a change in the number shall be made only by an amendment to the certificate of incorporation.
If the board is authorized to change the number of directors, it can only do so by a majority of the entire board and so long as no decrease in the number shall shorten the term of any incumbent director.	If the number of directors is fixed by the certificate of incorporation, a change in the number shall be made only by an amendment of the certificate.
Removal:	Removal:
Any or all of the directors may be removed for cause by vote of the shareholders.	Any or all of the directors may be removed, with or without cause, by the holders of a majority of the shares entitled to vote unless the certificate of incorporation otherwise provides.
If the articles of incorporation or the bylaws so provide, any or all of the directors may be removed without cause by vote of the shareholders.	In the case of a classified board, shareholders may effect removal of any or all directors only for cause.
Dissenters' Rights of Appraisal	
Shareholders have a right to dissent from any plan of merger, consolidation or sale of all or substantially all assets not made in the usual course of business, and receive payment of the fair value of their shares. However, the right of a dissenting shareholder under the BCA to receive payment of the appraised fair value of his shares shall not be available for the shares of any class or series of stock, which shares or depository receipts in respect thereof, at the record date fixed to determine the shareholders entitled to receive notice of and to vote at the meeting of the shareholders to act upon the agreement of merger or consolidation, were either (i) listed on a securities exchange or admitted for trading on an interdealer quotation system or (ii) held of record by more than 2,000 holders. The right of a dissenting shareholder to receive payment of the fair value of his or her shares shall not be available for any shares of stock of the constituent corporation surviving a merger if the merger did not require for its approval the vote of the shareholders of the surviving corporation.	Appraisal rights shall be available for the shares of any class or series of stock of a corporation in a merger or consolidation, subject to limited exceptions, such as a merger or consolidation of corporations listed on a national securities exchange in which listed stock is offered for consideration is (i) listed on a national securities exchange or (ii) held of record by more than 2,000 holders.
A holder of any adversely affected shares who does not vote on or consent in writing to an amendment to the articles of incorporation has the right to dissent and to receive payment for such shares if the amendment:	

Marshall Islands	Delaware
• Alters or abolishes any preferential right of any outstanding shares having preference; or	
• Creates, alters, or abolishes any provision or right in respect to the redemption of any outstanding shares; or	
• Alters or abolishes any preemptive right of such holder to acquire shares or other securities; or	
• Excludes or limits the right of such holder to vote on any matter, except as such right may be limited by the voting rights given to new shares then being authorized of any existing or new class.	
Shareholder's Derivative Actions	
An action may be brought in the right of a corporation to procure a judgment in its favor, by a holder of shares or of voting trust certificates or of a beneficial interest in such shares or certificates. It shall be made to appear that the plaintiff is such a holder at the time of bringing the action and that he was such a holder at the time of the transaction of which he complains, or that his shares or his interest therein devolved upon him by operation of law.	In any derivative suit instituted by a shareholder of a corporation, it shall be averred in the complaint that the plaintiff was a shareholder of the corporation at the time of the transaction of which he complains or that such shareholder's stock thereafter devolved upon such shareholder by operation of law.
A complaint shall set forth with particularity the efforts of the plaintiff to secure the initiation of such action by the board or the reasons for not making such effort.	Other requirements regarding derivative suits have been created by judicial decision, including that a shareholder may not bring a derivative suit unless he or she first demands that the corporation sue on its own behalf and that demand is refused (unless it is shown that such demand would have been futile).
Such action shall not be discontinued, compromised or settled, without the approval of the High Court of the Republic of the Marshall Islands.	
Reasonable expenses including attorney's fees may be awarded if the action is successful.	
A corporation may require a plaintiff bringing a derivative suit to give security for reasonable expenses if the plaintiff owns less than 5% of any class of outstanding shares or holds voting trust certificates or a beneficial interest in shares representing less than 5% of any class of such shares and the shares, voting trust certificates or beneficial interest of such plaintiff has a fair value of $50,000 or less.	

Exhibit 4.9

SHIPBUILDING CONTRACT

FOR

CONSTRUCTION OF ONE 114,000 DWT PRODUCT/ CRUDE OIL TANKER

(HULL NO. H1515)

BETWEEN

NAKAZA SHIPPING COMPANY INC.
as BUYER

and

CHINA SHIPBUILDING TRADING COMPANY LIMITED

and

SHANGHAI WAIGAOQIAO SHIPBUILDING COMPANY LIMITED

Collectively as SELLER

SHIPBUILDING CONTRACT

FOR

CONSTRUCTION OF ONE 114,000 DWT PRODUCT/ CRUDE OIL TANKER (HULL NO. H1515)

This CONTRACT, entered into this 7th day of March 2023 by and between NAKAZA SHIPPING COMPANY INC., a corporation organized and existing under the Laws of the Republic of the Marshall , having its registered office at Ajeltake Road, Ajeltake Island, Majuro, MH 96960, Marshall Islands (hereinafter called the "BUYER") on one part; and CHINA SHIPBUILDING TRADING COMPANY LIMITED, a corporation organized and existing under the Laws of the People's Republic of China, having its registered office at 56(Yi) Zhongguancun Nan Da Jie, Beijing 100044, the People's Republic of China (hereinafter called "CSTC"), and SHANGHAI WAIGAOQIAO SHIPBUILDING COMPANY LIMITED, a corporation organized and existing under the Laws of the People's Republic of China, having its registered office at 3001 Zhouhai Road, Pudong New District, Shanghai 200137, the People's Republic of China (hereinafter called the "BUILDER") on the other part. CSTC and the BUILDER are hereinafter jointly called the "SELLER".
BUYER and SELLER altogether the “Parties” and each one the “Party”.

WITNESSETH

in consideration of the mutual covenants contained herein, the SELLER agrees to build, launch, equip and complete at BUILDER's Shipyard and to sell and deliver to the BUYER after completion and successful trial one (1) Diesel Driven 114,000 DWT PRODUCT/CRUDE OIL TANKER as more fully described in Article I hereof, to be registered under the flag of the Republic of the Marshall Islands and the BUYER agrees to purchase and take delivery of the aforesaid VESSEL from the SELLER and to pay for the same in accordance with the terms and conditions hereinafter set forth.

ARTICLE I DESCRIPTION AND CLASS

1. DESCRIPTION:

The VESSEL is a Steel-Hulled, Single Screw, Diesel Driven Product/Crude Oil Tanker of 114,000 metric tons deadweight, at scantling draft moulded of 15.0 meters (hereinafter called the "VESSEL") of the class described below. The VESSEL shall be on identical basis as the repeat vessel to the prototype vessel (BUILDER's Hull No. H1512, hereinafter called "H1512"), the VESSEL shall have the BUILDER's Hull No. H1515 and shall be constructed, equipped and completed in accordance with the provisions of this Contract and H1512's following "Specifications":

(1) Specification (Drawing No. 114TK –BS21202-CS-R1)
(2) General Arrangement (Drawing No. 114TK –BS21202-GA-R1)
(3) Midship Section (Drawing No. 114TK –BS21202-MS-R1)
(4) Makers list (Drawing No. 114TK –BS21202-ML-R1)
(5) Technical Memorandum on the 114,000DWT Product/Crude Oil Tanker Specifications dated 7th March, 2023

attached hereto and signed by each of the parties to this Contract (hereinafter collectively called the "Specifications"), making an integral part hereof.

2. CLASS AND RULES

The VESSEL, including her machinery and equipment, shall be constructed in accordance with the rules and regulations issued and having become effective up to and on the date of signing this Contract of Lloyd's Register (LR) (hereinafter called the "Classification Society") without any reservation of any kind and classified and registered to the symbol of: +100A1, Double Hull Oil Tanker, CSR, ESP, ShipRight (ACS(B, C), CM), *IWS, LI, DSPM4, ECO(BWT, IHM, P, VECS-L, EEDI-3), EGCS(OPEN), +LMC, IGS, UMS, With descriptive notes "ShipRight (BWMP(S,T), SCM, SERS), ETA, GR(NG, A)", and shall also comply with the rules and regulations as fully described in the Specifications.

The requirements of the authorities as fully described in the Specifications including that of the Classification Society are to include additional rules or circulars thereof issued and become effective up to and on the date of signing this Contract.

The SELLER shall arrange with the Classification Society to assign a representative or representatives (hereinafter called the "Classification Surveyor") to the BUILDER's Shipyard for supervision of the construction of the VESSEL.
All fees and charges incidental to Classification and compliance with the rules, regulations and requirements of this Contract as described in the Specifications issued and effective up to the date of signing this Contract as well as royalties, if any, payable on account of the construction of the VESSEL shall be for the account of the SELLER, except as otherwise provided and agreed herein.
The key plans, materials and workmanship entering into the construction of the VESSEL shall at all times be subject to inspections and tests in accordance with the rules and regulations of the Classification Society.

Decisions of the Classification Society as to compliance or noncompliance with Classification rules and regulations shall be final and binding for the Parties.

3. PRINCIPAL PARTICULARS AND DIMENSIONS OF THE VESSEL

(a) Hull:

Length overall	abt. 249.95m
Length between perpendiculars	243.95m
Breadth moulded	44.00m
Depth moulded	21.20m
Design Draft moulded	13.50m
Scantling Draft moulded	15.00m

(b) Propelling Machinery:

The VESSEL shall be equipped, in accordance with the Specifications, with (1) set of MAN B&W 6G60ME – C10.5 Tier III HPSCR type Main Engine, developing a nominal maximum continuous rating of 17,040 kW at 103.0 RPM and a continuous service rating of 9,180 kW at 80.1 RPM.

The extend of delivery of main engine shall be in line with H1512 as far as possible. However, the subcontractor of components of main engine shall be as per HHM or CSE's practice.

4. GUARANTEED SPEED

The SELLER guarantees that the service speed at design draught 13.50 on even keel and NCR of main engine with 15% sea margin shall not be less than 14.5 nautical miles per hour.

The service speed shall be verified by corrected trial speed under calm weather (no wind, no wave and no current in accordance with ISO 15016:2015) and deep sea condition. The correction method of the speed shall be as specified in the Specifications.

5. GUARANTEED FUEL CONSUMPTION

The SELLER guarantees that the specific fuel oil consumption of the Main Engine as determined by shop trial as specified in the Specifications, at NCR is not to exceed 154.8 grams/Kilowatt/hour (not including the permitted tolerance of +6%) based on fuel oil having a lower calorific value of 10,200 kilocalories per kilogram at ISO standard reference condition i.e. blower inlet air temperature of 25 deg C, scavenge air cooling water temperature of 25 deg C and blower inlet air pressure of 100 kpa. If the fuel oil used in shop trial would have different lower calorific value from 10,200 kilocalories per kilogram, and/or the surrounding shop trial condition would be different from the above ISO condition, then the specific fuel oil consumption shall be adjusted accordingly based on the conversion formula issued by MAN. The specific fuel oil consumption shall be subject to a tolerance of 6%.

6. GUARANTEED DEADWEIGHT

The SELLER guarantees that the VESSEL is to have a deadweight of not less than 114,000 metric tons at the scantling draft moulded of 15.00 meters in sea water of 1.025 specific gravity.

The term, "Deadweight", as used in this Contract, shall be as defined in the Specifications.

The actual deadweight of the VESSEL expressed in metric tons shall be based on calculations made by the BUILDER and checked by the BUYER, and all measurements necessary for such calculations shall be performed in the presence of the BUYER's supervisor(s) and the Classification Surveyor or the party authorized by the BUYER.

Should there be any dispute between the BUILDER and the BUYER in such calculations and/or measurements, the decision of the Classification Society shall be final.

7. SUBCONTRACTING:

The SELLER may, at its sole discretion and responsibility, subcontract any portion of the construction work of the VESSEL to experienced subcontractors, but delivery and final assembly into the VESSEL of any such work subcontracted shall be at the BUILDER's Shipyard. The SELLER shall remain fully responsible for such subcontracted work and subcontractors' liabilities.

The performance of the works by SHANGHAI WAIGAOQIAO SHIPBUILDING AND OFFSHORE COMPANY LIMITED (subsidiary of the BUILDER), SWS-SUNHEL ENGINEERING EQUIPMENT (NAN TONG) CO., LTD and SHANGHAI SHIPYARD (Branch of the BUILDER) does not constitute subcontracting for the purposes of this clause. The BUILDER shall be fully liable for the actions of omissions of its aforementioned subsidiary and Branch.

8. REGISTRATION:

The vessel shall be registered by the BUYER at its own cost and expenses in the Marshall Islands Registry at the time of delivery and acceptance thereof.

ARTICLE II CONTRACT PRICE & TERMS OF PAYMENT

1. CONTRACT PRICE:

The purchase price of the VESSEL is United States Dollars Sixty-Three Million Two Hundred and Fifty Thousand only (US$ 63,250,000), net receivable by the SELLER (hereinafter called the "Contract Price"), which is exclusive of the cost for the BUYER's Supplies as provided in Article V hereof, and shall be subject to upward or downward adjustment, if any, as hereinafter set forth in this Contract.

2. CURRENCY:

Any and all payments by the BUYER to the SELLER under this Contract shall be made in United States Dollars.

3. TERMS OF PAYMENT:

The Contract Price shall be paid by the BUYER to the SELLER in instalments as follows:

(a) 1st Instalment:

The sum of United States Dollars Nine Million Four Hundred and Eighty-Seven Thousand Five Hundred only (US$ 9,487,500) representing Fifteen percent (15%) of the Contract Price, shall become due and payable and be paid by the BUYER within five (5) Banking Days from the date of BUYER's receipt of the Refund Guarantee as described in paragraph 7 of this Article.

(b) 2nd Instalment:

The sum of United States Dollars Six Million Three Hundred and Twenty-Five Thousand only (US$ 6,325,000), representing Ten percent (10%) of the Contract Price, shall become due and payable and be paid within five (5) Banking Days after the cutting of the first steel plate of the VESSEL. The SELLER shall notify the BUYER by e-mail stating and confirming that the 1st steel plate has been cut in its workshop, providing also a progress statement evidenced by the Classification Society. The SELLER shall then send to the BUYER an e-mail demand for payment of this instalment along with a PDF proforma invoice.

(c) 3rd Instalment:

The sum of United States Dollars Six Million Three Hundred and Twenty-Five Thousand only (US$ 6,325,000), representing Ten percent (10%) of the Contract Price, shall become due and payable and be paid within five (5) Banking Days after keel-laying of the first section of the VESSEL. The SELLER shall notify the BUYER by e-mail stating and confirming that the said keel-laying has been carried out, providing also a progress statement evidenced by the Classification Society. The SELLER shall then send to the BUYER an e-mail demand for payment of this instalment, along with a PDF proforma invoice.

(d) 4th Instalment:

The sum of United States Dollars Six Million Three Hundred and Twenty-Five Thousand only (US$ 6,325,000), representing Ten percent (10%) of the Contract Price, shall become due and payable and be paid within five (5) Banking Days after launching of the VESSEL. The SELLER shall notify the BUYER by e-mail stating and confirming that the launching of the VESSEL has been carried out. The SELLER shall then send to the BUYER an e-mail demand for payment of this in-stallment, along with a PDF proforma invoice.

(e) 5th Installment (Payment upon Delivery of the VESSEL):

The sum of United States Dollars Thirty-Four Million Seven Hundred and Eighty-Seven Thousand Five Hundred only (US$ 34,787,500), representing Fifty-Five percent (55%) of the Contract Price, plus any increase or minus any decrease due to modifications and/or adjustments of the Contract Price in accordance with provisions of the relevant Articles hereof, shall become due and payable and be paid by the BUYER to the SELLER concurrently with delivery by the SELLER and acceptance by the BUYER of the VESSEL. The SELLER shall send to the BUYER an e-mail demanding payment of this installment ten (10) days prior to the scheduled date of delivery of the VESSEL stating the expected delivery of the VESSEL to the BUYER.

4. METHOD OF PAYMENT:

(a) 1st Instalment:

The BUYER shall remit the amount of this installment in accordance with Article II, Paragraph 3 (a) by telegraphic transfer to Bank of China Ltd., Beijing Branch, address at No.2 Chaoyangmennei Ave., Dongcheng Dist., Beijing, China (SWIFT Code: BKCHCNBJ110) (hereinafter called the “SELLER’s Bank”) as receiving bank nominated by the SELLER for A/C 3480 6318 1842 Beneficiary: China Shipbuilding Trading Company Limited, or through other receiving bank to be nominated by the SELLER from time to time and such nomination shall be notified to the BUYER at least ten (10) days prior to the due date for payment.

(b) 2nd Instalment:

The BUYER shall remit the amount of this installment in accordance with Article II, Paragraph 3(b) by telegraphic transfer to SELLER's Bank as receiving bank nominated by the SELLER for A/C 3480 6318 1842 Beneficiary: China Shipbuilding Trading Company Limited, or through other receiving bank to be nominated by the SELLER from time to time and such nomination shall be notified to the BUYER at least ten (10) days prior to the due date for payment.

(c) 3rd Installment:

The BUYER shall remit the amount of this installment in accordance with Article II, Paragraph 3(c) by telegraphic transfer to SELLER's Bank as receiving bank nominated by the SELLER for A/C 3480 6318 1842 Beneficiary: China Shipbuilding Trading Company Limited, or through other receiving bank to be nominated by the SELLER from time to time and such nomination shall be notified to the BUYER at least ten (10) days prior to the due date for payment.

(d) 4th Installment:

The BUYER shall remit the amount of this installment in accordance with Article II, Paragraph 3(d) by telegraphic transfer to SELLER's Bank as receiving bank nominated by the SELLER for A/C 3480 6318 1842 Beneficiary: China Shipbuilding Trading Company Limited, or through other receiving bank to be nominated by the SELLER from time to time and such nomination shall be notified to the BUYER at least ten (10) days prior to the due date for payment.

(e) 5th Installment (Payable upon delivery of the VESSEL):

The BUYER shall, at least three (3) Banking Days prior to the scheduled date of delivery of the VESSEL, make an irrevocable cash deposit by swift message MT103 accompanied by swift message MT199 with conditions of payment to the SELLER's Bank, namely Bank of China Ltd., Beijing Branch, address at No.2 Chaoyangmennei Ave., Dongcheng Dist., Beijing, China, Account Number: 3480 6318 1842, or other bank to be nominated by the SELLER with at least ten (10) days' notice to the BUYER prior to the scheduled date of delivery of the VESSEL, and such amount to be held in trust in the name of the BUYER (and / or in the name of the financing bank as the case may be which shall be BUYER's agents for purposes of this Contract) for a period of fifteen (15) Banking Days, covering the amount of this installment (as adjusted in accordance with the provisions of this Contract), with an irrevocable instruction that the said amount (or any other amount mutually agreed by the Parties) shall be released to the SELLER against presentation by the SELLER to the said Bank of China Ltd., Beijing Branch, or other bank nominated by the SELLER as above, of (i) a copy of the Protocol of Delivery and Acceptance signed by both the BUYER's and the SELLER's authorised representatives and (ii) a copy of release letter setting out the exact amount to be released to the SELLER. Interest, if any, accrued from such deposit, shall be for the benefit of the BUYER.

If the delivery of the VESSEL is not effected on or before the expiry of the aforesaid fifteen (15) Banking Days from the day of the cash deposit payment, the BUYER shall have the right to withdraw the said deposit plus accrued interest upon the expiry date. However, when a newly scheduled delivery date is notified to the BUYER by the SELLER, and the BUYER accepts same, the BUYER shall make the cash deposit in accordance with the same terms and conditions as set out above.

5. PREPAYMENT:

The BUYER shall have the right to make prepayment of any and all instalments before delivery of the VESSEL, by giving to the SELLER at least thirty (30) calendar days prior written notice, without any price adjustment of the VESSEL for such prepayment.

6. SECURITY FOR PAYMENT OF INSTALMENTS BEFORE DELIVERY:

The BUYER shall, within five (5) Banking Days upon receipt of the Refund Guarantee, deliver to the SELLER an irrevocable and unconditional Letter of Guarantee (hereinafter called the “Payment Guarantee”) in the form annexed hereto as Exhibit "B" in favour of the SELLER issued by Performance Shipping Inc. (hereinafter called the "Payment Guarantor") acceptable to SELLER’s bank and the SELLER. This guarantee shall secure the BUYER's obligation for the payment of the 2nd, 3rd and 4th installments of the Contract Price.

7. REFUNDS

All payments made by the BUYER prior to delivery of the VESSEL shall be in the nature of advance to the SELLER, and in the event this Contract is rescinded or cancelled by the BUYER, all in accordance with the specific terms of this Contract permitting such rescission or cancellation, the SELLER shall refund to the BUYER in United States Dollars the full amount of all sums already paid by the BUYER to the SELLER under this Contract, together with any interest (at the rate set out in respective provision thereof) from the date of receipt by the SELLER of the respective installment(s) to the date of remittance by telegraphic transfer of such refund by the SELLER to the account specified by the BUYER.

As security to the BUYER, the SELLER shall deliver to the BUYER, within sixty (60) calendar days after signing of the Contract, a Refund Guarantee to be issued by Bank of China Ltd., Beijing Branch, or any other Chinese Bank, securing the SELLER’s obligation for refunding to the BUYER the 1st, 2nd, 3rd and 4th instalments received by the SELLER through SELLER’s bank in the form as per Exhibit "A" annexed hereto. If the Refund Guarantee is issued by any other Chinese Bank, it should be a bank that is acceptable to the BUYER. The Refund Guarantee shall be issued by SWIFT.

However, in the event of any dispute between the SELLER and the BUYER with regard to the SELLER's obligation to repay the installment or installments paid by the BUYER and to the BUYER's right to demand payment from the SELLER’s bank, under its guarantee, and such dispute is submitted either by the SELLER or by the BUYER for arbitration in accordance with Article XIII hereof, the SELLER’s bank shall withhold and defer payment until the arbitration award between the SELLER and the BUYER is notified to SELLER’s bank. The SELLER’s bank shall not be obligated to make any payment unless the arbitration award orders the SELLER to make repayment. If the SELLER fails to honour the award, then the SELLER’s bank shall refund to the extent the final arbitration award orders.

ARTICLE III ADJUSTMENT OF THE CONTRACT PRICE

The Contract Price of the VESSEL shall be subject to adjustments as hereinafter set forth. It is hereby understood by both parties that any reduction of the Contract Price is by way of liquidated damages and not by way of penalty.

1. DELIVERY

(a) No adjustment shall be made, and the Contract Price shall remain unchanged for Thirty (30) calendar days of delay in delivery of the VESSEL beyond the Delivery Date as defined in Article VII hereof ending as of twelve o'clock midnight of the Thirtieth (30th) day of delay.

(b) If the delivery of the VESSEL is delayed more than Thirty (30) calendar days after the date as defined in Article VII hereof, then, in such event, beginning at twelve o'clock midnight of the Thirtieth (30th) day after the Delivery Date, the Contract Price of the VESSEL shall be reduced by deducting therefrom the sum of United States Dollars Fifteen Thousand only (US$ 15,000) per day.

Unless the parties hereto agree otherwise, the total reduction in the Contract Price shall be deducted from the fifth instalment of the Contract Price and in any event (including the event that the BUYER consents to take the VESSEL at the later delivery date after the expiration of Two Hundred and Ten (210) calendar days delay of delivery as described in Paragraph 1(c) of this Article or after the expiration days delay of delivery as described in Paragraph 3 of Article VIII) shall not be more than One Hundred and Eighty (180) calendar days at the above specified rate of reduction after the Thirty (30) calendar days allowance, that is United States Dollars Two Million Seven Hundred Thousand (US$ 2,700,000) being the maximum.

(c) If the delay in the delivery of the VESSEL continues for a period of Two Hundred and Ten (210) calendar days after the Delivery Date as defined in Article VII, then in such event, the BUYER may, at its option, rescind or cancel this Contract in accordance with the provisions of Article X of this Contract. The SELLER may at any time after the expiration of the aforementioned Two Hundred and Ten (210) calendar days, if the BUYER has not served notice of cancellation pursuant to Article X, notify the BUYER of the date upon which the SELLER estimates the VESSEL will be ready for delivery and demand in writing that the BUYER make an election, in which case the BUYER shall, within thirty (30) calendar days after such demand is received by the BUYER, either notify the SELLER of its decision to cancel this Contract, or consent to take delivery of the VESSEL at an agreed future date, it being understood and agreed by the parties hereto that, if the VESSEL is not deliv-ered by such future date, the BUYER shall have the same right of cancellation upon the same terms, as hereinabove provided.

(d) For the purpose of this Article, the delivery of the VESSEL shall not be deemed delayed and the Contract Price shall not be reduced when and if the Delivery Date of the VESSEL is extended by reason of causes and provisions of Articles V, VI, XI, XII and XIII hereof. The Contract Price shall not be adjusted or reduced if the delivery of the VESSEL is delayed by reason of permissible delays as defined in Article VIII hereof.

(e) The Seller shall notify the BUYER by e-mail if the delivery of the VESSEL shall be made earlier than the specified Delivery Date as defined in Article VII of the Contract and such notification shall be given not less than Two (2) months prior to the newly planned delivery date.

(f) In the event that the SELLER is unable to deliver the VESSEL on the newly planned delivery date as declared, the VESSEL can, nevertheless, be delivered by the SELLER at a date after such declared newly planned date.

In such circumstances, and for the purpose of determining the liquidated damages to the BUYER (according to the provisions of Paragraph 1(b) of this Article) and the BUYER's right to cancel or rescind this Contract (according to the provisions of Paragraph 1(c) of this Article), the newly planned delivery date declared by the SELLER shall not be in any way treated or taken as having substituted the original Delivery Date as defined in Article VII. The BUYER's aforesaid right for liquidated damages and to cancel or rescind this Contract shall be accrued, operated or exercised only to the extent as described in Paragraph 1(a), 1(b) and/or 1(c) of Article III. In whatever circumstances, the Delivery Date as defined in Article VII (not the newly planned delivery date as declared by the SELLER) shall be used to regulate, as so described in Paragraph 1 (a), 1(b) and/or 1(c) of Article III, the BUYER's right for liquidated damages and to rescind this Contract and the SELLER's liability to pay the aforesaid liquidated damages resulting from the delay in delivery of the VESSEL.

2. INSUFFICIENT SPEED

(a) The Contract Price of the VESSEL shall not be affected nor changed by reason of the actual speed (as determined by the Trial Run after correction according to the Specifications) being less than three tenths (3/10) of one knot below the guaranteed speed as specified in Paragraph 4 of Article I of this Contract.

(b) However, commencing with and including a deficiency of three tenths (3/10) of one knot in actual speed (as determined by the Trial Run after correction according to the Specifications) below the guaranteed speed as specified in Paragraph 4, Article I of this Contract, the Contract Price shall be reduced as follows:

In case of deficiency

at or above 0.30 but below 0.40 knot US$ 50,000.00
at or above 0.40 but below 0.50 knot US$ 100,000.00
at or above 0.50 but below 0.60 knot US$ 150,000.00
at or above 0.60 but below 0.70 knot US$ 200,000.00
at or above 0.70 but below 0.80 knot US$ 250,000.00
at or above 0.80 but below 0.90 knot US$ 300,000.00
at or above 0.90 but below 1.00 knot US$ 350,000.00

(c) If the deficiency in actual speed (as determined by the Trial Run after correction according to the Specifications) of the VESSEL upon the Trial Run, is more than 1.00 knot below the guaranteed speed of 14.5 knots, then the BUYER may at its option reject the VESSEL and rescind this Contract in accordance with provisions of Article X of this Contract, or may accept the VESSEL at a reduction in the Contract Price as above provided, by United States Dollars Three Hundred and Five Thousand only (US$350,000) being the maximum.

3. EXCESSIVE FUEL CONSUMPTION

(a) The Contract Price of the VESSEL shall not be affected nor changed if the actual fuel consumption of the Main Engine, as determined by shop trial in manufacturer's works, as per the Specifications, is greater than the guaranteed fuel consumption as specified and required under the provisions of this Contract and the Specifications if such actual excess is equal to or less than six percent (6%).

(b) However, if the actual fuel consumption as determined by shop trial is greater than six percent (6%) above the guaranteed fuel consumption then, the Contract Price shall be reduced by the sum of United States Dollars Sixty Thousand Only (US$60,000) for each full one percent (1%) increase in fuel consumption in excess of the above said six percent (6%) (fractions of one percent to be prorated).

(c) If as determined by shop trial such actual fuel consumption of the Main Engine is more than ten percent (10%) in excess of the guaranteed fuel consumption, i.e. the fuel consumption exceeds 170.28gram/KW/hour, the BUYER may, subject to the BUILDER’s right to effect replacement of a substitute engine or alterations of corrections as specified in the following sub-paragraph of Article III 3 (c) hereof, at its option, rescind this Contract, in accordance with the provisions of Article X of this Contract or may accept the VESSEL at a reduction in the Contract Price by United States Dollars Two Hundred and Forty Thousand (US$240,000) being the maximum.

If as determined by shop trial such actual fuel consumption of the Main Engine is more than ten percent (10%) in excess of the guaranteed fuel consumption, i.e. the fuel consumption exceeds 170.28gram/KW/hour, the BUILDER may investigate the cause of the non-conformity and the proper steps may promptly be taken to remedy the same and to make whatever corrections and alterations and/or re-shop trial test or tests as may be necessary to correct such non-conformity without extra cost to the BUYER. Upon completion of such alterations or corrections of such nonconformity, the BUILDER shall promptly perform such further shop trials or any other tests, as may be deemed necessary to prove the fuel consumption of the Main Engine's conformity with the requirement of this Contract and the Specifications and if found to be satisfactory, give the BUYER notice by e-mail of such correction and as appropriate, successful completion accompanied by copies of such results, and the BUYER shall, within six (6) Banking Days after receipt of such notice, notify the BUILDER by e-mail of its acceptance or reject the re-shop trial together with the reasons therefor. If the BUYER fails to notify the BUILDER by e-mail of its acceptance or rejection of the re-shop trial together with the reasons therefor within six (6) Banking Days period as provided herein, the BUYER shall be deemed to have accepted the shop trial.

4. DEADWEIGHT

(a) In the event that there is a deficiency in the actual deadweight of the VESSEL determined as provided in the Specifications, the Contract Price shall not be decreased if such deficiency is One Thousand Two Hundred (1200) metric tons or less below the guaranteed deadweight of 114,000 metric tons at assigned scantling draft moulded.

(b) However, the Contract Price shall be decreased by the sum of United States Dollars Seven Hundred (US$700) for each full metric ton of such deficiency being more than One Thousand Two Hundred (1,200) metric tons.

(c) In the event that there should be a deficiency in the VESSEL's actual deadweight which exceeds Three Thousand (3,000) metric tons below the guaranteed deadweight, the BUYER may, at its option, reject the VESSEL and rescind this Contract in accordance with the provisions of Article X of this Contract, or may accept the VESSEL with reduction in the Contract Price in the maximum amount of United States Dollars One Million Two Hundred Sixty Thousand only (US$1,260,000).

5. EFFECT OF RESCISSION

It is expressly understood and agreed by the parties hereto that in any case as stated herein, if the BUYER rescinds this Contract pursuant to any provision under this Article, the BUYER, save its rights and remedy set out in Article X hereof, shall not be entitled to any liquidated damage or compensation whether described above or otherwise.

ARTICLE IV SUPERVISION AND INSPECTION

1. APPOINTMENT OF THE BUYER'S SUPERVISOR

The BUYER shall send in good time to and maintain at the BUILDER's Shipyard, at the BUYER's own cost and expense, one or more representative(s) who shall be duly accredited in writing by the BUYER (such representative(s) being hereinafter collectively and individually called the "Supervisor") to supervise and survey the construction by the BUILDER of the VESSEL, her engines and accessories. Subject to the SELLER not being hindered to apply for the invitation letter e.g. due to COVID-19 related restrictions or government's regulations, the SELLER agrees to apply for the necessary invitation letter(s) for the Supervisor to enter China on demand and without delay, provided that the Supervisor meets with the rules, regulations and laws of the People's Republic of China. The BUYER undertakes to give the SELLER adequate notice for the application of invitation letter.

2. COMMENTS TO PLANS AND DRAWINGS

The parties hereto shall, within Thirty (30) calendar days after signing of this Contract, mutually agree a list of all the plans and drawings, which are to be sent to the BUYER (hereinbelow called "the LIST"). Before arrival of the Supervisor at the BUILDER's Shipyard, the plans and drawings speci-fied in the LIST shall be sent to the BUYER, and the BUYER shall, within Fourteen (14) calendar days after receipt thereof, return such plans and drawings submitted by the SELLER with comments, if any. Notwithstanding the above, the BUYER shall nevertheless waive its right to comment on the plans and drawings if such plans and drawings have been previously applied to build other vessels with the same specification as that of the VESSEL.

Concurrently with the arrival of the Supervisor at the BUILDER's Shipyard, the BUYER shall notify the BUILDER in writing, stating the authority which the said Supervisor shall have, with regard to the Supervisor can, on behalf of the BUYER, give comments, as the case may be, which of the plans and drawings specified in the LIST but not yet been sent to the BUYER, nevertheless in line with the Supervisor's authori-ty. The Supervisor shall, within five (5) calendar days after receipt thereof, return those plans and drawings with comments, if any.

Unless notification is given to the BUILDER by the Supervisor or the BUYER of the comments to any plans and drawings within the above designated period of time for each case, the said plans and drawings shall be implemented for construction by the BUILDER.

3. SUPERVISION AND INSPECTION BY THE SUPERVISOR

The necessary inspection of the VESSEL, its machinery, equipment and outfittings shall be carried out by the Classification Society, and inspection team of the BUILDER throughout the entire period of construction in order to ensure that the construction of the VESSEL is duly performed in accordance with the Contract and Specifications.

The Supervisor shall have, at all times until delivery of the VESSEL, the right to attend tests according to the mutually agreed test list, review respective reports and inspect the VESSEL, her engines, accessories and materials at the BUILDER's Shipyard, its subcontractors or any other place where work is done or materials stored in connection with the VESSEL. In the event that the Supervisor discovers any construction or material or workmanship which does not or will not conform with the requirements of this Contract and the Specifications, the Supervisor shall promptly give the BUILDER a notice in writing as to such nonconformity, upon receipt of which the BUILDER shall correct such nonconformity if the BUILDER agrees with the BUYER. In any circumstances, the SELLER shall be entitled to proceed with the construction of the VESSEL even if there exists discrepancy in the opinion between the BUYER and the SELLER, without however prejudice to the BUYER's right for submitting the issue for determination by the Classification Society or arbitration in accordance with the provisions hereof. If in such case the Classification Society or the arbitrator decides in favor of the BUYER, then the SELLER is obliged to correct the discrepancy at SELLER's risk, time and expense. However, the BUYER undertakes and assures the SELLER that the Supervisor shall carry out his inspections in accordance with the agreed inspection procedure and schedule and usual shipbuilding practice and in a way as to minimize any increase in building costs and delays in the construction of the VESSEL. Once an inspection and/or a test has been witnessed and approved by the BUYER`s Representatives and/or the Classification Society, the same inspection and/or test should not have to be repeated, provided it has been carried out in compliance with the requirements of the classification society and Specifications.

The BUILDER agrees to furnish free of charge the Supervisor with office space, and other reasonable facilities according to BUILDER's practice at, or in the immediate vicinity of the BUILDER's Shipyard. But the fees for the communication like telephone, telefax, international internet communication and telex, etc. shall be borne by the BUYER. At all times, during the construction of the VESSEL until delivery thereof, the Supervisor shall be given free and ready access to the VESSEL, her engines and accessories, and to any other place where the work is being done, or the materials are being processed or stored, in connection with the construction of the VESSEL, including the yards, workshops, stores of the BUILDER, and the premises of subcontractors of the BUILDER, who are doing work, or storing materials in connection with the VESSEL's construction. The travel expenses for the said access to SELLER's subcontractors outside of Shanghai shall be at BUYER's account. The transpor-tation, of any nature whatsoever, shall be provided to the Supervisor by the BUYER. The transportation within Shanghai shall be provided to the Supervisor by the SELLER.

Should the Supervisor fail to conduct any inspection or attend any test (after notice by the BUILDER of the same) due to whatever reason, the BUILDER shall be entitled to carry out the construction and/or test without inspection and/or attendance of Supervisor and such work so carried out shall be treated as approved by the Supervisor.

4. LIABILITY OF THE SELLER

The Supervisor engaged by the BUYER under this Contract shall at all times be deemed to be in the employ of the BUYER. The SELLER shall be under no liability whatsoever to the BUYER, or to the Supervisor or the BUYER's employees or agents for personal injuries, including death, during the time when they, or any of them, are on the VESSEL, or within the premises of either the SELLER or its subcontractors, or are otherwise engaged in and about the construction of the VESSEL, unless, however, such personal injuries, including death, were caused by gross negligence of the SELLER, or of any of the SELLER's employees or agents or subcontractors of the SELLER. Nor shall the SELLER be under any liability whatsoever to the BUYER for damage to, or loss or destruction of property in China of the BUYER or of the Supervisor, or of the BUYER's employees or agents, unless such damage, loss or destruction was caused by gross negligence of the SELLER, or of any of the employees, or agents or subcontractors of the SELLER.

5. SALARIES AND EXPENSES

All salaries and expenses of the Supervisor, or any other employees employed by the BUYER under this Article, shall be for the BUYER's account.

6. REPLACEMENT OF SUPERVISOR

The SELLER has the right to request the BUYER in writing to replace any of the Supervisor who is deemed unsuitable and unsatisfactory for the proper progress of the VESSEL's construction together with reasons. The BUYER shall investigate the situation by sending its representative to the BUILDER's Shipyard, if necessary, and if the BUYER considers that such SELLER's request is justified, the BUYER shall effect the replacement as soon as conveniently arrangeable.

ARTICLE V MODIFICATION, CHANGES AND EXTRAS

1. HOW EFFECTED

The Specifications and Plans in accordance with which the VESSEL is constructed, may be modified and/or changed at any time hereafter by written agreement of the parties hereto, provided that such modifications and/or changes or an accumulation thereof will not, in the BUILDER's reasonable judgment, adversely affect the BUILDER's other commitments and provided further that the BUYER shall agree to adjustment of the Contract Price, time of delivery of the VESSEL and other terms of this Contract, if any, as hereinafter provided. Subject to the above, the SELLER hereby agree to exert their best efforts to accommodate such reasonable requests by the BUYER so that the said changes and/or modifications may be made at a reasonable cost and within the shortest period of time which is reasonable and possible. Any such agreement for modifications and/or changes shall include an agreement as to the increase or decrease, if any, in the Contract Price of the VESSEL together with an agreement as to any extension or reduction in the time of delivery, providing to the SELLER additional securities satisfactory to the SELLER, or any other alterations in this Contract, or the Specifications occasioned by such modifications and/or changes. The aforementioned agreement to modify and/or to change the Specifications may be effected by an exchange of letters or e-mail, manifesting such agreement. The letters or e-mails exchanged by the parties hereto pursuant to the foregoing shall constitute an amendment of the Specifications under which the VESSEL shall be built, and such letters or e-mails shall be deemed to be incorporated into this Contract and the Specifications by reference and made a part hereof. Upon consummation of the agreement to modify and/or to change the Specifications, the SELLER shall alter the construction of the VESSEL in accordance therewith, including any additions to, or deductions from, the work to be performed in connection with such construction. If due to whatever reasons, the parties hereto fail to agree on the adjustment of the Contract Price or extension of time of delivery or providing additional security to the SELLER or modification of any terms of this Contract which are necessitated by such modifications and/or changes, then the SELLER shall have no obligation to comply with the BUYER's request for any modification and/or changes.

The BUILDER may make minor changes to the Specifications, if found necessary for introduction of improved production and construction methods or otherwise, provided that the BUILDER shall first obtain the BUYER’s approval which shall not be unreasonably withheld.

2. CHANGES IN RULES AND REGULATIONS, ETC.

(1) If, after the date of signing of this Contract, any requirements as to the rules and regulations as specified in this Contract and the Specifications to which the construction of the VESSEL is required to conform, are altered or changed by the Classification Society or the other regulatory bodies authorized to make such alterations or changes, the SELLER and/or the BUYER, upon receipt of the notice thereof, shall exchange such information in full with each other in writing, whereupon within twenty-one (21) calendar days after receipt of the said notice by the BUYER from the SELLER or vice versa, the BUYER shall instruct the SELLER in writing as to the alterations or changes, if any, to be made in the VESSEL which the BUYER, in its sole discretion, shall decide. The SELLER shall promptly comply with such alterations or changes, if any in the construction of the VESSEL, provided that the BUYER shall first agree:

(a) As to any increase or decrease in the Contract Price of the VESSEL that is occasioned by the cost for such compliance; and/or

(b) As to any extension in the time for delivery of the VESSEL that is necessary due to such compliance; and/or

(c) As to any increase or decrease in the guaranteed deadweight, fuel consumption and speed of the VESSEL, if such compliance results in increased or reduced deadweight, fuel consumption and speed; and/or

(d) As to any other alterations in the terms of this Contract or of Specifications or both, if such compliance makes such alterations of the terms necessary.

(e) If the price is to be increased, then, in addition, as to providing to the SELLER additional securities satisfactory to the SELLER.

Agreement as to such alterations or changes under this Paragraph shall be made in the same manner as provided above for modifications and/or changes of the Specifications and/or Plans.

(2) If, due to whatever reasons, the parties fail to agree on the adjustment of the Contract Price or extension of the time for delivery or increase or decrease of the guaranteed speed, fuel consumption and deadweight or providing additional security to the SELLER or any alternation of the terms of this Contract, if any, then, provided that the alterations or changes are not compulsory, the SELLER shall be entitled to proceed with the construction of the VESSEL in accordance with, and the BUYER shall continue to be bound by, the terms of this Contract and Specifications without making any such alterations or changes.

If the alterations or changes are compulsorily required to be made by Class or IMO rules, then, notwithstanding any dispute between the Parties relating to the adjustment of the Contract Price or extension of the time for delivery or decrease of the guaranteed speed and deadweight or increase fuel oil consumption or any other respect, the SELLER may, at its sole judgment, comply with such alterations or changes. The BUYER shall, in any event, bear the costs and expenses for such alterations or changes (with, in the absence of mutual agreement, the amount thereof and/or any other discrepancy such as but not limited to the extension of Delivery Date, etc. to be determined by arbitration in accordance with Article XIII of this Contract).

3. SUBSTITUTION OF MATERIALS AND/OR EQUIPMENT

In the event that any of the materials and/or equipment required by the Specifications or otherwise under this Contract for the construction of the VESSEL cannot be procured in time to effect delivery of the VESSEL, the SELLER may, provided the SELLER shall provide adequate evidence and the BUYER so agrees in writing, supply other materials and/or equipment of the equivalent quality, capable of meeting the requirements of the Classification Society and of the rules, regulations, requirements and recommendations with which the construction of the VESSEL must comply.

4. BUYER'S SUPPLIED ITEMS

The BUYER shall deliver to the SELLER at its shipyard the items as specified in the Specifications which the BUYER shall supply on BUYER’s account (hereinafter called the “BUYER's Supplied Items”) by the time designated by the SELLER.

Should the BUYER fail to deliver to the BUILDER such BUYER's Supplied Items within the time specified, the delivery of the VESSEL shall automatically be extended for a period of such delay, provided such delay in delivery of the BUYER's Supplied Items shall affect the delivery of the VESSEL. In such event, the BUYER shall pay to the SELLER all losses and damages sustained by the SELLER due to such delay in the delivery of the BUYER's Supplied Items and such payment shall be made upon delivery of the VESSEL.

Furthermore, if the delay in delivery of the BUYER's Supplied Items should exceed fifteen (15) calendar days, the SELLER shall be entitled to proceed with construction of the VESSEL without installation of such items in or onto the VESSEL, without prejudice to the SELLER's right hereinabove provided, and the BUYER shall accept the VESSEL so completed.

The BUILDER shall be responsible for storing and handling of the BUYER's Supplied Items as specified in the Specifications after delivery to the BUILDER at no cost and shall install them on board the VESSEL at the BUILDER's expenses. In order to facilitate installation by the BUILDER of the BUYER's Supplied Items in or on the VESSEL, the BUYER shall furnish the BUILDER with the necessary specifications, plans, drawings, instruction books, manuals, test reports and certificates required by the rules and regulations of the Specifications. If so requested by the BUILDER, the BUYER shall, without any charge to the BUILDER, cause the representatives of the manufacturers of the BUYER's Supplied Items to assist the BUILDER in installation thereof in or on the VESSEL and/or to carry out installation thereof by themselves or to make necessary adjustments at the Shipyard.

Any and all of BUYER's Supplied Items shall be subject to the BUILDER's reasonable right of rejection, as and if they are found to be unsuitable or in improper condition for installation.

Upon arrival of such shipment of the BUYER's Supplied Items, both parties shall undertake a joint unpacking inspection. If any damages are found to be not suitable for installation, the BUILDER shall be entitled to refuse to accept the BUYER's Supplied Items.

ARTICLE VI TRIALS

1. NOTICE

The BUYER and the Supervisor shall receive from the SELLER at least fifteen (15) calendar days notice in advance and seven (7) calendar days definite notice in advance in writing or by e-mail of the time and place of the VESSEL's sea trial as described in the Specifications (hereinafter referred to as "the Trial Run") and the BUYER and the Supervisor shall promptly acknowledge receipt of such notice. The BUYER's representatives and/or the Supervisor shall be on board the VESSEL to witness such Trial Run, and to check upon the performance of the VESSEL during the same. Failure of the BUYER's representatives to be present at the Trial Run of the VESSEL, after due notice to the BUYER and the Supervisor as provided above, shall have the effect to extend the date for delivery of the VESSEL by the period of delay caused by such failure. However, if the Trial Run is delayed more than seven (7) calendar days by reason of the failure of the BUYER's representatives to be present after receipt of due notice as provided above, then in such event, the BUYER shall be deemed to have waived its right to have its representatives on board the VESSEL during the Trial Run, and the BUILDER may conduct such Trial Run without the BUYER's representatives being present, and in such case the BUYER shall be obliged to accept the VESSEL on the basis of a certificate jointly signed by the BUILDER and the Classification Society certifying that the VESSEL, after Trial Run subject to minor alterations and corrections as provided in this Article, if any, is found to conform to the Contract and Specifications. Subject to the SELLER not being hindered to apply for invitation letter e.g. due to COVID-19 related restrictions or government’s regulations, the SELLER agrees to apply for the necessary invitation letter(s) for the BUYER’S REPRESENTATIVES and/or crew officers to enter China will be issued in order on demand and without delay otherwise the Trial Run shall be postponed until after the BUYER's representatives have arrived at the BUILDER's Shipyard and any delays as a result thereof shall not count as a permissible delay under Article VIII thereof. However, should the nationalities and other personal particulars of the BUYER's representatives be not acceptable to the SELLER in accordance with its best understanding of the relevant rules, regulations and/or Laws of the People's Republic of China then prevailing, then the BUYER shall, on the SELLER's e-mail demand, effect replacement of all or any of them immediately. Otherwise the Delivery Date as stipulated in Article VII hereof shall be extended by the delays so caused by the BUYER. In the event of unfavorable weather on the date specified for the Trial Run, the same shall take place on the first available day thereafter that the weather conditions permit. The parties hereto recognize that the weather conditions in Chinese waters in which the Trial Run is to take place are such that great changes in weather may arise momentarily and without warning and, therefore, it is agreed that if during the Trial Run of the VESSEL, the weather should suddenly become unfavorable, as would have precluded the continuance of the Trial Run, the Trial Run of the VESSEL shall be discontinued and postponed until the first favorable day next following, unless the BUYER shall assent by e-mail of its acceptance of the VESSEL on the basis of the Trial Run made prior to such sudden change in weather conditions. In the event that the Trial Run is postponed because of unfavorable weather conditions, such delay shall be regarded as a permissible delay, as specified in Article VIII hereof.

2. HOW CONDUCTED

(a) All expenses in connection with Trial Run of the VESSEL are to be for the account of the BUILDER, who, during the Trial Run and when subjecting the VESSEL to Trial Run, is to provide, at its own expense, the necessary crew to comply with conditions of safe navigation. The Trial Run shall be conducted in the manner prescribed in the Specifications and shall prove fulfillment of the performance required for the Trial Run as set forth in the Specifications.

The course of Trial Run shall be determined by the BUILDER and shall be conducted within the trial basin equipped with speed measuring facilities.

(b) The BUILDER shall provide the VESSEL with and pay for the required quantities of water and fuel oil with exception of lubrication oil, greases and hydraulic oil which shall be supplied by the BUYER for the conduct of the Trial Run or Trial Runs as prescribed in the Specifications. The fuel oil supplied by the SELLER, and lubricating oil , greases and hydraulic oil supplied by the BUYER shall be in accordance with the applicable engine specifications, and the cost of the quantities of water, fuel oil, lubricating oil, hydraulic oil and greases consumed during the Trial Run or Trial Runs shall be for the account of the SELLER.

3. TRIAL LOAD DRAFT

In addition to the supplies provided by the BUYER in accordance with sub-paragraph (b) of the preceding Paragraph 2 hereof, the BUILDER shall provide the VESSEL with the required quantity of fresh water and other stores necessary for the conduct of the Trial Run. The necessary ballast (fresh and sea water and such other ballast as may be required) to bring the VESSEL to the trial load draft as specified in the Specifications, shall be for the BUILDER's account.

4. METHOD OF ACCEPTANCE OR REJECTION

(a) Upon notification of the BUILDER of the completion of the Trial Run of the VESSEL, the BUYER or the BUYER's Supervisor shall within six (6) calendar days thereafter, notify the BUILDER by e-mail of its acceptance of the VESSEL or of its rejection of the VESSEL together with the reasons therefor.

(b) However, should the result of the Trial Run indicate that the VESSEL or any part thereof including its equipment does not conform to the requirements of this Contract and Specifications, then the BUILDER shall investigate with the Supervisor the cause of failure and the proper steps shall be taken to remedy the same and shall make whatever corrections and alterations and/or re-Trial Run or Runs as may be necessary without any extra cost to the BUYER, and upon notification by the BUILDER of completion of such alterations or corrections and/or re-trial or re-trials, the BUYER shall, within six (6) calendar days thereafter, notify the SELLER by e-mail of its acceptance of its VESSEL or of the rejection of the VESSEL together with the reason therefor on the basis of the alterations and corrections and/or re-trial or re-trials by the BUILDER.

(c) In the event that the BUYER fails to notify the SELLER by e-mail of its acceptance or rejection of the VESSEL together with the reason therefor within six (6) days period as provided for in the above sub- paragraphs (a) and (b), the BUYER shall be deemed to have accepted the VESSEL.

(d) Any dispute arising among the parties hereto as to the result of any Trial Run or further tests or trials, as the case may be, of the VESSEL shall be solved by reference to arbitration as provided in Article XIII hereof.

(e) Nothing herein shall preclude the BUYER from accepting the VESSEL with its qualifications and/or remarks following the Trial Run and/or further tests or trials as aforesaid and the SELLER shall be obliged to comply with and/or remove such qualifications and/or remarks (if such qualifications and/or remarks are acceptable to the SELLER) at the time before effecting delivery of the VESSEL to the BUYER under this Contract.

5. DISPOSITION OF SURPLUS CONSUMABLE STORES

Should any amount of fuel oil, fresh water, or other unbroached consumable stores furnished by the BUILDER for the Trial Run or Trial Runs remain on board the VESSEL at the time of acceptance thereof by the BUYER, the BUYER agrees to buy the same from the SELLER at the actual price invoiced to the SELLER by the respective supplier evidenced by the corresponding purchase invoices, and payment by the BUYER shall be effected as provided in Article II 3 (e) and 4 (e) of this Contract.

The BUYER shall supply lubricating oil, greases and hydraulic oil for the purpose of Trial Runs at its own expenses and the SELLER will reimburse the BUYER for the amount of lubricating oil and hydraulic oil actually consumed for the said Trial Run or Trial Runs at the original price incurred by the BUYER evidenced by the corresponding purchase invoices and payment by the SELLER shall be deducted from the 5th installment of the Contract Price as provided in Article II 3(e) and 4(e) of this Contract.

6. EFFECT OF ACCEPTANCE

The BUYER's acceptance of the VESSEL by letter or e-mail notification sent to the SELLER, in accordance with the provisions set out above, shall be final and binding so far as conformity of the VESSEL to this Contract and the Specifications is concerned, and shall preclude the BUYER from refusing formal delivery by the SELLER of the VESSEL, as hereinafter provided, if the SELLER complies with all other procedural requirements for delivery as hereinafter set forth.

If, at the time of delivery of the VESSEL, there are deficiencies in the VESSEL, such deficiencies should be resolved in such way that if the deficiencies are of minor importance, and do not in any way affect the safety or the operation of the VESSEL, its crew, passengers or cargo the SELLER shall be nevertheless entitled to tender the VESSEL for delivery and the BUYER shall be nevertheless obliged to take delivery of the VESSEL, provided that:

i) the SELLER shall for its own account remedy the deficiency and fulfil the requirements as soon as possible, or

ii) if elimination of such deficiencies will affect timely delivery of the VESSEL, then the SELLER shall indemnify the BUYER for any direct cost reimbursement in association with remedying these minor non-conformities elsewhere from China as a consequence thereof, excluding, however, loss of time and/or loss of profit.)

ARTICLE VII DELIVERY

1. TIME AND PLACE

The VESSEL shall be delivered safely afloat by the SELLER to the BUYER at the BUILDER's Shipyard, in accordance with the Specifications and with all Classification and Statutory Certificates and after completion of Trial Run (or, as the case may be, re-Trial or re-Trials) and acceptance by the BUYER in accordance with the provisions of Article VI hereof on or before October 31, 2025 provided that, in the event of delays in the construction of the VESSEL or any performance required under this Contract due to causes which under the terms of the Contract permit extension or postponement of the time for delivery, the aforementioned time for delivery of the VESSEL shall be extended accordingly.

The aforementioned date or such later date to which delivery is extended pursuant to the terms of this Contract is hereinafter called the "Delivery Date".

2. WHEN AND HOW EFFECTED

Provided that the BUYER and the SELLER shall each have fulfilled all of their respective obligations as stipulated in this Contract, delivery of the VESSEL shall be effected forthwith by the concurrent delivery by each of the parties hereto, one to the other, of the Protocol of Delivery and Acceptance, acknowledging delivery of the VESSEL by the SELLER and acceptance thereof by the BUYER, which Protocol shall be prepared in triplicate and executed by each of the parties hereto.

3. DOCUMENTS TO BE DELIVERED TO THE BUYER

Upon acceptance of the VESSEL by the BUYER, the SELLER shall deliver to the BUYER the following documents (subject to the provision contained in Article VII hereof) which shall accompany the aforementioned Protocol of Delivery and Acceptance:

(a) PROTOCOL OF TRIALS of the VESSEL made by the BUILDER pursuant to the Specifications.

(b) PROTOCOL OF INVENTORY of the equipment of the VESSEL including spare part and the like, all as specified in the Specifications, made by the BUILDER.

(c) PROTOCOL OF STORES OF CONSUMABLE NATURE made by the BUILDER referred to under Paragraph 5 of Article VI hereof.

(d) FINISHED DRAWINGS AND PLANS pertaining to the VESSEL as stipulated in the Specifications, made by the BUILDER.

(e) PROTOCOL OF DEADWEIGHT AND INCLINING EXPERIMENT, made by the BUILDER

(f) ALL CERTIFICATES required to be furnished upon delivery of the VESSEL pursuant to the Specifications each free of conditions, recommendations, restrictions and qualifications whatsoever (except for the conditions, recommendations, restrictions and qualifications which are due to reasons attributable to the BUYER).

Certificates shall be issued by relevant Authorities or classification Society. The VESSEL shall comply with the above rules and regulations which are in force at the time of signing this Contract. All the certificates shall be delivered in one (1) original to the VESSEL and two (2) copies to the BUYER.

If the full term certificate or certificates are unable to be issued at the time of delivery by the Classification Society or any third party other than the BUILDER, then the provisional certificate or certificates as issued by The Classification Society or the third party other than the BUILDER with the full term certificates to be furnished by the BUILDER after delivery of the VESSEL and in any event before the expiry of the provisional certificates shall be acceptable to the BUYER.

(g) DECLARATION OF WARRANTY issued by the SELLER that the VESSEL is delivered to the BUYER free and clear of any liens, charges, claims, mortgages, or other encumbrances upon the BUYER's title thereto, and in particular, that the VESSEL is absolutely free of all burdens in the nature of imposts, taxes or charges imposed by the province or country of the port of delivery, as well as of all liabilities of the SELLER to its sub-contractors, employees and crews and/or all liabilities arising from the operation of the VESSEL in Trial Run or Trial Runs, or otherwise, prior to delivery.

(h) COMMERCIAL INVOICE made by the SELLER.

(i) BILL OF SALE made by the SELLER.

(j) BUILDER's Certificate made by the BUILDER.

(k) Non-Registration Certificate made by the SELLER.

4. TITLE AND RISK

Title to and risk of the VESSEL shall pass to the BUYER only upon delivery thereof. As stated above, it being expressly understood that, until such delivery is effected, title to the VESSEL, and her equipment, shall remain at all times with the SELLER and are at the entire risk of the SELLER.

5. REMOVAL OF VESSEL

The BUYER shall take possession of the VESSEL immediately upon delivery and acceptance thereof, and shall remove the VESSEL from the premises of the BUILDER within seven (7) calendar days after delivery and acceptance thereof is effected. If the BUYER shall not remove the VESSEL from the premises of the BUILDER within the aforesaid seven (7) calendar days, then, in such event, without prejudice to the SELLER's right to require the BUYER to remove the VESSEL immediately at any time thereafter, the BUYER shall pay to the SELLER the reasonable mooring charge of the VESSEL.

6. TENDER OF THE VESSEL

If the BUYER fails to take delivery of the VESSEL after completion thereof according to this Contract and the Specifications without justified reason, the SELLER shall have the right to tender the VESSEL for delivery after compliance with all procedural requirements as above provided.

ARTICLE VIII DELAYS & EXTENSION OF TIME FOR DELIVERY

1. CAUSE OF DELAY

If, at any time before actual delivery, either the construction of the VESSEL, or any performance required hereunder as a prerequisite of delivery of the VESSEL, is delayed due to war, blockade, revolution, insurrection, mobilization, civil commotions, riots, strikes, sabotage, lockouts, local temperature higher than 35 degree centigrade, Acts of God or the public enemy, terrorism, plague or other epidemics, quarantines, prolonged failure or restriction of electric current from an outside source, freight embargoes, if any, earthquakes, tidal waves, typhoons, hurricanes, storms or other causes beyond the control of the BUILDER or of its sub-contractors or its key equipment suppliers (i.e. main engine, propeller, gearbox etc), as the case may be, or by force majeure of any description, whether of the nature indicated by the forgoing or not, or by destruction of the BUILDER or works of the BUILDER or its sub-contractors or its key equipment suppliers (i.e. main engine, propeller, gearbox etc), or of the VESSEL or any part thereof, by fire, flood, or other causes beyond the control of the SELLER or its sub-contractors or its key equipment suppliers (i.e. main engine, propeller, gearbox etc) as the case may be, or due to the bankruptcy of the equipment and/or material supplier or suppliers (i.e. main engine, propeller, gearbox etc), or due to the delay caused by acts of God in the supply of parts essential to the construction of the VESSEL, then, in the event of delay due to the happening of any of the aforementioned contingencies, the SELLER shall not be liable for such delay and the time for delivery of the VESSEL under this Contract shall be extended without any reduction in the Contract Price for a period of time which shall not exceed the total accumulated time of all such delays, subject neverthe-less to the BUYER's right of cancellation under Paragraph 3 of this Article and subject however to all relevant provisions of this Contract which authorize and permit extension of the time of delivery of the VESSEL.

2. NOTICE OF DELAY

Within seven (7) calendar days from the date of commencement of any delay on account of which the SELLER claims that it is entitled under this Contract to an extension of the time for delivery of the VESSEL, the SELLER shall advise the BUYER by e-mail, of the date such delay commenced, and the reasons therefor.

Likewise within seven (7) calendar days after such delay ends, the SELLER shall advise the BUYER in writing or by letter or e-mail, of the date such delay ended, and also shall specify the maximum period of the time by which the date for delivery of the VESSEL is extended by reason of such delay. Failure of the BUYER to acknowledge the SELLER's notification of any claim for extension of the Delivery Date within seven (7) calendar days after receipt by the BUYER of such notification, shall be deemed to be a waiver by the BUYER of its right to object to such extension. Such acknowledgement shall not constitute BUYER's acceptance to the extension claimed by the SELLER under this clause.

3. RIGHT TO CANCEL FOR EXCESSIVE DELAY

If the total accumulated time of all delays on account of the causes specified in Paragraph 1 of the Article aggregate to Two Hundred and Ten (210) calendar days or more, or if the total accumulated time of all delays on account of the causes specified in Paragraph 1 of the Article and non-permissible delays as described in Paragraph 1 of Article III aggregate to Two Hundred and Forty (240) calendar days or more, in any circumstances, excluding delays due to arbitration as provided for in Article XIII hereof or due to default in performance by the BUYER, or due to delays in delivery of the BUYER's Supplied Items, and excluding delays due to causes which, under Article V, VI, XI and XII hereof, permit extension or postponement of the time for delivery of the VESSEL, then in such event, the BUYER at any time thereafter in accordance with the provisions set out herein rescind or cancel this Contract by serving upon the SELLER notice of cancel-lation or rescission by letter or email and the provisions of Article X of this Contract shall apply. The SELLER may, at any time, after the accumulated time of the aforementioned delays justifying cancellation by the BUYER as above provided for, demand in writing that the BUYER shall make an election, in which case the BUYER shall, within thirty (30) calendar days after such demand is received by the BUYER either notify the SELLER of its intention to cancel, or consent to an extension of the time for delivery to an agreed future date, it being understood and agreed by the parties hereto that, if any further delay occurs on account of causes justifying cancellation as specified in this Contract, the BUYER shall have the same right of cancellation upon the same terms as hereinabove provided.

4. DEFINITION OF PERMISSIBLE DELAY

Delays on account of such causes as provided for in Paragraph 1 of this Article excluding any other extensions of a nature which under the terms of this Contract permit postponement of the Delivery Date, shall be understood to be (and are herein referred to as) permissible delays, and are to be distin-guished from non-permissible delays on account of which the Contract Price of the VESSEL is subject to adjustment as provided for in Article III hereof.

ARTICLE IX WARRANTY OF QUALITY

1. 1. GUARANTEE OF MATERIAL AND WORKMANSHIP

Subject to the provisions hereinafter set forth, the SELLER undertake to remedy, free of charge to the Buyer, any defects in the VESSEL which are due to defective materials including major and minor equipment and/or poor workmanship on the part of the SELLER provided that (a) defects are discovered within a period of twelve (12) months after the date of delivery of the VESSEL and a notice thereof is duly given to the Seller as provided under Paragraph 2 of this Article; and (b) such defects have not been caused by perils of the sea, rivers or navigation, or by ordinary wear and tear, overload, improper loading or stowage, corrosion of the materials if caused by the BUYER's, fire, accident, incompetence, mismanagement, negligence or willful neglect or by alteration or addition by the BUYER not previously approved by the SELLER.

For the purpose of this Article, the VESSEL shall include her hull, machinery, equipment and gear, but excludes any parts of the VESSEL which have been supplied by or on behalf of the BUYER.

2. NOTICE OF DEFECTS

The BUYER shall notify the SELLER by telefax or e-mail of any defects for which a claim is made under this guarantee as promptly as possible after discovery thereof. The BUYER's written notice shall describe the nature and the extent of the defect. The SELLER shall have no obligation for any defects discovered prior to the expiry date of the said twelve (12) months period, unless notice of such defects is received by the SELLER no later than five (5) Banking Days after such expiry date. An email containing brief details of the nature of such defect sent by the BUYER to the SELLER within five (5) Banking Days after such expiry date will be sufficient compliance with the requirements as to time.

3. REMEDY OF DEFECTS

(a) The SELLER shall remedy, at its expense, any defects, against which the VESSEL is guaranteed under this Contract, by making all necessary repairs and/or replacements at the Shipyard or elsewhere as provided for in 3(b) below. In either case whether all necessary repairs or replacements are performed by the SELLER at its shipyard or elsewhere as provided for in 3(b) below, the SELLER shall not be responsible for towage, dockage, wharfage, port charges and anything else incurred for the Buyer's getting and keeping the VESSEL ready for such repairing and replacing.

Any parts or material so repaired or replaced by the SELLER according to this Article shall be guaranteed for a further six (6) months period starting from completion of relevant repair or replacement provided that the maximum period of guarantee shall in any event not exceed eighteen (18) months from the date of delivery of the VESSEL.

(b) However, if it is impractical to make the repair by the SELLER, the BUYER shall cause without undue delay the necessary repairs or replacements to be made elsewhere which is deemed suitable for the purpose after mutual agreement between the Parties, provided that, in such event, the SELLER may forward or supply replacement parts or materials to the VESSEL, unless forwarding or supplying thereof to the VESSEL would impair or delay the operation or working schedule of the VESSEL, in the event that the BUYER proposes to cause the necessary repairs or replacements to be made to the VESSEL elsewhere, the BUYER shall first, but in all events as soon as possible, give the SELLER notice in writing of the time and place such repairs will be made, and if the VESSEL is not thereby delayed, or her operation or working schedule is not thereby impaired, the SELLER shall have the right to verify by its own representative(s) or representative(s) of Classification Society the nature and extent of the defects complained of. THE SELLER shall, in such cases, promptly advise the BUYER in writing, after such examination has been completed, of its acceptance or rejection of the defects as ones that are covered by the guarantee herein provided. Upon the SELLER's acceptance of the defects as justifying remedy under this Article, the SELLER shall immediately pay by telegraphic transfer to the BUYER for such repairs or replacements a sum equal to the lower figure of (i) the actual cost for such repairs or replacements including forwarding charges; and (ii) the average quotes for making similar repairs or replacements including forwarding charges as quoted by three leading shipyards at or in the vicinity of the port of the repairs or replacements.

(c) In any case, the BUYER shall, at its cost and responsibility, bring the VESSEL to the place elected for repairs and replacements, and cause the VESSEL to be ready in all respects for such repairs and replacements.

(d) Any dispute under this Article shall be referred to arbitration in accordance with the provisions of Article XIII hereof.

4. Extent of SELLER's Responsibility:

(a) The SELLER shall have no responsibility or liability for any other defects whatsoever in the VESSEL other than the defects specified in paragraph 1 of this Article. The SELLER shall neither be responsible or liable for any consequential or special losses, damages or expenses, nor be responsible for any losses, damages or expenses including but not limited to any loss of time, loss of use, loss of profit, loss of earnings or demurrage, damage to the VESSEL caused by the defects specified in paragraph 1 of this Article, regardless of whether the aforesaid losses, damages or expenses are directly or indirectly occasioned to the BUYER by reason of the defects specified in paragraph 1 of this Article or due to repairs or other works done the VESSEL to remedy such defects.

(b) The SELLER shall not be responsible for any defects in any part of the VESSEL which subsequent to delivery of the VESSEL have been replaced or in any way repaired by any other contractor not appointed by the SELLER, or for any defects which have been caused or aggravated by mismanagement, accident, negligence, omission, willful neglect or improper use and maintenance of the VESSEL on the part of the BUYER, its servants or agents or by perils of sea or river, or navigation, or fire or accidents at sea or elsewhere or by ordinary wear and tear or by any other circumstances whatsoever beyond the control of the SELLER.

(c)The SELLER’s liability provided for in this Article shall be limited to the repairs and replacements as provided for in 3(a) above. The guarantee contained as hereinabove in this Article replaces and excludes any other liability, guarantee, warranty and/or condition imposed or implied by the law, customary, statutory or otherwise, by reason of the construction and sale of the VESSEL by the SELLER for and to the BUYER. The guarantee contained in this Article shall not be extended, altered or varied except by a written instrument signed by the duly authorized representatives of the SELLER and the BUYER.

(d)Upon delivery of the VESSEL to the BUYER, the SELLER shall thereby and thereupon be released from any and all liability whatsoever and howsoever arising out of the Contract and/or the law, customary, statutory or otherwise, by reason of the construction and sale of the VESSEL by the SELLER for and to the BUYER (save for the SELLER's obligations to remedy defects in accordance with this Article).

ARTICLE X CANCELLATION, REJECTION AND RESCISSION BY THE BUYER

1. All payments made by the BUYER prior to the delivery of the VESSEL shall be in the nature of advance to the SELLER. In the event the BUYER shall exercise its right of cancellation and/or rescission of this Contract under and pursuant to any of the provisions of this Contract specifically permitting the BUYER to do so, then the BUYER shall notify the SELLER in writing or by e-mail, and such cancellation and/or rescission shall be effective as of the date the notice thereof is received by the SELLER.

2. Thereupon the SELLER shall refund in United States dollars within thirty (30) business days immediately after cancellation and/or rescission of the Contract to the BUYER the full amount of all installments and sums already paid by the BUYER to the SELLER on account of the VESSEL, unless the SELLER disputes the BUYER's cancellation and/or rescission by commencing arbitration procedures in accordance with Article XIII. If the BUYER's cancellation or rescission of this Contract is disputed by the SELLER by instituting arbitration as afore-said, then no refund shall be made by the SELLER, and the BUYER shall not be entitled to demand repayment from SELLER’s Bank under its guarantee, until the arbitration award between the BUYER and the SELLER or, in case of appeal or appeals by the SELLER on the arbitration award or any court orders, by the final court order, which shall be in favour of the BUYER, declaring the BUYER's cancellation and/or rescission justi-fied, is made and delivered to the SELLER by the arbitration tribunal. In the event of the SELLER is obligated to make refund, the SELLER shall pay the BUYER interest in United States Dollars at the rate of Five percent (5%), if the cancellation or rescission of the Contract is exercised by the BUYER in accordance with the provision of Article III 1(c), 2(c), 3(c) or 4(c) hereof, on the amount required herein to be refunded to the BUYER computed from the respective dates when such sums were received by SELLER’s bank pursuant to Article II 4(b), 4(c) or 4(d) from the BUYER to the date of remittance by telegraphic transfer of such refund to the BUYER by the SELLER, provided, however, that if the said rescission by the BUYER is made under the provisions of Paragraph 3 of Article VIII or Paragraph 2 (b) of Article XII, then in such event the SELLER shall not be required to pay any interest.

3. Upon such refund by the SELLER to the BUYER, all obligations, duties and liabilities of each of the parties hereto to the other under this Contract shall be forthwith completely discharged.

ARTICLE XI BUYER'S DEFAULT

1. DEFINITION OF DEFAULT

The BUYER shall be deemed in default of its obligation under the Contract if any of the following events occurs:

(a) The BUYER fails to pay the First, Second, Third or Fourth installment to the SELLER when any such installment becomes due and payable under the provisions of this Contract and of Article II hereof and provided the BUYER shall have received the SELLER's demand for payment in accordance with Article II hereof; or

(b) The BUYER fails to deliver to the SELLER an irrevocable and unconditional Letter of Guarantee to be issued by the Payment Guarantor within the time specified in accordance with Paragraph 6 of Article II hereof; or

(c) The BUYER fails to pay the fifth installment to the SELLER in accordance with the terms and conditions of this Contract and of Paragraph 3(e) and 4(e) of Article II hereof provided the BUYER shall have received the SELLER's demand for payment in accordance with Article II hereof; or

(d) The BUYER fails to take delivery of the VESSEL, when the VESSEL is ready and tendered for delivery according to the terms of this Contract for delivery by the SELLER under the provisions of this Contract and of Article VII hereof.

2. NOTICE OF DEFAULT

If the BUYER is in default of payment or in performance of its obligations as provided hereinabove, the SELLER shall notify the BUYER to that effect by letter or e-mail after the date of occurrence of the default as per Paragraph 1 of this Article and the BUYER shall forthwith acknowledge by letter or e-mail to the SELLER that such notification has been received. In case the BUYER does not give the aforesaid letter or e-mail acknowledgment to the SELLER within three (3) calendar days it shall be deemed that such notification has been duly received by the BUYER.

3. INTEREST AND CHARGE

(a) If the BUYER is in default of payment as to any installment as provided in Paragraph 1 (a) and/or 1 (c) of this Arti-cle, the BUYER shall pay interest on such installment at the rate of Five percent (5%) per annum until the date of the payment of the full amount, including all aforesaid interest. In case the BUYER shall fail to take delivery of the VESSEL when required to as provided in Paragraph 1 (d) of this Article, the BUYER shall be deemed in default of payment of the fifth installment and shall pay interest thereon at the same rate as aforesaid from and including the day on which the VESSEL is tendered for delivery by the SELLER, as provided in Article VII Paragraph 7 hereof.

(b) In any event of default by the BUYER under 1 (a) or 1 (b) or 1 (c) or 1 (d) above, the BUYER shall also pay all reasonable direct costs, charges and expenses incurred by the SELLER in consequence of such default, but excluding any indirect or consequential losses, damages or expenses.

4. DEFAULT BEFORE DELIVERY OF THE VESSEL

(a) If any default by the BUYER occurs as defined in Paragraph 1 (a) or 1 (b) or 1 (c) or 1 (d) of this Article, the Delivery Date shall, at the SELLER's option, be postponed for a period of continuance of such default by the BUYER.

(b) If any such default as defined in Paragraph 1 (a) or 1 (b) or 1 (c) or 1 (d) of this Article committed by the BUYER continues for a period of fifteen (15) calendar days, then, the SELLER shall have all following rights and remedies:

(i) The SELLER may, at its option, cancel or rescind this Contract, provided the SELLER has notified the BUYER of such default pursuant to Paragraph 2 of this Article, by giving notice of such effect to the BUYER by e-mail. Upon receipt by the BUYER of such e-mail notice of cancellation or rescission, all of the BUYER's Supplies shall forthwith become the sole property of the SELLER, and the VESSEL and all its equipment and machinery shall be at the sole disposal of the SELLER for sale or otherwise; and

(ii) In the event of such cancellation or rescission of this Contract, the SELLER shall be entitled to retain any instalment or instalments of the Contract Price paid by the BUYER to the SELLER on account of this Contract; and

(iii) (Applicable to any BUYER's default defined in 1(a) of this Article) The SELLER shall, without prejudice to the SELLER's right to recover from the BUYER the 5th instalment, interest, costs and/or expenses by applying the proceeds to be obtained by sale of the VESSEL in accordance with the provisions set out in this Contract, have the right to declare all unpaid 1st, 2nd, 3rd and 4th instalments to be forthwith due and payable, and upon such declaration, the SELLER shall have the right to immediately demand the payment of the aggregate amount of all unpaid but due 1st, 2nd, 3rd and 4th instalments, as the case may be, from the Payment Guarantor in accordance with the terms and conditions of this Contract and of the Payment Guarantee issued by the Payment Guarantor.

5. SALE OF THE VESSEL

(a) In the event of cancellation or rescission of this Contract as above provided, the SELLER shall have full right and power either to complete or not to complete the VESSEL as it deems fit, and to sell the VESSEL at a public or private sale on such terms and conditions as the SELLER thinks fit without being answerable for any loss or damage occasioned to the BUYER thereby.

In the case of sale of the VESSEL, the SELLER shall give e-mail or written notice to the BUYER.

(b) In the event of the sale of the VESSEL in its completed state, the proceeds of sale received by the SELLER shall be applied firstly to payment of all expenses attending such sale and otherwise incurred by the SELLER as a result of the BUYER's default, and then to payment of all unpaid installments and/or unpaid balance of the Contract Price and interest on such installment at the interest rate as specified in the relevant provisions set out above from the respective due dates thereof to the date of application.

(c) In the event of the sale of the VESSEL in its incomplete state, the proceeds of sale received by the SELLER shall be applied firstly to all expenses attending such sale and otherwise incurred by the SELLER as a result of the BUYER's default, and then to payment of all costs of construction of the VESSEL (such costs of construction, as herein mentioned, shall include but are not limited to all costs of labour and/or prices paid or to be paid by CSTC and/or the BUILDER for the equipment and/or technical design and/or materials purchased or to be purchased, installed and/or to be installed on the VESSEL) and/or any fees, charges, expenses and/or royalties incurred and/or to be incurred for the VESSEL less the installments so retained by the SELLER, and compensation to the SELLER for a reasonable sum of loss of profit due to the cancellation or rescission of this Contract.

(d) In either of the above events of sale, if the proceed of sale exceeds the total of the amounts to which such proceeds are to be applied as aforesaid, the SELLER shall promptly pay the excesses to the BUYER without interest, provided, however that the amount of each payment to the BUYER shall in no event exceed the total amount of installments already paid by the BUYER and the cost of the BUYER's Supplied Items, if any.

(e) If the proceed of sale are insufficient to pay such total amounts payable as aforesaid, the BUYER shall promptly pay the deficiency to the SELLER upon request.

ARTICLE XII INSURANCE

1. EXTENT OF INSURANCE COVERAGE

From the time of keel-laying of the first section of the VESSEL until the same is completed, delivered to and accepted by the BUYER, the SELLER shall, at its own cost and expense, keep the VESSEL and all machinery, materials, equipment, appurtenances and outfit, delivered to the BUILDER for the VESSEL or built into, or installed in or upon the VESSEL, including the BUYER's Supplied Items, fully insured with Chinese insurance companies for BUILDER's RISK and at BUILDER’s expense.

The amount of such insurance coverage shall, up to the date of delivery of the VESSEL, be in an amount at least equal to, but not limited to, the aggregate of the payments made by the BUYER to the SELLER including the value of maximum amount of US$ 400, 000.00 of the BUYER's Supplied Items. The policy referred to hereinabove shall be taken out in the name of the SELLER and all losses under such policy shall be payable to the SELLER.

2. APPLICATION OF RECOVERED AMOUNT

(a) Partial Loss:

In the event the VESSEL shall be damaged by any insured cause whatsoever prior to acceptance and delivery thereof by the BUYER and in the further event that such damage shall not constitute an actual or a constructive total loss of the VESSEL, the SELLER shall apply the amount recovered under the insurance policy referred to in Paragraph 1 of this Article to the repair of such damage satisfactory to the Classification Society and other institutions or authorities as described in the Specifications without additional expenses to the BUYER, and the BUYER shall accept the VESSEL under this Contract if completed in accordance with this Contract and Specifications and not make any claim for any consequential loss or depreciation.

(b) Total Loss:

However, in the event that the VESSEL is determined to be an actual or constructive total loss, the SELLER shall either:

(i) By the mutual agreement between the parties hereto, proceed in accordance with terms of this Contract, in which case the amount recovered under said insurance policy shall be applied to the reconstruction and/or repair of the VESSEL's damages and/or reinstallation of BUYER's Supplied Items , provided the parties hereto shall have first agreed in writing as to such reasonable extension of the Delivery Date and adjustment of other terms of this Contract including the Contract Price as may be necessary for the completion of such reconstruction; or

(ii) If due to whatever reasons the parties fail to agree on the above, then refund immediately to the BUYER the amount of all installments paid to the SELLER under this Contract without interest, whereupon this Con-tract shall be deemed to be canceled and all rights, duties, liabilities and obligations of each of the parties to the other shall terminate forthwith.

Within thirty (30) calendar days after receiving e-mail notice of any damage to the VESSEL constituting an actual or a constructive total loss, the BUYER shall notify the SELLER by e-mail of its agreement or disagreement under this sub-paragraph. In the event the BUYER fails to so notify the SELLER, then such failure shall be construed as a disagreement on the part of the BUYER. This Contract shall be deemed as rescinded and canceled and the Paragraph 2 (b) (ii) of this Article shall apply.

3. TERMINATION OF THE SELLER'S OBLIGATION TO INSURE

The SELLER's obligation to insure the VESSEL hereunder shall cease and terminate forthwith upon delivery thereof to and acceptance by the BUYER.

ARTICLE XIII DISPUTES AND ARBITRATION

1. PROCEEDINGS

In the event of any dispute between the parties hereto as to any matter arising out of or relating to this Contract or any stipulation herein or with respect thereto which cannot be settled by the parties themselves, such dispute shall be resolved by arbitration in London Maritime Arbitrators Association (“LMAA”) in London, England in accordance with English laws, the Arbitration Act 1996 of United Kingdom or any re-enactment or statutory modification thereof for the time being in force, and LMAA’s then prevailing arbitration rules. Either party may demand arbitration of any such disputes by giving written notice to the other party. Any demand for arbitration by either party hereto shall state the name of the arbitrator appointed by such party and shall also state specifically the question or questions as to which such party is demanding arbitration. Within twenty (20) days after receipt of notice of such demand for arbitration, the other party shall in turn appoint a second arbitrator. The two arbitrators thus appointed shall thereupon select a third arbitrator, and the three arbitrators so named shall constitute the board of arbitration (hereinafter called the "Arbitration Board") for the settlement of such dispute.

In the event however, that said other party should fail to appoint a second arbitrator as aforesaid within twenty (20) days following receipt of notice of demand of arbitration, it is agreed that such party shall thereby be deemed to have accepted and appointed as its own arbitrator the one already appointed by the party demanding arbitration, and the arbitration shall proceed forthwith before this sole arbitrator, who alone, in such event, shall constitute the Arbitration Board. And in the further event that the two arbitrators appointed respectively by the parties hereto as aforesaid should be unable to reach agreement on the appointment of the third arbitrator within twenty (20) days from the date on which the second arbitrator is appointed, either party of the said two arbitrators may apply to the President for the time being of the LMAA to appoint the third arbitrator. The award of the arbitration, made by the sole arbitrator or by the majority of the three arbitrators as the case may be, shall be final, conclusive and binding upon the parties hereto.

2. ALTERNATIVE ARBITRATION BY AGREEMENT

Notwithstanding the preceding provisions of this Article, it is recognized that in the event of any dispute or difference of opinion arising in regard to the construction of the VESSEL, her machinery and equipment, or concerning the quality of materials or workmanship thereof or thereon, such dispute may be referred to the Classification Society upon mutual written agreement of the parties hereto. In such case, the opinion of the Classification Society shall be final and binding on the parties hereto.

3. NOTICE OF AWARD

Notice of any award shall immediately be given in writing or by e-mail to the SELLER and the BUYER.

4. EXPENSES

The arbitrator(s) shall determine which party shall bear the expenses of the arbitration or the proportion of such expenses which each party shall bear.

5. AWARD OF ARBITRATION

Award of arbitration, shall be final and binding upon the parties concerned. Any right of appeal available under the English Laws is hereby expressly precluded and excluded by the Parties hereto.

6. ENTRY IN COURT

Judgment on the recognition of the enforceability of any arbitration award in a foreign country may be entered in any court of competent jurisdiction, where the award is to be enforced.

7. ALTERATION OF DELIVERY DATE

In the event of reference to arbitration of any dispute arising out of matters occurring prior to delivery of the VESSEL, the SELLER shall not be entitled to extend the Delivery Date as defined in Article VII hereof and the BUYER shall not be entitled to postpone its acceptance of the VESSEL on the Delivery Date or on such newly planned time of delivery of the VESSEL as declared by the SELLER. However, if the construction of the VESSEL is affected by any arbitration, the SELLER shall then be permitted to extend the Delivery Date as defined in Article VII and the decision or the award shall include a finding as to what extent the SELLER shall be permitted to extend the Delivery Date.

ARTICLE XIV RIGHT OF ASSIGNMENT

Neither of the parties hereto shall assign this Contract to any other individual, firm, company or corporation unless prior written consent of the other party is given

ARTICLE XV TAXES AND DUTIES

1. TAXES

All costs for taxes including stamp duties, if any, incurred in connection with this Contract in the People's Republic of China shall be borne by the SELLER. Any taxes and/or duties imposed upon those items or services procured by the SELLER in the People's Republic of China or elsewhere for the construction of the VESSEL shall be borne by the SELLER.

The SELLER shall not be responsible for the personal income tax for BUYER's Representative or other BUYER’s staff, agent and representatives who work at BUILDER’s Shipyard and premise.

2. DUTIES

The BUYER shall bear and pay all taxes, duties, stamps and fees incurred outside China in connection with execution and/or performance of this Contract by the BUYER, except for taxes, duties, stamps, dues, levies and fees imposed upon those items which are to be procured by the SELLER for the construction of the VESSEL in accordance with the terms of this Contract and the Specifications.

Any tax or duty other than those described hereinabove, if any, shall be borne by the BUYER.

ARTICLE XVI PATENTS, TRADEMARKS AND COPYRIGHTS

The machinery and equipment of the VESSEL may bear the patent number, trademarks or trade names of the manufacturers. The SELLER shall defend and hold harmless the BUYER from patent liability or claims of patent infringement of any nature or kind, including costs and expenses for, or on account of any patented or patentable invention made or used in the performance of this Contract and also including cost and expense of litigation, if any.

Nothing contained herein shall be construed as transferring any patent or trademark rights or copyright in equipment covered by this Contract, and all such rights are hereby expressly reserved to the true and lawful owners thereof. Notwithstanding any provisions contained herein to the contrary, the SELLER's obligation under this Article should not be terminated by the passage of any specified period of time.

The SELLER's liability hereunder does not extend to equipment or parts supplied by the BUYER to the BUILDER if any.

ARTICLE XVII NOTICE

Any and all notices and communications in connection with this Contract shall be addressed as follows:
To the BUYER : NAKAZA SHIPPING COMPANY INC.

Address : c/o Unitized Ocean Transport Limited
373 Syngrou Ave. & 2-4 Ymittou str., 17564, Palaio Faliro,
Athens, Greece

Technical contact information: Mr. Argyris Chachalis
Telephone: +30 216600 2400
Email:

Commercial Contact information: Mr. Andreas Michalopoulos
Telephone: +30 216600 2400
Email:

To the SELLER:
CSTC : China Shipbuilding Trading Company Limited

Contacts: Mr. Song Chao/Mr. Huang Chongyang
Address : Marine Tower,
No.1 Pudong Dadao,
Shanghai 200120
the People's Republic of China

Telephone: +86 21 68821922
E-mail :

BUILDER : Shanghai Waigaoqiao Shipbuilding Company Limited

Contacts: Mr.Qiu Hongming/Ms. Wang Nan
Address: 3001 Zhouhai Road, Pudong New District,
Shanghai 200137, P.R. China

Telephone: +86 21 31575063
E-mail :

Any notices and communications sent by CSTC or the BUILDER alone to the BUYER shall be deemed as having being sent by both CSTC and the BUILDER.

Any change of address shall be communicated in writing by registered mail or by e-mail by the party making such change to the other party and in the event of failure to give such notice of change, communications addressed to the party at their last known address shall be deemed sufficient.

Notwithstanding any provisions in this Contract stipulating that all the notices shall be sent by email, the SELLER shall be entitled to not only send by email but also send by courier for the important notices under or in connection with this Contract and such notice sent by courier shall become effective and deemed delivered in accordance with below paragraph of this Article.

Any and all notices, requests, demands, instructions, advice and communications in connection with this Contract shall be deemed to be given at, and shall become effective from, the time when the same is delivered to the address of the party to be served, provided, however, that, any express courier service shall be deemed to be delivered upon confirmation of delivery or recipients refusal recorded by the courier company, and e-mail acknowledged by the answerbacks shall be deemed to be delivered upon dispatch (unless there is a 'bounce-back' message). E-mail transmissions shall be deemed as delivered upon the subject email having been removed to the "Sent" box on the sending computer.

Any and all notices, communications, Specifications and drawings in connection with this Contract shall be written in the English language and each party hereto shall have no obligation to translate them into any other language.

An email message shall be deemed to be a notice "in writing" for the purposes of this Contract.

ARTICLE XVIII EFFECTIVE DATE OF CONTRACT

This Contract shall become effective upon being signed by both parties.
Upon signing of this Contract, both parties hereto shall do the follows:

a) The SELLER to provide the Refund Guarantee to the BUYER to cover BUYER’s first, second, third and fourth instalments in accordance with the terms of Article II paragraph 7 of this Contract;

b) The BUYER to effect the payment of the first instalment in accordance with the terms of Article II, paragraph 3 (a) and 4 (a) of the Contract;

c) The BUYER to provide Letter of Guarantees, within five (5)Banking Days from the date of BUYER's receipt of the Refund Guarantee, to the SELLER covering BUYER’s obligation to pay the 2nd, 3rd and 4th instalments as stipulated in Article II, paragraph 6 of this Contract.

ARTICLE XIX INTERPRETATION

1. LAW APPLICABLE

The parties hereto agree that the validity and interpretation of this Contract and of each Article and part hereof be governed by and interpreted in accordance with the English Laws.

2. DISCREPANCIES

All general language or requirements embodied in the Specifications are intended to amplify, explain and implement the requirements of this Contract. However, in the event that any language or requirements so embodied in the Specifications permit an interpretation inconsistent with any provision of this Contract, then in each and every such event the applicable provisions of this Contract shall prevail. The Specifications and plans are also intended to explain each other, and anything shown on the plans and not stipulated in the Specifications or stipulated in the Specifications and not shown on the plans, shall be deemed and considered as if embodied in both. In the event of conflict between the Specifications and plans, the Specifications shall govern.

However, with regard to such inconsistency or contradiction between this Contract and the Specifications as may later occur by any change or changes in the Specifications agreed upon by and among the parties hereto after execution of this Contract, then such change or changes shall prevail.

3. DEFINITION

"Banking Days" are days on which banks are open in New York, Piraeus, Greece, and Shanghai, China, United Kingdom. Saturdays, Sundays are always excluded.

In absence of stipulation of “working day(s)”, "banking day(s)" or "business day(s)", the "day" or "days" shall be taken as "calendar day" or "calendar days".

4. ENTIRE AGREEMENT

This Contract sets forth the entire understanding of the Parties with respect to the subject matter discussed herein. It supersedes all prior discussions, negotiations and agreements, (including but not limited to the Letter of Intent) whether oral or written, expressed or implied.

In WITNESS WHEREOF, the parties hereto have caused this Contract to be duly executed on the day and year first above written.

THE BUYER : NAKAZA SHIPPING COMPANY INC.
By : _____/s/ Aliki Paliou_____

Name : Aliki Paliou

Title : Attorney-in-fact

Witness : /s/ Andreas Nikolaos Michalopoulos

THE SELLER:

CSTC : China Shipbuilding Trading Company Limited

By : _____/s/ Zhang Dalei_____
Name : Zhang Dalei

Title : Attorney in fact

Witness : /s/ Song Chow

THE BUILDER: Shanghai Waigaoqiao Shipbuilding Company Limited
By : _____/s/ Li Hui_____

Name : Li Hui

Title : Attorney in fact

Witness : /s/ Wang Nan

Exhibit "A" : IRREVOCABLE LETTER OF GUARANTEE NO.

To: NAKAZA SHIPPING COMPANY INC.

Date:
Dear Sirs,
Irrevocable Letter of Guarantee No.

At the request of China Shipbuilding Trading Company Limited, address at 56(Yi), Zhongguancun Nandajie, Beijing 100044, China, and in consideration of your agreeing to pay China Shipbuilding Trading Company Limited and Shanghai Waigaoqiao Shipbuilding Company Limited, address at 3001 Zhouhai Road, Pudong New District, Shanghai 200137, China (hereinafter collectively called the "SELLER") the instalments before delivery of the VESSEL under the Shipbuilding Contract concluded by and amongst you and the SELLER dated March 7th, 2023 (hereinafter called the "Contract") for the construction of one (1) 114,000 DWT Product/Crude Oil Tanker to be designated as Hull No. H1515 (hereinafter called the "VESSEL"), we, Bank of China Ltd., Beijing Branch, address at No.2 Chaoyangmennei Ave., Dongcheng Dist., Beijing, China, do hereby irrevocably guarantee repayment to you by the SELLER of an amount up to but not exceeding a total amount of United States Dollars Twenty-Eight Million Four Hundred and Sixty-Two Thousand Five Hundred Only (USD 28,462,500) representing the first instalment of the Contract Price of the VESSEL of United States Dollars Nine Million Four Hundred and Eighty-Seven Thousand Five Hundred only (US$ 9,487,500), plus the second instalment of the Contract Price of the VESSEL, of United States Dollars Six Million Three Hundred and Twenty-Five Thousand only (US$ 6,325,000), plus the third instalment of the Contract Price of the VESSEL, of United States Dollars Six Million Three Hundred and Twenty-Five Thousand only (US$ 6,325,000), plus the fourth instalment of the Contract Price of the VESSEL, of United States Dollars Six Million Three Hundred and Twenty Five Thousand only (US$ 6,325,000), as you may have paid to the SELLER under the Contract prior to the delivery of the VESSEL, if and when the same or any part thereof becomes repayable to you from the SELLER in accordance with the terms (Article X or Article XII 2(b)) of the Contract.

Should the SELLER fail to make such repayment upon demand, we shall pay you the amount the SELLER ought to pay with no interest if cancellation of the Contract is exercised by you for the delay caused by permissible delays or total loss in accordance with the provisions of Article XII 2(b), or together with an interest at the rate of Five percent (5%) per annum if the cancellation of the Contract is exercised by you in accordance with the provisions of Article III 1(c), 2(c), 3(c) or 4(c) of the Contract within thirty (30) Beijing banking days after our receipt of the relevant written demand from you for repayment.

However, in the event of any dispute between you and the SELLER in relation to:

(1) whether the SELLER is liable to repay the instalment or instalments paid by you and

(2) consequently whether you shall have the right to demand payment from us,

and such dispute is submitted either by the SELLER or by you for arbitration in accordance with Article XIII of the Contract, we shall be entitled to withhold and defer payment until the arbitration award is published. We shall not be obligated to make any payment to you unless the arbitration award orders the SELLER to make repayment. If the SELLER fails to honour the arbitration award upon demand then we shall refund you to the extent the arbitration award orders but not exceeding the aggregate amount of this guarantee plus the interest described above.

The said repayment shall be made by us in United States Dollars. This Letter of Guarantee shall become effective from the time of the actual receipt of the first instalment by the SELLER from you to the SELLER's a/c No. 3480 6318 1842 held by China Shipbuilding Trading Company Limited with Bank of China Ltd., Beijing Branch and the amounts effective under this Letter of Guarantee shall correspond to the total payment actually received by the SELLER to his a/c stated above from time to time under the Contract prior to the delivery of the VESSEL. However, the available amount under this Letter of Guarantee shall in no event exceed above mentioned amount actually paid to the SELLER, together with interest calculated, as described above at Zero percent (0%) or, Five percent (5%) per annum, as the case may be for the period commencing with the date of receipt by the SELLER of the respective instalment to the date of repayments thereof.

Any claim, demand or notice in connection with this Letter of Guarantee shall be validly delivered to us by you through your or Performance Shipping Inc. bank (DNB Bank ASA, London Brach) by authenticated SWIFT to our swift address (SWIFT CODE: BKCHCNBJ110).

This Letter of Guarantee shall remain in force until the VESSEL has been delivered to and accepted by you as evidence by the SELLER's presentation to us of copy of the Protocol of Delivery and Acceptance of the VESSEL under the Contract or refund has been made by the SELLER or ourselves, or until August 27th, 2026, whichever occurs the earliest. After which, this guarantee shall be null and void whether or not it is returned to us for cancellation.

This Letter of Guarantee is governed by the Laws of England.

For and on behalf of Bank of China Ltd., Beijing Branch

Exhibit "B" IRREVOCABLE LETTER OF GUARANTEE

FOR THE 2ND, 3RD AND 4TH INSTALLMENTS

From: Performance Shipping Inc.

To: China Shipbuilding Trading Company Limited _____
56(Yi) Zhongguancun Nan Da Jie, Beijing 100044, China
And
Shanghai Waigaoqiao Shipbuilding Company Limited
3001 Zhouhai Road, Pudong New District, Shanghai 200137, China

Dear Sirs,

(1) In consideration of your entering into a Shipbuilding Contract dated 7th March, 2023 ("the Shipbuilding Contract") with NAKAZA SHIPPING COMPANY INC., address at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands, MH 96960, as the buyer (hereinafter called "the BUYER") for the construction of one (1) 114,000 DWT Product/Crude Oil Tanker known as Shanghai Waigaoqiao Shipbuilding Company Limited's Hull No. H1515 (hereinafter called "the VESSEL"), we, Performance Shipping Inc., address at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands, MH 96960, hereby IRREVOCABLY, ABSOLUTELY and UNCONDITIONALLY guarantee, as the primary obligor and not merely as surety, the due and punctual payment by the BUYER of the 2nd, 3rd and 4th installments of the Contract Price amounting to a total sum of United States Dollars Eighteen Million Nine Hundred and Seventy Five Thousand only (USD 18,975,000) as specified in (2) below.

(2) The Instalments guaranteed hereunder, pursuant to the terms of the Shipbuilding Contract, comprise the 2nd installment in the amount of United States Dollars Six Million Three Hundred and Twenty-Five Thousand only (US$ 6,325,000) payable by the BUYER within five (5) Banking Days after cutting of the first steel plate in your BUILDER's Shipyard workshop and the third installment in the amount of United States Dollars Six Million Three Hundred and Twenty-Five Thousand only (US$ 6,325,000) payable by the BUYER within five (5) Banking Days after keel-laying of the first section of the VESSEL and the fourth installment in the amount of United States Dollars Six Million Three Hundred and Twenty-Five Thousand only (US$ 6,325,000) payable by the BUYER within five (5) Banking Days after launching of the VESSEL .

(3) We also IRREVOCABLY, ABSOLUTELY and UNCONDITIONALLY guarantee, as primary obligor and not merely as surety, the due and punctual payment by the BUYER of interest on each Instalment guaranteed hereunder at the rate of Five percent (5%) per annum from and including the first day after the date of instalment in default until the date of full payment by us of such amount guaranteed hereunder.

(4) In the event that the BUYER fails to punctually pay any of the 2nd, 3rd and 4th Instalments guaranteed hereunder or the BUYER fails to pay any interest thereon, and any such default continues for a period of fifteen (15) Banking Days, then, upon receipt by us of your first written demand, we shall immediately pay to you or your assignee only the unpaid installment of the 2nd, 3rd and 4th instalments, together with the interest as specified in paragraph (3) hereof, without requesting you to take any or further action, procedure or step against the BUYER or with respect to any other security which you may hold.

(5) We hereby agree that at your option this Guarantee and the undertaking hereunder shall be on an exceptional basis assignable to your financing bank only and if so assigned shall inure to the benefit of your bank as your assignee as if your bank were originally named herein.

(6) Any payment by us under this Guarantee shall be made in Unites States Dollars by telegraphic transfer to Bank of China Ltd., Beijing Branch, address at No.2 Chaoyangmennei Ave., Dongcheng Dist., Beijing, China (SWIFT Code: BKCHCNBJ110) as receiving bank nominated by you for A/C 3480 6318 1842 Beneficiary: China Shipbuilding Trading Company Limited or through other receiving bank to be nominated by you from time to time, in favour of you or your assignee bank.

(7) Our obligations under this guarantee shall not be affected or prejudiced by any dispute between you as the SELLER and the BUYER under the Shipbuilding Contract or by the BUILDER's delay in the construction and/or delivery of the VESSEL due to whatever causes or by any variation or extension of their terms thereof or by any security or other indemnity now or hereafter held by you in respect thereof, or by any time or indulgence granted by you or any other person in connection therewith, or by any invalidity or unenforceability of the terms thereof, or by any act, omission, fact or circumstances whatsoever, which could or might, but for the foregoing, diminish in any way our obligations under this Guarantee.

(8) Any claim or demand shall be in writing signed by one of your authorized officers and may be served on us either by hand or by post and if sent by post to c/o Unitized Ocean Transport Limited, 373 Syngrou Ave. & 2-4 Ymittou str, 17564, Palaio Faliro, Athens, Greece (or such other address as we may notify to you in writing), or by email (E-mail Address:), with confirmation in writing.

(9) This Letter of Guarantee shall come into full force and effect upon delivery to you of this Guarantee and shall continue in force and effect until the VESSEL is delivered to and accepted by the BUYER and the BUYER shall have performed all its obligations for taking delivery thereof or until the full payment of the 2nd, 3rd and 4th Instalment together with the aforesaid interests by the BUYER or us, whichever first occurs.

(10) The maximum amount, however, that we are obliged to pay to you under this Guarantee shall not exceed the aggregate amount of U.S. Dollars Nineteen Million One Hundred and Thirty Thousand Nine Hundred and Fifty-Nine only (US$ 19,130,959) being an amount equal to the sum of:-

(a) The 2nd, 3rd and 4th instalment guaranteed hereunder in the total amount of United States Dollars Eighteen Million Nine Hundred and Seventy-Five Thousand only (USD 18,975,000); and

(b) Interest, if applicable, at the rate of Five percent (5%) per annum on the Instalment for a period of sixty (60) days in the amount of United States Dollars One Hundred and Fifty-Five Thousand Nine Hundred and Fifty-Nine only (US$ 155,959).

(11) All payments by us under this Guarantee shall be made without any set-off or counterclaim and without deduction or withholding for or on account of any taxes, duties, or charges whatsoever unless we are compelled by law or the Contract to deduct or withhold the same. In the latter event we shall make the minimum deduction or withholding permitted and will pay such additional amounts as may be necessary in order that the net amount received by you after such deductions or withholdings shall equal the amount which would have been received had no such deduction or withholding been required to be made.

(12) This Letter of Guarantee shall be construed in accordance with and governed by the Laws of England. We hereby submit to the exclusive jurisdiction of the English courts for the purposes of any legal action or proceedings in connection herewith in England.

(13) When our liabilities under this Letter of Guarantee have expired as aforesaid, you will return it to us without any request or demand from us.

IN WITNESS WHEREOF, we have caused this Letter of Guarantee to be executed and delivered by our duly authorized representative the day and year above written.

Very Truly Yours

By: _____

Exhibit 4.13

$31,933,333.36

Secured Loan Agreement

Dated 30 June 2022

(1) Arno Shipping Company Inc.
Maloelap Shipping Company Inc.
(as Borrowers)

(2) Piraeus Bank S.A.
(as Lender)

Stephenson Harwood
Ariston Building. 2nd Floor
Filellinon 2 & Akti Miaouli, 185 36 Piraeus, Greece
T: +30 210 429 5160 | F: +30 210 429 5166
www.shlegal.com

Contents

Loan Agreement

Dated 30 June 2022

Between:

(1) **Arno Shipping Company Inc**., a company incorporated under the law of the Republic of the Marshall Islands with its registered address at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH 96960 ("**Arno**") and **Maloelap Shipping Company Inc.**, a company incorporated under the law of the Republic of the Marshall Islands with its registered address at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH 96960 ("**Maloelap**") (and together with Arno, the "**Borrowers**" and each a "**Borrower**") jointly and severally; and

(2) **Piraeus Bank S.A.** , having its registered address at 4 Amerikis Street, 105 64 Athens, Greece, acting through the Facility Office (the "**Lender**").

It is agreed as follows:

Section 1 **Interpretation**

1 **Definitions and Interpretation**

1.1 **Definitions** In this Agreement:

"**Account Holder**" means the Lender acting through its branch at 137-139 Filonos and Filellinon 8, Piraeus, 18536, Athens, Greece or any other bank or financial institution which at any time, with the Lender's prior written consent, holds the Earnings Accounts.

"**ACR Coverage**" has the meaning given to that term in Clause 18.1 (*ACR Coverage*).

"**Account Security Deed**" means a first priority account security deed in respect of all amounts from time to time standing to the credit of the Earnings Accounts.

"**Administration**" has the meaning given to it in paragraph 1.1.3 of the ISM Code.

"**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 (Regulations for the Prevention of Air Pollution from Ships) to the International Convention for the Prevention of Pollution from Ships 1973 (as modified in 1978 and 1997).

"**Approved Classification Society**" means any classification society which is a member of the International Association of Classification Societies, acceptable to the Lender.

"**Approved Insurance Brokers**" means such firms of insurance brokers appointed by a Borrower from time to time approved in writing by the Lender.

"**Approved Insurers**" means such sound and reputable insurance companies, underwriters, protection and indemnity clubs or associations that provide insurance cover for a Vessel during the Facility Period approved in writing by the Lender.

"**Approved Shipbroker**" means each of Intermodal Shipbrokers Co., Golden Destiny S.A., Allied Shipbroking Inc., Seaborne Shipbrokers, Optima Shipping Services S.A., Clarksons, Fearnleys, Braemar, Arrows, Maersk Brokers or any other reputable, independent and first class firm of ship brokers approved in writing by the Lender.

"**Assigned Property**" means the Insurances, the Earnings, the Charter Rights and the Requisition Compensation.

"**Assignments**" means:

(a) first priority deeds of assignment of the Insurances, Earnings, Charter Rights and Requisition Compensation of the Vessels from the Borrowers; and

(b) first priority assignments of the Insurances from the Managers contained in the Managers' Undertakings and from any other co-assured parties under the Insurances.

"**Authorisation**" means an authorisation, consent, approval, resolution, licence, exemption, filing, notarisation or registration.

"**Availability Period**" means the period from and including the date of this Agreement to and including 31 August 2022 or such later date as may be agreed by the Lender.

"**Balloon Amount**" means the amount of fifteen million nine hundred and thirty three thousand three hundred and thirty three dollars and thirty six cents ($15,933,333.36).

"**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 respect of the Loan or Unpaid Sum, had the principal amount or Unpaid Sum received been paid on the last day of that Interest Period;

exceeds:

(b) the amount which 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 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 and Athens.

"**Charter Rights**" means the benefit of any relevant Future Charter and any and all Earnings due and/or to become due to the relevant Borrower under or pursuant to any such Future Charter.

"**Code**" means the US Internal Revenue Code of 1986.

"**Compliance Certificate**" means a certificate substantially in the form set out in Schedule 3 (*Form of Compliance Certificate*).

"**Confidential Information**" means all information relating to any Obligor, any other member of the Group, the Finance Documents or the Loan 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 Loan from any Obligor , any other member of the Group or any of its advisers in whatever form, and includes information given orally and any document, electronic file or any other way of representing or recording information which contains or is derived or copied from such information but excludes information that:

(i) is or becomes public information other than as a direct or indirect result of any breach by the Lender of Clause 36 (*Confidentiality*); or

(ii) is identified in writing at the time of delivery as non-confidential by any Obligor ,any other 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 Obligor , any other 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 any Obligor or any other member of 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.

"**Confidentiality Undertaking**" means a confidentiality undertaking substantially in a recommended form of the Loan Market Association at the relevant time.

"**Conversion Date**" means the date of conversion of all the preferred shares owned by Mango Shipping Corp. in the Guarantor from preferred shares Series B into preferred shares Series C and occurs after 3 February 2023 and no later than 3 March 2023.

"**Credit Line**" means a credit line of USD5,000,000 dated 2 March 2022 made by the Guarantor**,** as borrower and Mango, as lender.

"**CTA**" means the Corporation Tax Act 2009.

"**Default**" means an Event of Default or any event or circumstance 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.

"**Delegate**" means any delegate, agent or attorney or co-trustee appointed by the Lender as holder of any of the Security Documents.

"**Delivery Date**" means the date of delivery of the New Vessel to Maloelap by the Seller under the MOA as evidenced by the executed, timed and dated protocol of delivery and acceptance.

"**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

(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.

"**DOC**" means, in relation to the ISM Company, a valid Document of Compliance issued for the ISM Company by the Administration under paragraph 13.2 of the ISM Code.

"**Earnings**" means all hires, freights, passage moneys, pool income and other sums payable to or for the account of a Borrower in respect of a Vessel including (without limitation) all remuneration for salvage and towage services, demurrage and detention moneys, contributions in general average, compensation in respect of any requisition for hire, and damages and other payments (whether awarded by any court or arbitral tribunal or by agreement or otherwise) for breach, termination or variation of any contract for the operation, employment or use of a Vessel.

"**Earnings Accounts**" means:

(a) the bank accounts to be opened in the names of the Borrowers respectively with the Account Holder and each designated an "Earnings Account".";

(b) any other account in the name of a Borrower with the Account Holder which may, with the prior written consent of the Lender, be opened in the place of an account referred to in paragraph (a) above, irrespective of the number or designation of such replacement account; or

(c) any sub-account of any account referred to in paragraphs (a) or (b) above.

"**Encumbrance**" means a mortgage, charge, assignment, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.

"**Environmental Approval**" means any present or future permit, ruling, variance or other Authorisation required under Environmental Laws.

"**Environmental Claim**" means any claim, proceeding, formal notice or investigation by any governmental, judicial or regulatory authority or any other person which arises out of an Environmental Incident or an alleged Environmental Incident or which relates to any Environmental Law and, for this purpose, "claim" includes a claim for damages, compensation, contribution, injury, fines, losses and penalties or any other payment of any kind, including in relation to clean-up and removal, whether or not similar to the foregoing; an order or direction to take, or not to take, certain action or to desist from or suspend certain action; and any form of enforcement or regulatory action, including the arrest or attachment of any asset.

"**Environmental Incident**" means:

(a) any release, emission, spill or discharge into or upon the air, sea, land or soils (including the seabed) or surface water of Environmentally Sensitive Material within or from a Relevant Vessel; or

(b) any incident in which Environmentally Sensitive Material is released, emitted, spilled or discharged into or upon the air, sea, land or soils (including the seabed) or surface water from a vessel other than a Relevant Vessel and which involves a collision between a Relevant Vessel and such other vessel or some other incident of navigation or operation, in either case, in connection with which a Relevant Vessel is actually or potentially liable to be arrested, attached, detained or injuncted and a Relevant Vessel, any Obligor, any operator or manager of a Relevant Vessel or any combination of them 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 Relevant Vessel and in connection with which a Relevant Vessel is actually or potentially liable to be arrested, attached, detained or injuncted and/or where any Obligor, any member of the Group any operator or manager of a Relevant Vessel or any combination of them 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 or regulation relating to pollution or protection of human health or the environment, to conditions in the workplace, to the carriage, generation, handling, storage, use, release or spillage of Environmentally Sensitive Material or to actual or threatened releases of Environmentally Sensitive Material.

"**Environmentally Sensitive Material**" means 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 25 (*Events of Default*).

"**Existing Indebtedness**" means any "Indebtedness" (as defined in the Existing Loan Agreement) in relation to the Existing Vessel.

"**Existing Tranche B**" means the outstanding principal amount of Tranche B, as defined in the Existing Loan Agreement, in connection with the Existing Vessel.

"**Existing Loan Agreement**" means the loan agreement dated 3 December 2020 made between, among others, the Lender, as lender and Toka Shipping Company Inc., Rongelap Shipping Company Inc. and Arno as joint and several borrowers, as amended, supplemented, restated, novated or replaced from time to time.

"**Existing Vessel**" means the motor vessel "P.YANBU" with IMO number 9460564, and everything now or in the future belonging to her on board and ashore, currently registered under the flag of the Marshall Islands in the ownership of Arno.

"**Facility Office**" means the Lender's office at 170 Alexandras Avenue, 11521 Athens 105 64, Greece.

"**Facility Period**" means the period beginning on the date of this Agreement and ending on the date when the whole of the Indebtedness has been paid in full and the Obligors have ceased to be under any further actual or contingent liability to the Lender under or in connection with the Finance Documents.

"**Family**" means the persons identified in the Ownership Side Letter.

"**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 (a); or

(c) any agreement pursuant to the implementation of any treaty, law or regulation referred to in (a) or (b) 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 Documents**" means this Agreement, the Security Documents, any Compliance Certificate, any Utilisation Request, the Ownership Side Letter, any document which is executed for the purpose of establishing any priority or subordination arrangement in relation to the Indebtedness and any other document designated as such by the Lender and the Borrowers.

"**Financial Indebtedness**" means any indebtedness for or in respect of:

(a) moneys borrowed and debit balances at banks or other financial institutions;

(b) any acceptance under any acceptance credit or bill discounting facility (or dematerialised equivalent);

(c) any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;

(d) the amount of any liability in respect of any lease or hire purchase contract, a liability under 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 Treasury Transaction (and, when calculating the value of that Treasury 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 Treasury Transaction, that amount) shall be taken into account);

(g) any counter-indemnity obligation in respect of a guarantee, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution in respect of an underlying liability of an entity which is not an Obligor or a member of the Group which liability would fall within one of the other sections of this definition;

(h) any amount raised by the issue of shares which are redeemable (other than at the option of the issuer) before the end of the Facility Period or are otherwise classified as borrowings under GAAP;

(i) any amount of any liability under an advance or deferred purchase agreement if (i) one of the primary reasons behind entering into the agreement is to raise finance or to finance the acquisition or construction of the asset or service in question or (ii) the agreement is in respect of the supply of assets or services and payment is due more than 30 days after the date of supply;

(j) any amount raised under any other transaction (including any forward sale or purchase, sale and sale back or sale and leaseback agreement) having the commercial effect of a borrowing or otherwise classified as borrowings under GAAP; and

(k) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in (a) to (j).

"**Future Charter**" means any contract for the operation, employment or use of a Vessel which (inclusive of any extension option) is capable of exceeding 12 months and is entered into by a Borrower (as the owner of a Vessel) after the date of this Agreement.

"**GAAP**" means generally accepted accounting principles in the United States of America , including IFRS.

"**Group**" means the Obligors and each of their Subsidiaries at any relevant time and "**member of the Group**" shall be construed accordingly.

"**Guarantee**" means a guarantee and indemnity in respect of the obligations of each other Obligor granted by the Guarantor including negative pledges of all the issued shares of the Borrowers.

"**Guarantor**" means the Parent and/or (where the context permits) any other person who shall at any time during the Facility Period give to the Lender a guarantee and/or indemnity for the payment of all or part of the Indebtedness.

"**Holding Company**" means, in relation to a person, any other person in respect of which it is a Subsidiary.

"**IAPPC**" means a valid international air pollution prevention certificate for a Vessel issued under Annex VI.

"**IFRS**" means international accounting standards within the meaning of the IAS Regulation 1606/2002 to the extent applicable to the relevant financial statements.

"**Indebtedness**" means the aggregate from time to time of: the amount of the Loan outstanding; all accrued and unpaid interest on the Loan; and all other sums of any nature (together with all accrued and unpaid interest on any of those sums) payable to the Lender under all or any of the Finance Documents.

"**Insurances**" means all policies and contracts of insurance (including all entries in protection and indemnity or war risks associations) which are from time to time taken out or entered into in respect of or in connection with a Vessel or her increased value or her Earnings and (where the context permits) all benefits under such contracts and policies, including all claims of any nature and returns of premium.

"**Interest Payment Date**" means each date for the payment of interest in accordance with Clause 8.2 (*Payment of interest*).

"**Interest Period**" means 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 LIBOR for the Loan, 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 the Interest Period of that Tranche; and

(b) the applicable Screen Rate for the shortest period (for which that Screen Rate is available) which exceeds the Interest Period of that Tranche,

each as of 11.45 a.m. on the Quotation Day for dollars.

"**ISM Code**" means the International Management Code for the Safe Operation of Ships and for Pollution Prevention.

"**ISM Company**" means, at any given time, the company responsible for a Vessel's compliance with the ISM Code under paragraph 1.1.2 of the ISM Code.

"**ISPS Code**" means the International Ship and Port Facility Security Code.

"**ISSC**" means a valid international ship security certificate for a Vessel issued under the ISPS Code.

"**ITA**" means the Income Tax Act 2007.

"**Joint Venture**" means any joint venture entity, whether a company, unincorporated firm, undertaking, association, joint venture or partnership or any other entity.

"**Legal Opinion**" means any legal opinion delivered to the Lender under Clause 4.1 (*Initial conditions precedent*) or Clause 4.3 (*Conditions subsequent*).

"**Legal Reservations**" means:

(a) the principle that equitable remedies may be granted or refused at the discretion of a court and the limitation of enforcement by laws relating to insolvency, reorganisation and other laws generally affecting the rights of creditors;

(b) the time barring of claims under the Limitation Acts, the possibility that an undertaking to assume liability for or indemnify a person against non-payment of United Kingdom stamp duty may be void and defences of set-off or counterclaim;

(c) similar principles, rights and defences under the laws of any Relevant Jurisdiction; and

(d) any other matters which are set out as qualifications or reservations as to matters of law of general application in the Legal Opinions.

"**LIBOR**" means, in relation to the Loan or any Tranche:

(a) the applicable Screen Rate for dollars; or

(b) (if no Screen Rate for dollars is available for the relevant Interest Period) the Interpolated Screen Rate for dollars for that Tranche; or

(c) (if (i) no Screen Rate for dollars is available for the currency of that Tranche or (ii) no Screen Rate for dollars is available for the relevant Interest Period and it is not possible to calculate the Interpolated Screen Rate for that Tranche) the Reference Bank Rate,

as of 11.45 a.m. on the Quotation Day for dollars and for a period equal in length to the relevant Interest Period and, if that rate is less than zero, LIBOR shall be deemed to be zero.

"**Limitation Acts**" means the Limitation Act 1980 and the Foreign Limitation Periods Act 1984.

"**Loan**" means the aggregate amount of the Tranches advanced or to be advanced simultaneously by the Lender to the Borrowers under Clause 2 (*The Loan*) or, where the context permits, the principal amount of the Tranches advanced and for the time being outstanding.

"**LTV Coverage**" has the meaning given to that term in Clause 7.5.2. (*LTV Coverage*)

"**Management Agreements**" means the agreements for the commercial and technical management of the Vessels entered or to be entered into between the Borrowers respectively and the Manager.

"**Managers**" means in relation to the commercial and technical management of the Vessels, UOT or any other company which the Lender may approve from time to time as the commercial or technical manager of a Vessel.

"**Managers' Undertakings**" means written undertakings of the Managers in form and substance acceptable to the Lender.

"**Mango**" means Mango Shipping Corp., a company incorporated under the laws of the Republic of the Marshall Islands,, with it registered address at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands.

"**Margin**" means 2.70% (two point seventy per cent) per annum.

"**Market Value**" means the value of a Vessel or any other vessel over which additional security has been created or which is being offered as additional security in accordance with Clause 18 (*Additional Security*) conclusively determined by an Approved Shipbroker nominated in writing by the Borrower and reporting to the Lender on the basis of a charter-free sale for prompt delivery for cash at arm's length on normal commercial terms as between a willing seller and a willing buyer and evidenced by a valuation of that Vessel or vessel addressed to the Lender certifying a value for that Vessel or vessel.

"**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 any Obligor, any member of the Group or the Group taken 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 Encumbrance granted or purporting to be granted pursuant to any of, the Finance Documents or the rights or remedies of the Lender under any of the Finance Documents.

"**Maximum Loan Amount**" means $31,933,333.36.

"**MOA**" means the memorandum of agreement dated 16 June 2022 on the terms and subject to the conditions of which the Seller will sell the New Vessel to Maloelap for a purchase price of $27.577.320, as amended by an addendum no.1 there to dated 16 June 2022 in respect of the sale and purchase of the New Vessel along with all amendments, annexes, side letters an further addenda thereto hereinafter

"**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 (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.

"**Mortgagees' Insurances**" means all policies and contracts of mortgagees' interest insurance, mortgagees' additional perils (oil pollution) insurance and any other insurance from time to time taken out by the Lender in relation to a Vessel.

"**Mortgages**" means first preferred mortgages over the Vessels.

"Negative Pledge" means a deed of negative pledge of shares in the Guarantor to be made between Mango, as pledgor and the Lender, as pledgee, such deed to remain in effect up until it is discharged pursuant to clause 7 contained therein.

"**New Vessel**" means the vessel "MARAN SAGITTA" (IMO no. 9414034) currently registered under the flag of Greece in the ownership of the Seller and intended to be sold by the Seller to Maloelap on the terms of the MOA, and everything now or in the future belonging to her on board and ashore, and which vessel is intended to be registered by the Borrower in its name, under the flag of the Republic of the Marshall Islands and under the new name "P. SOPHIA".

"**Obligatory Insurances**" means the insurances and entries referred to in Clause 23.1 (*Maintenance and amounts of Obligatory Insurances*) and, where applicable, those referred to in Clauses 23.4 (*Compliance with terms of Obligatory Insurances*) and/or 24.14.1 (*Restrictions on employment*) in relation to a Vessel.

"**Obligor**" means each Borrower, each Guarantor, the Managers and Mango (up until the discharge of the Negative Pledge) or any other person who may at any time during the Facility Period be liable for, or provide security for, all or any part of the Indebtedness.

"**Original Financial Statements**" means the audited consolidated financial statements of the Parent for the financial year ended 31 December 2021.

"**Original Jurisdiction**" means, in relation to an Obligor, the jurisdiction under whose laws that Obligor is incorporated as at the date of this Agreement.

"**Ownership Side Letter**" means any letter or letters between the Lender, the Borrower and the Parent identifying the members of the Family and the Relevant Executives.

"**Parent**" means Performance Shipping Inc., a company incorporated under the law of the Republic of the Marshall Islands, with its registered address at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH 96960.

"**Party**" means a party to this Agreement.

"**Permitted Disposal**" means any sale, lease, licence, transfer or other disposal:

(a) of assets in exchange for other assets comparable or superior as to type, value and quality (other than an exchange of a non-cash asset for cash);

(b) of obsolete or redundant equipment for cash;

(c) arising as a result of any Permitted Encumbrance; and

(d) of a Vessel made in accordance with this Agreement.

"**Permitted Distribution**" means the payment of a dividend or other distribution by a Borrower to the Parent provided that the payment is made when no Event of Default is continuing or would occur immediately after the making of the payment and as a result thereof.

"**Permitted Encumbrance**" means:

(a) any Transaction Encumbrance;

(b) any Encumbrance which has the prior written approval of the Lender;

(c) any Encumbrance arising by operation of law and in the ordinary course of trading of a Vessel or in the ordinary course of the operation, repair or maintenance of a Vessel and not as a result of any default or omission by an Obligor up to an aggregate amount at any time not exceeding $750,000 for both Vessels;

(d) any Quasi-Security arising as a result of a disposal which is a Permitted Disposal; and

(e) any liens for current crews' wages in accordance with usual maritime practice but not more than one month in arrears) and salvage and liens incurred in the ordinary course of trading a Vessel up to an aggregate amount at any time not exceeding $100,000 per Vessel.

"**Prepayment Date**" has the meaning given to that term in Clause 7.5.1.

"**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.

"**Quasi-Security**" has the meaning given to that term in Clause 22.9 (*Negative pledge*).

"**Quotation Day**" means, in relation to any period for which an interest rate is to be determined (for dollars) two Business Days before the first day of that period, unless market practice differs in the Relevant Market, in which case the Quotation Day will be determined by the Lender in accordance with market practice in the Relevant Market (and if quotations would normally be given by leading banks in the Relevant Market on more than one day, the Quotation Day will be the last of those days).

"**Receiver**" means a receiver or receiver and manager or administrative receiver of the whole or any part of the Security Assets.

"**Reference Bank Rate**" means the arithmetic mean of the rates (rounded upwards to four decimal places) as supplied to the Lender at its request by the Reference Banks:

(a) in relation to LIBOR as either:

(i) if:

(A) the Reference Bank is a contributor to the applicable Screen Rate; and

(B) it consists of a single figure,

the rate (applied to the relevant Reference Bank and the relevant currency and period) which contributors to the applicable Screen Rate are asked to submit to the relevant administrator; or

(ii) in any other case, the rate at which the relevant Reference Bank could fund itself in the relevant currency for the relevant period with reference to the unsecured wholesale funding market.

"**Reference Banks**" means, in relation to LIBOR, the principal London offices of any banks from the ICE LIBOR panel or such other banks as may be appointed by the Lender in its absolute discretion.

"**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 Documents**" means the Finance Documents, the MOA, any Future Charters and the Management Agreements.

"**Relevant Executives**" means the executives of the Parent identified in the Ownership Side Letter

"**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 Market**" means the London interbank market.

"**Relevant Jurisdiction**" means, in relation to an Obligor:

(a) its Original Jurisdiction;

(b) any jurisdiction where any asset (other than a Vessel) subject to or intended to be subject to a Security Document to be executed 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 Vessel**" means any Fleet Vessel and any vessel managed by UOT or any other member of the Group.

"**Repayment Date**" means each date for payment of a Repayment Instalment in accordance with Clause 6 (*Repayment*).

"**Repayment Instalment**" means any instalment of the Loan to be repaid by the Borrowers under Clause 6 (*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; or

(b) in the opinion of the Lender and the Borrowers, 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 Borrowers, an appropriate successor to a Screen Rate.

"**Repeating Representations**" means each of the representations set out in Clause 19.1.1 (*Status*) to Clause 19.1.6 (*Governing law and enforcement*), Clause 19.1.10 (*No default*) to Clause 19.1.19 (*Pari passu ranking*), Clause 19.1.23 (*No immunity*), Clause 19.1.24 (*Money laundering*) and Clause 19.1.26 (*Valuations*).

"**Representative**" means any delegate, agent, manager, administrator, nominee, attorney, trustee or custodian.

"**Requisition Compensation**" means all compensation or other money which may from time to time be payable to a Borrower as a result of a Vessel being requisitioned for title or in any other way compulsorily acquired (other than by way of requisition for hire).

"**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, whether or not any Obligor, any other member of the Group or any Affiliate is legally bound to comply with the foregoing; or

(b) otherwise imposed by any law or regulation by which any Obligor, any other member of the Group or any Affiliate of any of them is bound or, as regards a regulation, compliance with which is reasonable in the ordinary course of business of any Obligor, any other member of the Group or any Affiliate of any of them.

"**Screen Rate**" means the London interbank offered rate administered by ICE Benchmark Administration Limited (or any other person which takes over the administration of that rate) for the relevant currency and period displayed on pages LIBOR01 or LIBOR02 of the Thomson Reuters screen (or any replacement Thomson Reuters page which displays that rate) or on the appropriate page of such other information service which publishes that rate from time to time in place of Thomson Reuters. If such page or the service ceases to be available, the 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

in the opinion of the Lender and the Borrower, that Screen Rate is otherwise no longer appropriate for the purposes of calculating interest under this Agreement.

"**Secured Parties**" means the Lender and any Receiver or Delegate.

"**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 Encumbrances.

"**Security Documents**" means the Mortgages, the Assignments, each Guarantee, the Account Security Deed, the Managers' Undertakings, the Negative Pledge or (where the context permits) any one or more of them, and any other agreement or document which may at any time be executed by any person as security for the payment of all or any part of the Indebtedness.

"**Seller**" means Bocca Shipping Enterprises, a company incorporated under the law of the Republic of Liberia with its registered office at 80 Broad Street, Monrovia, Republic of Liberia.

"**SMC**" means a valid safety management certificate issued for a Vessel by or on behalf of the Administration under paragraph 13.7 of the ISM Code.

"**Subsidiary**" means a subsidiary undertaking within the meaning of section 1162 of the Companies Act 2006.

"**Tax**" means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same).

"**Technical Manager**" means UOT or any other company which the Lender may approve from time to time as the technical manager of a Vessel.

"**Termination Date**" means in respect of the Loan, the 5th anniversary of the Utilisation Date.

"**Threshold Amount**" means $750,000 or its equivalent in any other currency.

"**Total Loss**" means:

(a) an actual, constructive, arranged, agreed or compromised total loss of a Vessel; or

(b) the requisition for title or compulsory acquisition of a Vessel by any government or other competent authority (other than by way of requisition for hire); or

(c) the capture, seizure, arrest, detention, hijacking, theft, condemnation as prize, confiscation or forfeiture of a Vessel (not falling within (b)), unless that Vessel is released and returned to the possession of the relevant Borrower or the Charterer within 30 days after the capture, seizure, arrest, detention, hijacking, theft, condemnation as prize, confiscation or forfeiture in question.

"**Total Loss Date**" means, in relation to the Total Loss of 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, arranged, agreed or compromised Total Loss of that Vessel, the earlier of:

(i) the date on which a notice of abandonment is given (or deemed or agreed to be given) to the insurers; and

(ii) the date of any compromise, arrangement or agreement made by or on behalf of the relevant Borrower with that Vessel's insurers in which the insurers agree to treat that Vessel 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 each of Tranche A and Tranche B.

"**Tranche A**" means, in the case of the Existing Vessel, the lesser of (a) $7,333,333.36 and (b) the Existing Tranche B on the Utilisation Date, advanced or to be advanced to the Borrowers by the Lender in respect of the Existing Vessel or, where the context permits, the aggregate principal amount so advanced and for the time being outstanding.

"**Tranche B**" means, in the case of New Vessel, the lesser of (a) $24,600,000, (b) 89.3% of the final contract price of the New Vessel as evidenced by the MOA, (c) 89.3% of the Market Value of the New Vessel (as determined pursuant to the valuation obtained under Clause 4.1 (*Initial conditions precedent*) not earlier that 20 days prior to the proposed Utilisation Date) (d) such amount when added to the drawn amount of Tranche A does not exceed the 53.2% of the Existing and the New Vessel aggregate Market Value and (e) such amount when added with the drawn amount of Tranche A which does not exceed the 53.2% of the Existing Vessel Market Value plus the final contract price of the New Vessel as evidenced by the MOA, advanced or to be advanced to the Borrowers by the Lender in respect of the New Vessel, or, where the context permits, the aggregate principal amount so advanced and for the time being outstanding.

"**Transaction Encumbrances**" means the Encumbrances created or evidenced or expressed to be created or evidenced under the Security Documents.

"**Treasury Transactions**" means any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price.

"**UOT**" means Unitized Ocean Transport Limited a company incorporated under the law of the Republic of the Marshall Islands, with its registered address at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH 96960

"**Unpaid Sum**" means any sum due and payable but unpaid by any Obligor under the Finance Documents.

"**US**" means the United States of America.

"**US Tax Obligor**" means:

(a) an Obligor which is resident for tax purposes in the US; or

(b) an Obligor some or all of whose payments under the Finance Documents are from sources within the US for US federal income tax purposes.

"**Utilisation Date**" means the date on which the Loan is advanced under Clause 5 (*Advance*), such date being the same in respect of both Tranches.

"**Utilisation Request**" means a notice substantially in the form set out in Schedule 2 (*Utilisation Request*).

"**VAT**" means:

(a) any tax imposed in compliance with the Council Directive of 28 November 2006 on the common system of value added tax (EC Directive 2006/112); and

(b) any other tax of a similar nature, whether imposed in a member state of the European Union in substitution for, or levied in addition to, such tax referred to in (a), or imposed elsewhere.

"**Vessels**" means the New Vessel and the Existing Vessel.

1.2 **Construction** Unless a contrary indication appears, any reference in this Agreement to:

1.2.1 the "**Lender**", any "**Borrower**", any "**Secured Party**" or any "**Party**" shall be construed so as to include its successors in title, permitted assignees and permitted transferees to, or of, its rights and/or obligations under the Finance Documents;

1.2.2 "**assets**" includes present and future properties, revenues and rights of every description;

1.2.3 a "**Finance Document**", a "**Security Document**", a "**Relevant Document**" or any other agreement or instrument is a reference to that Finance Document, Security Document, Relevant Document or other agreement or instrument as amended, novated, supplemented, extended or restated from time to time;

1.2.4 "**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;

1.2.5 "**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;

1.2.6 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);

1.2.7 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 of any regulatory, self-regulatory or other authority or organisation;

1.2.8 a provision of law is a reference to that provision as amended or re-enacted from time to time;

1.2.9 a time of day (unless otherwise specified) is a reference to London time; and

1.2.10 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

1.2.11 a liability which is "**contingent**" means a liability which is not certain to arise and/or the amount of which remains unascertained;

1.2.12 "**control**" or "**controlled**" 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 an Obligor; or

(ii) appoint or remove all, or the majority, of the directors or other equivalent officers of an Obligor; or

(iii) give directions with respect to the operating and financial policies of an Obligor with which the directors or other equivalent officers of that Obligor are obliged to comply; and/or

(b) the holding beneficially of more than 50 per cent. of the issued shares of that Obligor (excluding any part of that issued shares or capital that carries no right to participate beyond a specified amount in a distribution of either profits or capital).

1.2.13 "**document**" includes a deed and also a letter, fax, email or telex;

1.2.14 "**expense**" means any kind of cost, charge or expense (including all legal costs, charges and expenses) and any applicable Tax including VAT;

1.2.15 "**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; and

1.2.16 "**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.

1.3 **Headings** Section, Clause and Schedule headings are for ease of reference only.

1.4 **Defined terms** 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.

1.5 **Default** A Default (other than an Event of Default) is "continuing" if it has not been remedied or waived and an Event of Default is "continuing" if it has not been waived.

1.6 **Currency symbols and definitions** "**$**", "**USD**" and "**dollars**" denote the lawful currency of the United States of America.

1.7 **Third party rights**

1.7.1 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.

1.7.2 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.

1.7.3 Any Receiver or Delegate may, subject to this Clause and the Third Parties Act, rely on any Clause of this Agreement which expressly confers rights on it.

1.8 **Offer letter** This Agreement supersedes the terms and conditions contained in any correspondence relating to the subject matter of this Agreement exchanged between the Lender and the Borrowers or their representatives before the date of this Agreement.

1.9 **Contractual recognition of bail-in**

1.9.1 In this Clause 1.9:

"**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.

"**Bail-In Action**" means the exercise of any Write-down and Conversion Powers.

"**Bail-In Legislation**" means:

(a) in relation to an EEA Member Country which has implemented, or which at any time implements, Article 55 BRRD, the relevant implementing law or regulation as described in the EU Bail-In Legislation Schedule from time to time; and

(b) in relation to any state other than such an EEA Member Country or (to the extent that the United Kingdom is not such an EEA Member Country) the United Kingdom, any analogous law or regulation from time to time which requires contractual recognition of any Write-down and Conversion Powers contained in that law or regulation.

"**EEA Member Country**" means any member state of the European Union, Iceland, Liechtenstein and Norway.

"**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.

"**Resolution Authority**" means any body which has authority to exercise any Write-down and Conversion Powers.

"**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 I of the United Kingdom Banking Act 2009 and any other law or regulation applicable in the United Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial institutions or their affiliates (otherwise than through liquidation, administration or other insolvency proceedings).

"**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.

1.9.2 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.

1.10 **Sanctions**

1.10.1 In this Clause 1.10:

"**Sanctions Provisions**" means the representations and warranties given in Clause 19.1.25 (*Sanctions*) and the undertakings given in Clause 22.26 (*Sanctions*).

1.10.2 The Sanctions Provisions shall only be given to the Lender to the extent that the making, the receiving of the benefit of and/or, where applicable, the repetition of these representations and warranties, and the compliance with these undertakings do not result in a violation of or conflict with:

(a) any provision of Council Regulation (EC) 2271/1996 of 22 November 1996 protecting against the effects of the extra-territorial application of legislation adopted by a third country, and actions based thereon or resulting therefrom;

(b) if applicable, section 7 of the German Foreign Trade Regulation (*Außenwirtschaftsverordnung*) (in conjunction with section 4 paragraph 1 of No.3 foreign trade law (AWG) (*Außenwirtschaftsgesetz*)); or

(c) any similar applicable anti-boycott law or regulation.

2 The Loan

Subject to the terms of this Agreement, the Lender agrees to make available to the Borrowers on a joint and several basis a term loan comprising both Tranches and not exceeding in aggregate the Maximum Loan Amount.

3 Purpose

3.1 **Purpose** The Borrowers shall apply:

3.1.1 Tranche A towards assisting Arno to refinance its portion of the Existing Loan; and

3.1.2 Tranche B towards partial finance of the purchase price of the New Vessel under the MOA.

3.2 **Monitoring** The Lender shall not be 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 Lender will only be obliged to comply with Clause 5.3 (*Lender's compliance with a Utilisation Request*) in relation to the advance of a Tranche if on or before the Utilisation Date, the Lender has received all of the documents and other evidence listed in Part I of Schedule 1 (*Conditions Precedent*) in form and substance satisfactory to the Lender and the proposed Utilisation Date in respect of Tranche B falls on or around with the Delivery Date, save that references in Section 2 of that Part I to "the Vessel" or to any person or document relating to a Vessel shall be deemed to relate solely to the Vessel(s) specified in the Utilisation Request or to any person or document relating to that Vessel respectively. The Lender shall notify the Borrowers promptly upon being so satisfied.

4.2 Further conditions precedent

4.2.1 The Lender will only be obliged to advance a Tranche if on the date of the Utilisation Request and on the proposed Utilisation Date:

(a) no Default is continuing or would result from the advance of that Tranche;

(b) there is no material adverse change in the financial condition and operation of any of the Obligors;

(c) the representations made by the Borrowers under Clause 19 (*Representations*) are true;

(d) none of the Vessels relevant to that Tranche has either been sold nor become a Total Loss;

(e) no event or series of events has occurred which is likely to have a Material Adverse Effect; and

(f) no event has occurred which would give rise to the provisions of Clause 10.3 (*Cost of funds*).

4.2.2 The Lender will only be obliged to advance a Tranche if that Tranche will not increase the Loan to a sum in excess of the Maximum Loan Amount nor cause the amount of the relevant Tranche to be exceeded.

4.3 **Conditions subsequent** The Borrowers undertake to deliver or to cause to be delivered to the Lender within 10 days (or such other period as may be specified in Part II of Schedule 1) after the Utilisation Date the additional documents and other evidence listed in Part II of Schedule 1 (*Conditions Subsequent*), save that references in that Part II to "the Vessel" or to any person or document relating to a Vessel shall be deemed to relate solely to the Vessel specified in the Utilisation Request or to any person or document relating to that Vessel respectively.

4.4 **No waiver** If the Lender agrees to advance a Tranche to the Borrowers before all of the documents and evidence required by Clause 4.1 (*Initial conditions precedent*) have been delivered to or to the order of the Lender, the Borrowers undertake to deliver all outstanding documents and evidence to or to the order of the Lender no later than 10 days after the relevant Utilisation Date or such other date specified by the Lender.

The advance of a Tranche under this Clause 4.4 shall not be taken as a waiver of the Lender's right to require production of all the documents and evidence required by Clause 4.1 (*Initial conditions precedent*).

4.5 **Form and content** All documents and evidence delivered to the Lender under this Clause shall:

4.5.1 be in form and substance acceptable to the Lender; and

4.5.2 if required by the Lender, be certified, notarised, legalised or attested in a manner acceptable to the Lender.

Section 3 **Utilisation**

5 Advance

5.1 **Delivery of a Utilisation Request** The Borrowers may request the Loan to be advanced by delivery to the Lender of a duly completed Utilisation Request not more than ten Business Days before the proposed Utilisation Date and not later than 11.00 am (London time) two Business Days before the proposed Utilisation Date or such lesser period as the Lender may in its absolute discretion agree.

5.2 **Completion of a Utilisation Request** A Utilisation Request is irrevocable and will not be regarded as having been duly completed unless:

5.2.1 it is signed by an authorised signatory of each Borrower;

5.2.2 the proposed Utilisation Date is a Business Day within the Availability Period;

5.2.3 the proposed Interest Period complies with Clause 9 (*Interest Periods*);

5.2.4 all applicable deductible items have been completed; and

5.2.5 the currency specified in the Utilisation Request is dollars.

5.3 **Lender's compliance with a Utilisation Request** Subject to Clauses 2 (*The Loan*), 3 (*Purpose*) and 4 (*Conditions of Utilisation*), the Lender shall comply with a Utilisation Request by advancing the relevant Tranche through the Facility Office.

5.4 **Cancellation of undrawn amount** The availability of the Loan shall be cancelled at the end of the Availability Period to the extent that it is undrawn at that time.

5.5 **Prepositioning of funds**

The Lender shall, on the Utilisation Date in respect of a Tranche, at the request of the Borrowers and on terms acceptable to the Lender in its absolute discretion, prepay or (as the context shall require) preposition that Tranche or any part thereof by making payment of such amount:

5.5.1 in the case of Tranche A, by making payment of such amount which the Borrowers specify in the Utilisation Request to the Earnings Account of Arno into which such amount shall remain pledged and restricted and shall not be withdrawn until the Lender has received all of the documents and other evidence listed in Part 1 of Schedule 1 (*Conditions Precedent*) and bullet 1 of Part II of Schedule 1 (Conditions Subsequent) in form and substance satisfactory to the Lender or otherwise as stipulated in this Agreement; and

5.5.2 in the case of Tranche B on terms that:

(a) such amounts shall be held to the order of the Lender until such time as the Lender confirms in writing to the Seller's bank or the holder of any other account as specified in the Utilisation Request that the Loan or any part thereof may be released to the Seller or other party respectively in accordance with Clause 5.6 (*Release of prepositioned funds*);

(b) such prepositioning shall constitute the making of the relevant Tranche or any part thereof and the Borrowers shall at that time become indebted, as principal and direct obligor, to the Lender in an amount equal to the Tranche advanced;

(c) the date on which the Loan or any part thereof is prepositioned shall constitute the Utilisation Date;

5.5.3 each Obligor:

(a) agrees to pay interest on the amount of the funds so prepositioned at the rate described in Clause 8.1 (*Calculation of interest*) on the basis of successive interest periods of one day and so that interest shall be paid together with the first payment of interest on the Loan after the Utilisation Date or, if such Utilisation Date does not occur, within three Business Days of demand by the Lender;

(b) shall, without duplication, indemnify the Lender against any costs, loss or liability it may incur in connection with such arrangement; and

(c) irrevocably authorises the Lender to deduct from the proceeds of the Loan any fees then payable to the Lender in accordance with Clause 11 (*Fees*) and any other items listed as deductible items in the Utilisation Request and to apply them in payment of the items to which they relate.

5.6 **Release of prepositioned funds**

The Lender shall, on the Delivery Date (in respect of Tranche B) instruct the Seller's bank (in respect of Tranche B) to release the relevant Tranche or part thereof to the account of the Seller (in respect of Tranche B) or to such other account subject to the provisions of Clause 4.1 (*Initial conditions precedent*) and Clause 4.2 (*Further conditions precedent*) and the Borrowers hereby provide the Lender with unconditional and irrevocable authority to apply funds being pledged in the Earnings Account of Arno to an account of the Lender and be applied against repayment in full to the Lender of the Existing Indebtedness

5.7 **Mandatory prepayment on failure to acquire the Vessel**

In respect of Tranche B, the event of:

5.7.1 the Lender prepositioning the relevant Tranche or any part thereof with the Seller's bank in advance of the Delivery Date under SWIFT MT199 release instructions or equivalent; and

5.7.2 funds representing Tranche B being returned by the Seller's bank to the Earnings Account in accordance with the said SWIFT MT199 release instructions or equivalent,

the Borrowers shall prepay the relevant Tranche or the part thereof so returned on the day such funds are received in the Earnings Account and, in this regard, the Borrowers hereby provide the Lender with unconditional and irrevocable authority to apply such funds to prepayment of the relevant Tranche or any part thereof pursuant to this clause without further instructions to the Lender from its part. Clause 7.6 (*Restrictions*) will apply to any prepayment under this Clause.

In respect of Tranche A, the event of:

5.7.3 the Lender prepositioning Tranche B or any part thereof with the Seller in advance of the Delivery Date under SWIFT MT199 release instructions or equivalent; and

5.7.4 funds representing Tranche B or any part thereof being returned by the Seller's bank to the Earnings Account in accordance with the said SWIFT MT199 release instructions or equivalent,

the Borrowers shall prepay the relevant Tranche from the funds being deposited in the Earnings Account of Arno and, in this regard, the Borrowers hereby provide the Lender with unconditional and irrevocable authority to apply such funds to prepayment of the relevant Tranche pursuant to this clause without further instructions to the Lender from its part. The Borrowers also undertake to pay any accrued interest and break costs pursuant to Clause 10.5 (Break Costs). Clause 7.6 (*Restrictions*) will apply to any prepayment under this Clause.

6 Repayment

6.1 **Repayment of the Loan** The Borrowers shall repay the Loan by twenty (20) consecutive quarterly instalments, the first nineteen (19) such instalments each in the sum of eight hundred thousand dollars ($800,000) and the twentieth and final instalment in the sum of sixteen million seven hundred and thirty three thousand three hundred and thirty three dollars and thirty six cents ($16,733,333.36)(consisting of an instalment in the sum of eight hundred thousand dollars ($800,000) and the Balloon Amount),

with the first instalment falling due on the date which is three Months after the Utilisation Date and subsequent instalments falling due at consecutive intervals of three Months thereafter with the final Repayment Instalment for the Loan payable together with the Balloon Amount falling due on the Termination Date; and

6.2 **Reduction of Repayment Instalments** If the aggregate amount advanced to the Borrowers in respect of the Loan is less than the Maximum Loan Amount, the amount of each Repayment Instalment and the Balloon Amount in respect of the Loan shall be reduced pro rata to the amount actually advanced.

6.3 **Reborrowing** The Borrowers may not reborrow any part of the Loan which is repaid.

6.4 On the Termination Date the Borrowers, in addition to the Loan, shall pay to the Lender any other sums which comprise the Indebtedness.

7 Illegality, Prepayment and Cancellation

7.1 **Illegality** If in any applicable jurisdiction it becomes unlawful (other than by reason of Sanctions) for the Lender to perform any of its obligations as contemplated by this Agreement or to fund or maintain the Loan or it becomes unlawful for any Affiliate of the Lender for the Lender to do so:

7.1.1 the Lender shall promptly notify the Borrowers upon becoming aware of that event;

7.1.2 upon the Lender notifying the Borrowers, the availability of the Loan will be immediately cancelled; and

7.1.3 the Borrowers shall repay the Loan on the last day of its current Interest Period 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).

7.2 **Voluntary cancellation** The Borrowers may, if they give the Lender not less than 7 days' (or such shorter period as the Lender may agree) prior notice, cancel the whole or any part (being a minimum amount of $100,000) of the undrawn amount of a Tranche.

7.3 **Voluntary prepayment of the Loan** The Borrowers may prepay the Loan (but, if in part, being an amount that reduces the Loan by an amount which is an integral multiple of $100,000) subject as follows:

7.3.1 they give the Lender not less than 7 days' (or such shorter period as the Lender may agree) prior notice;

7.3.2 the Loan may only be prepaid after the last day of the Availability Period; and

7.3.3 any prepayment under this Clause 7.3 shall be applied in prepayment of the remaining Repayment Instalments and the Balloon Amount in respect of the Loan on a pro rata basis.

7.4 **Right of cancellation and prepayment**

7.4.1 If:

(a) any sum payable to the Lender by the Borrowers is required to be increased under Clause 12.2.3 (*Tax gross-up*); or

(b) the Lender claims indemnification from the Borrowers under Clause 12.3 (*Tax indemnity*) or Clause 13.1 (*Increased costs*),

the Borrowers may, while the circumstance giving rise to the requirement for that increase or indemnification continues, give the Lender notice of cancellation of the Loan and their intention to procure the repayment of the Loan.

7.4.2 On the last day of the Interest Period in respect of the Loan which ends after the Borrowers have given notice under Clause 7.4.1 (or, if earlier, the date specified by the Borrowers in that notice), the Borrowers shall repay the Loan together with all interest and other amounts accrued under the Finance Documents.

7.5 **Mandatory prepayment on sale or Total Loss**

7.5.1 In this Agreement, "**Prepayment Date**" means:

(a) in the case of the sale of a Vessel, the time at and date on which the sale is completed; and

(b) in the case of a Total Loss of a Vessel, the earlier of (i) the date falling 120 days after the Total Loss Date and (ii) the date on which the proceeds of any such Total Loss are realised.

7.5.2 If a Vessel is sold by the relevant Borrower or becomes a Total Loss, the Borrowers shall prepay on the relevant Prepayment Date:

(a) the same proportion of the Loan then outstanding as the Market Value of that Vessel bears to the aggregate of the Market Value of both Vessels (such values to be determined in accordance with Clause 18.1 (*ACR Coverage*)); and

(b) any additional amount that is required to ensure that, after such prepayment, the Loan then outstanding is less than 70% of the Market Value of the remaining Vessel as calculated on the relevant Prepayment Date.

7.5.3 For the purpose of Clauses 7.5.2 and 7.5.3, the determination of the LTV Coverage will be based on:

(a) the last valuations of the Vessels obtained by the Lender pursuant to Clause 18.2 (*Provision of valuations*); or

(b) if such last valuations predate the relevant Prepayment Date by more than twenty days, new valuations to be obtained by the Lender pursuant to Clause 18.2 (*Provision of valuations*) on or before the relevant Prepayment Date.

7.5.4 Any prepayment made in accordance with Clause 7.5.2 shall be applied in prepayment of the remaining Repayment Instalments and Balloon Amount of the Loan pro rata.

7.5.5 If a Default (other than an Event of Default) is continuing on a Prepayment Date, the Borrowers shall, on that Prepayment Date, pay to the Lender any excess sale or Total Loss proceeds remaining after the applications to be effected pursuant to this Clause 7.5 have been made and the Lender shall:

(a) retain such excess sale or Total Loss proceeds blocked in the relevant account or in a suspense account until the Borrowers have remedied such Default to the Lender's satisfaction, after which time the Lender shall return such excess sale or Total Loss proceeds to the Borrowers or to their order; and

(b) if such Default becomes an Event of Default, promptly apply such excess sale or Total Loss proceeds against remaining Repayment Instalments and Balloon Amount in inverse order of maturity.

7.5.6 If an Event of Default is continuing on a Prepayment Date, the Lender shall apply such excess sale or Total Loss proceeds on the relevant Prepayment Date in prepayment of the remaining Repayment Instalments and Balloon Amount in inverse order of maturity, unless the Borrowers have provided the Lender with a written request on or before the Prepayment Date to release to the relevant Borrower or to its order any such excess sale or Total Loss proceeds notwithstanding the occurrence of an Event of Default which is continuing, in which case the Lender will evaluate such request at its sole discretion and will notify the Borrowers if any such surplus can be released to or to the order of the relevant Borrower; if the Lender rejects such request, the Borrowers hereby irrevocably and unconditionally agree and consent to such prepayment being made by the Lender.

7.6 **Restrictions**

7.6.1 Any notice of prepayment or cancellation given under this Clause 7 shall be irrevocable and, unless a contrary indication appears in this Agreement, shall specify the date or dates upon which the relevant prepayment or cancellation is to be made and the amount of that prepayment or cancellation.

7.6.2 Any prepayment under this Agreement shall be made together with accrued interest on the amount prepaid and, subject to any Break Costs, without premium or penalty.

7.6.3 The Borrowers shall not repay, prepay or cancel all or any part of the Loan except at the times and in the manner expressly provided for in this Agreement.

7.6.4 No amount of the Loan cancelled under this Agreement may be subsequently reinstated.

7.6.5 The Borrowers may not reborrow any part of the Loan which is prepaid.

8 Interest

8.1 **Calculation of interest** The rate of interest on the Loan for each Interest Period is the percentage rate per annum which is the aggregate of the applicable:

8.1.1 Margin; and

8.1.2 LIBOR.

8.2 **Payment of interest** The Borrowers shall pay accrued interest on the Loan on the last day of each Interest Period (and, if the Interest Period is longer than three Months, on the dates falling at intervals of three Months after the first day of the Interest Period).

8.3 **Default interest** If an Obligor fails to pay any amount payable by it under a Finance Document on its due date, interest shall accrue on the overdue amount from the due date up to the date of actual payment (both before and after judgment) at a rate which is two per cent per annum (2%) higher than the rate which would have been payable if the overdue amount had, during the period of non-payment, constituted the Loan in the currency of the overdue amount for successive Interest Periods, each of a duration selected by the Lender. Any interest accruing under this Clause 8.3 shall be immediately payable by the Obligors on demand by the Lender.

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:

(a) 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

(b) the rate of interest applying to that Unpaid Sum during that first Interest Period shall be two per cent per annum (2%) higher than the rate which would have applied if that Unpaid Sum had not become due.

Default interest (if unpaid) arising on an overdue amount will be compounded with the overdue amount at the end of each Interest Period applicable to that overdue amount but will remain immediately due and payable.

8.4 **Notification of rates of interest** The 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** The Borrowers may select in a written notice to the Lender the duration of an Interest Period for the Loan subject as follows:

9.1.1 each notice is irrevocable and must be delivered to the Lender by the Borrowers not later than 11.45 a.m. on the Quotation Day;

9.1.2 if the Borrowers fail to give a notice in accordance with Clause 9.1.1, the relevant Interest Period will, subject to Clauses 1.1 (*Interest Periods to meet Repayment Dates*) and 9.3 (*Non-Business Days*), be three Months;

9.1.3 subject to this Clause 9, the Borrowers may select an Interest Period of one, three or six Months or any other period agreed between the Borrowers and the Lender;

9.1.4 an Interest Period shall not extend beyond the Termination Date; and

9.1.5

(a) the first Interest Period in respect of the Loan shall start on the Utilisation Date in respect of both Tranches and end on the date which numerically corresponds to that Utilisation Date; and

(b) each subsequent Interest Period for the Loan shall start on the last day of the preceding Interest Period and end on the date which numerically corresponds to that commencement date,

except that, if there is no numerically corresponding date in that Month, the Interest Period shall end on the last Business Day in that Month, subject to Clause 1.1 (*Interest Periods to meet Repayment Dates*).

9.2 **Interest Periods to meet Repayment Dates** If an Interest Period will expire after the next Repayment Date in respect of the Loan, there shall be a separate Interest Period for a part of the Loan equal to the Repayment Instalment due on that next Repayment Date and that separate Interest Period shall expire on that next Repayment Date.

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 **Calculation of Reference Bank Rate**

10.1.1 Subject to Clause 10.2 (*Market disruption*), if LIBOR is to be determined by reference to a Reference Bank Rate but a Reference Bank does not supply a quotation by 11.00 am on the Quotation Day, the Reference Bank Rate shall be calculated on the basis of the quotations of the remaining Reference Banks.

10.1.2 If at or about noon on the Quotation Day for the relevant Interest Period LIBOR is to be determined by reference to the Reference Bank Rate and none or only one of the Reference Banks supplies a rate to the Lender to determine LIBOR for dollars, Clause 10.3 (*Cost of funds*) shall apply to the relevant Tranche for the relevant Interest Period.

10.2 **Market disruption** If before close of business in London on the Quotation Day for the relevant Interest Period, the Borrowers receive notifications from the Lender that the cost to it of funding the Loan from whatever source it may reasonably select would be in excess of LIBOR then Clause 10.3 (*Cost of funds*) shall apply to the Loan for the relevant Interest Period.

10.3 **Cost of funds**

10.3.1 If this Clause 10.3 applies for any Interest Period, then the rate of interest on the Loan for that Interest Period shall be the percentage rate per annum which is the sum of:

(a) the Margin; and

(b) the rate notified to the Borrowers by the Lender as soon as practicable, and in any event by close of business on the date falling three Business Days after the Quotation Day (or, if earlier, on the date falling three Business Days prior to the date on which 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 relevant Tranche from whatever source it may reasonably select.

10.3.2 If this Clause 10.3 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 ten days) with a view to agreeing a substitute basis for determining the rate of interest.

10.3.3 Subject to Clause 10.4 (*Replacement of Screen Rate*), any substitute or alternative basis agreed pursuant to Clause 10.3.2 shall be binding on all Parties.

10.3.4 If an alternative basis is not agreed pursuant to Clause 10.3.2, the rate of interest shall continue to be determined in accordance with Clause 10.3.1.

10.4 **Replacement of Screen Rate**

If a Screen Rate Replacement Event has occurred in relation to the Screen Rate for Dollars, any amendment or waiver which relates to:

(a) providing for the use of a Replacement Benchmark in relation to that currency in place of that Screen Rate; and

(b)

(i) aligning any provision of any Finance Document to the use of that Replacement Benchmark;

(ii) 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);

(iii) implementing market conventions applicable to that Replacement Benchmark;

(iv) providing for appropriate fallback (and market disruption) provisions for that Replacement Benchmark; or

(v) 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.

10.5 **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 Unpaid Sum being paid by the Borrowers on a day other than the last day of an Interest Period for the Loan or Unpaid Sum.

The Lender shall, as soon as reasonably practicable after a demand by the Borrowers, provide a certificate confirming the amount of its Break Costs for any Interest Period in which they accrue.

11 Fees

The Borrowers shall pay to the Lender, on the Utilisation Date of the Loan, an arrangement fee in the amount of 0.75% of the amount of each Tranche drawn.

12 Tax Gross Up and Indemnities

12.1 **Definitions** In this Agreement:

"**Borrower DTTP Filing**" means an HM Revenue & Customs' Form DTTP2 duly completed and filed by the relevant Borrower in relation to the Lender where the Lender is a Treaty Lender, which form contains the scheme reference number and jurisdiction of tax residence in respect of the Lender and is filed with HM Revenue & Customs within 30 days of the date of this Agreement.

"**Protected Party**" means the Lender if it 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.

"**Qualifying Lender**" means the Lender if it is beneficially entitled to interest payable to it in respect of an advance under a Finance Document and:

(a) is a bank (as defined for the purpose of section 879 of the ITA) making an advance under a Finance Document and is within the charge to United Kingdom corporation tax as respects any payments of interest made in respect of that advance or would be within such charge as respects such payments apart from section 18A of the CTA; or in respect of an advance made under a Finance Document by a person that was a bank (as defined for the purpose of section 879 of the ITA) at the time that that advance was made and within the charge to United Kingdom corporation tax as respects any payments of interest made in respect of that advance; or

(b) is:

(i) a company resident in the United Kingdom for United Kingdom tax purposes;

(ii) a partnership each member of which is:

(A) a company so resident in the United Kingdom; or

(B) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account in computing its chargeable profits (within the meaning of section 19 of the CTA) the whole of any share of interest payable in respect of that advance that falls to it by reason of Part 17 of the CTA; or

(iii) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account interest payable in respect of that advance in computing the chargeable profits (within the meaning of section 19 of the CTA) of that company; or

(c) is a Treaty Lender.

"**Tax Confirmation**" means a confirmation by the Lender that the person beneficially entitled to interest payable to the Lender in respect of an advance under a Finance Document is either:

(a) a company resident in the United Kingdom for United Kingdom tax purposes;

(b) a partnership each member of which is:

(i) a company so resident in the United Kingdom; or

(ii) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account in computing its chargeable profits (within the meaning of section 19 of the CTA) the whole of any share of interest payable in respect of that advance that falls to it by reason of Part 17 of the CTA; or

(c) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account interest payable in respect of that advance in computing the chargeable profits (within the meaning of section 19 of the CTA) of that company.

"**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*).

"**Treaty Lender**" means the Lender if it:

(a) is treated as a resident of a Treaty State for the purposes of the Treaty;

(b) does not carry on a business in the United Kingdom through a permanent establishment with which the Loan is effectively connected.

"**Treaty State**" means a jurisdiction having a double taxation agreement (a "**Treaty**") with the United Kingdom which makes provision for full exemption from tax imposed by the United Kingdom on interest.

12.2 **Tax gross-up**

12.2.1 Each Borrower shall (and shall procure that each other Obligor will) make all payments to be made by it without any Tax Deduction, unless a Tax Deduction is required by law.

12.2.2 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.

12.2.3 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.

12.2.4 A payment shall not be increased under Clause 12.2.3 by reason of a Tax Deduction on account of Tax imposed by the United Kingdom, if on the date on which the payment falls due:

(a) the payment could have been made to the Lender without a Tax Deduction if the Lender had been a Qualifying Lender, but on that date the Lender is not or has ceased to be a Qualifying Lender other than as a result of any change after the date it became a Lender under this Agreement in (or in the interpretation, administration, or application of) any law or Treaty or any published practice or published concession of any relevant taxing authority; or

(b) the Lender is a Qualifying Lender solely by virtue of (b) of the definition of Qualifying Lender and:

(i) an officer of H.M. Revenue & Customs has given (and not revoked) a direction (a "**Direction**") under section 931 of the ITA which relates to the payment and the Lender has received from the Obligor making the payment a certified copy of that Direction; and

(ii) the payment could have been made to the Lender without any Tax Deduction if that Direction had not been made; or

(c) the Lender is a Qualifying Lender solely by virtue of (b) of the definition of Qualifying Lender and:

(i) the Lender has not given a Tax Confirmation to the Borrowers; and

(ii) the payment could have been made to the Lender without any Tax Deduction if the Lender had given a Tax Confirmation to the Borrowers, on the basis that the Tax Confirmation would have enabled the Borrowers to have formed a reasonable belief that the payment was an "excepted payment" for the purpose of section 930 of the ITA; or

(d) the Lender is a Treaty Lender and the Obligor making the payment is able to demonstrate that the payment could have been made to the Lender without the Tax Deduction had the Lender complied with its obligations under Clause 12.2.7 or Clause 12.2.8 (as applicable).

12.2.5 If an Obligor is required to make a Tax Deduction, the relevant Borrower shall (and, in the case of any other Obligor, the Borrowers shall procure that such other Obligor will) 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.

12.2.6 Within 30 days of making either a Tax Deduction or any payment required in connection with that Tax Deduction, the Borrower making that Tax Deduction shall (and, in the case of any other Obligor, the Borrowers shall procure that such other Obligor will) deliver to the Lender a statement under section 975 of the ITA or other 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.

12.2.7 (a) Subject to (b), if the Lender is a Treaty Lender, the Lender and each Borrower which makes a payment to which the Lender is entitled shall co-operate in completing any procedural formalities necessary for that Borrower to obtain authorisation to make that payment without a Tax Deduction.

(b) If the Lender is a Treaty Lender which holds a passport under the HMRC DT Treaty Passport scheme, and which wishes that scheme to apply to this Agreement, the Lender shall confirm its scheme reference number and its jurisdiction of tax residence to the Borrowers, and, having done so, the Lender shall be under no obligation pursuant to (a).

12.2.8 If the Lender has confirmed its scheme reference number and its jurisdiction of tax residence in accordance with Clause 12.2.7(b) and:

(a) a Borrower making a payment to the Lender has not made a Borrower DTTP Filing in respect of the Lender; or

(b) a Borrower making a payment to the Lender has made a Borrower DTTP Filing in respect of the Lender but:

(i) that Borrower DTTP Filing has been rejected by HM Revenue & Customs;

(ii) HM Revenue & Customs has not given that Borrower authority to make payments to the Lender without a Tax Deduction within 60 days of the date of the Borrower DTTP Filing; or

(iii) HM Revenue & Customs has given that Borrower authority to make payments to the Lender without a Tax Deduction but such authority has subsequently been revoked or expired,

and in each case, that Borrower has notified the Lender in writing, the Lender and that Borrower shall co-operate in completing any additional procedural formalities necessary for that Borrower to obtain authorisation to make that payment without a Tax Deduction.

12.2.9 If the Lender has not confirmed its scheme reference number and jurisdiction of tax residence in accordance with Clause 12.2.7(b), no Borrower shall make a Borrower DTTP Filing or file any other form relating to the HMRC DT Treaty Passport scheme in respect of the Lender unless the Lender otherwise agrees.

12.2.10 A Borrower shall, promptly on making a Borrower DTTP Filing, deliver a copy of that Borrower DTTP Filing to the Lender.

12.3 **Tax indemnity**

12.3.1 Each Borrower shall (within three Business Days of demand by the Lender) pay to the Lender, if the Lender is a Protected Party, 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.

12.3.2 Clause 12.3.1 shall not apply:

(a) with respect to any Tax assessed on the Lender:

(i) 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

(ii) under the law of the jurisdiction in which the 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

(b) to the extent a loss, liability or cost:

(i) is compensated for by an increased payment under Clause 12.2 (*Tax gross-up*);

(ii) would have been compensated for by an increased payment under Clause 12.2 (*Tax gross-up*) but was not so compensated solely because one of the exclusions in Clause 12.2.4 (*Tax gross-up*) applied; or

(iii) relates to a FATCA Deduction required to be made by a Party.

12.3.3 If the Lender makes or intends to make a claim under Clause 12.3.1 as a Protected Party, the Lender shall promptly notify the Borrowers 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:

12.4.1 a Tax Credit is attributable to an increased payment of which that Tax Payment forms part, to that Tax Payment or to a Tax Deduction in consequence of which that Tax Payment was required; and

12.4.2 the Lender has obtained and utilised that Tax Credit,

the Lender shall pay an amount to the relevant 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 made.

12.5 **Stamp taxes** The Borrowers shall pay and, within three Business Days of demand, indemnify the Lender against any cost, loss or liability the Lender incurs in relation to all stamp duty, registration and other similar Taxes payable in respect of any Finance Document.

12.6 **VAT**

12.6.1 All amounts expressed to be payable under a Finance Document by any Obligor 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 Obligor under a Finance Document and the Lender is required to account to the relevant tax authority for the VAT, the relevant Borrower shall (and, in the case of any other Obligor, the Borrowers shall procure that such other Obligor will) 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 the recipient of such supply).

12.6.2 Where a Finance Document requires any Obligor to reimburse or indemnify the Lender for any cost or expense, the relevant Borrower shall (and, in the case of any other Obligor, the Borrowers shall procure that such other Obligor will) reimburse or indemnify (as the case may be) the Lender for the full amount of such cost or expense, including such part thereof 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.

12.6.3 Any reference in this Clause 12.6 to any Obligor shall, at any time when such Obligor is treated as a member of a group for VAT purposes, include (where appropriate and unless the context otherwise requires) a reference to the representative member of such group at such time (the term "representative member" to have the same meaning as in the Value Added Tax Act 1994) or any equivalent person in any jurisdiction other than the United Kingdom.

12.6.4 In relation to any supply made by the Lender to any Obligor under a Finance Document, if reasonably requested by the Lender, the relevant Borrower shall (and, in the case of any other Obligor, the Borrowers shall procure that such other Obligor will) promptly provide the Lender with details of that Obligor'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**

12.7.1 Subject to Clause 12.7.3, each Party shall, within ten Business Days of a reasonable request by another Party:

(a) confirm to that other Party whether it is:

(i) a FATCA Exempt Party; or

(ii) not a FATCA Exempt Party;

(b) 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

(c) 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.

12.7.2 If a Party confirms to another Party pursuant to Clause 12.7.1(a)(i) 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.

12.7.3 Clause 12.7.1 shall not oblige the Lender to do anything, and Clause 12.7.1(c) shall not oblige any other Party to do anything, which would or might in its reasonable opinion constitute a breach of:

(a) any law or regulation;

(b) any fiduciary duty; or

(c) any duty of confidentiality.

12.7.4 If a Party fails to confirm whether or not it is a FATCA Exempt Party or to supply forms, documentation or other information requested in accordance with Clause 12.7.1(a) or 12.7.1(b) (including, for the avoidance of doubt, where Clause 12.7.3 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.

12.7.5 If a Borrower is a US Tax Obligor or the Lender reasonably believes that its obligations under FATCA or any other applicable law or regulation require it, the Lender shall, within ten Business Days of:

(a) where a Borrower is a US Tax Obligor, the date of this Agreement; or

(b) where a Borrower is not a US Tax Obligor, the date of a request from a Borrower,

supply to the Borrowers:

(i) a withholding certificate on Form W-8 or Form W-9 or any other relevant form; or

(ii) any withholding statement or other document, authorisation or waiver as the Borrowers may require to certify or establish the status of the Lender under FATCA or that other law or regulation.

12.7.6 If any withholding certificate, withholding statement, document, authorisation or waiver provided to the Borrowers by the Lender pursuant to Clause 12.7.5 is or becomes materially inaccurate or incomplete, the Lender shall promptly update it and provide such updated withholding certificate, withholding statement, document, authorisation or waiver to the Borrowers unless it is unlawful for the Lender to do so (in which case the Lender shall promptly notify the Borrowers).

12.8 **FATCA Deduction**

12.8.1 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.

12.8.2 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** Subject to Clause 13.3 (*Exceptions*) the Borrowers shall, within three Business Days of a demand by the Lender, pay to 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 after the date of this Agreement or (iii) the implementation or application of or compliance with Basel III or CRD IV or any other law or regulation which implements Basel III or CRD IV (whether such implementation, application or compliance is by a government, regulator, the Lender or any of the Lender's Affiliates).

In this Agreement:

(a) "**Basel III**" means:

(i) the agreements on capital requirements, a leverage ratio and liquidity standards contained in "Basel III: A global regulatory framework for more resilient banks and banking systems", "Basel III: International framework for liquidity risk measurement, standards and monitoring" and "Guidance for national authorities operating the countercyclical capital buffer" published by the Basel Committee on Banking Supervision in December 2010, each as amended, supplemented or restated;

(ii) the rules for global systemically important banks contained in "Global systemically important banks: assessment methodology and the additional loss absorbency requirement – Rules text" published by the Basel Committee on Banking Supervision in November 2011, as amended, supplemented or restated; and

(iii) any further guidance or standards published by the Basel Committee on Banking Supervision relating to "Basel III".

(b) "**CRD IV**" means:

(i) 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, supplemented or restated;

(ii) 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, supplemented or restated; and

(iii) any other law or regulation which implements Basel III.

(c) "**Increased Costs**" means:

(i) a reduction in the rate of return from the Loan or on the Lender's (or its Affiliate's) overall capital;

(ii) an additional or increased cost; or

(iii) a reduction of any amount due and payable under any Finance Document,

which is incurred or suffered by the Lender or any of its Affiliates to the extent that it is attributable to the Lender having entered into any Finance Document or funding or performing its obligations under any Finance Document.

13.2 **Increased cost claims**

13.2.1 If the Lender intends to make a claim pursuant to Clause 13.1 (*Increased costs*) the Lender shall promptly notify the Borrowers of the event giving rise to the claim.

13.2.2 The Lender shall, as soon as practicable after a demand by the Borrowers, provide a certificate confirming the amount of its Increased Costs.

13.3 **Exceptions** Clause 13.1 (*Increased costs*) does not apply to the extent any Increased Cost is:

13.3.1 attributable to a Tax Deduction required by law to be made by a Borrower;

13.3.2 attributable to a FATCA Deduction required to be made by a Party;

13.3.3 compensated for by Clause 12.3 (*Tax indemnity*) (or would have been compensated for under Clause 12.3 but was not so compensated solely because any of the exclusions in Clause 12.3 applied); or

13.3.4 attributable to the wilful breach by the Lender or its Affiliates of any law or regulation.

In this Clause 13.3, a reference to a "**Tax Deduction**" has the same meaning given to the term in Clause 12.1 (*Definitions*).

14 Other Indemnities

14.1 **Currency indemnity** If any sum due from a Borrower 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:

14.1.1 making or filing a claim or proof against that Borrower; or

14.1.2 obtaining or enforcing an order, judgment or award in relation to any litigation or arbitration proceedings,

that Borrower shall as an independent obligation, within three Business Days of 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 the Lender at the time of its receipt of that Sum.

Each Borrower 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**

14.2.1 The Borrowers shall, within three Business Days of demand, indemnify the Lender against any cost, loss or liability incurred by the Lender as a result of:

(a) the occurrence of any Event of Default;

(b) a failure by an Obligor to pay any amount due under a Finance Document on its due date;

(c) funding, or making arrangements to fund, a Tranche requested by the Borrowers in a Utilisation Request but not made by reason of the operation of any one or more of the provisions of this Agreement (other than by reason of default or negligence by 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.

14.2.2 The Borrowers shall promptly indemnify the Lender, each Affiliate of the Lender and each officer or employee of the Lender or its Affiliate (each such person for the purposes of this Clause 14.2 an "**Indemnified Person**") against any cost, loss or liability incurred by that Indemnified Person pursuant to or in connection with any litigation, arbitration or administrative proceedings or regulatory enquiry, in connection with or arising out of the entry into and the transactions contemplated by the Finance Documents, having the benefit of any Encumbrance constituted by the Finance Documents or which relates to the condition or operation of, or any incident occurring in relation to, a Vessel, unless such cost, loss or liability is caused by the gross negligence or wilful misconduct of that Indemnified Person. Any Affiliate or any officer or employee of the Lender or its Affiliate may rely on this Clause 14.2 subject to Clause 1.7 (*Third party rights*) and the provisions of the Third Parties Act.

14.2.3 Subject to any limitations set out in Clause 14.2.2, the indemnity in that Clause shall cover any cost, loss or liability incurred by each Indemnified Person in any jurisdiction:

(a) 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

(b) in connection with any Environmental Claim.

14.2.4 The Borrowers shall promptly indemnify the Lender against any cost, loss or liability incurred by the Lender (acting reasonably) as a result of:

(a) investigating any event which it reasonably believes is a Default; or

(b) acting or relying on any notice, request or instruction which it reasonably believes to be genuine, correct and appropriately authorised; or

(c) instructing lawyers, accountants, tax advisers, surveyors or other professional advisers or experts as permitted under this Agreement.

14.2.5 The Borrowers shall promptly indemnify the Lender as holder of any of the Security Documents and every Receiver and Delegate against any cost, loss or liability incurred by any of them 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 Security Documents;

(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 Obligor in the performance of any of the obligations expressed to be assumed by it in the Finance Documents; or

(f) acting as holder of any of the Security Documents, Receiver or Delegate or otherwise relating to any of the Security Assets (otherwise, in each case, than by reason of the relevant Lender's, Receiver's or Delegate's gross negligence or wilful misconduct).

14.3 **Indemnity survival** The indemnities contained in this Agreement shall survive repayment of the Loan.

15 Mitigation by the Lender

15.1 **Mitigation** The Lender shall, in consultation with the Borrowers, take all reasonable steps to mitigate any circumstances which arise and which would result in any Tranche ceasing to be available or any amount becoming payable under or pursuant to any of Clause 7.1 (*Illegality*), Clause 12 (*Tax Gross Up and Indemnities*) or Clause 13 (*Increased Costs*) including (but not limited to) transferring its rights and obligations under the Finance Documents to another Affiliate or Facility Office. The above does not in any way limit the obligations of any Obligor under the Finance Documents.

15.2 **Limitation of liability** The Borrowers shall promptly 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*). The Lender is not obliged to take any steps under Clause 15.1 if, in its opinion (acting reasonably), to do so might be prejudicial to it.

16 Costs and Expenses

16.1 **Transaction expenses** The Borrowers shall promptly on demand pay the Lender and any Receiver or Delegate the amount of all costs and expenses (including legal fees) incurred by any of them in connection with:

16.1.1 the negotiation, preparation, printing, execution, syndication and perfection of this Agreement and any other documents referred to in this Agreement;

16.1.2 the negotiation, preparation, printing, execution and perfection of any other Finance Documents executed after the date of this Agreement;

16.1.3 any other document which may at any time be required by the Lender to give effect to any Finance Document or which the Lender is entitled to call for or obtain under any Finance Document; and

16.1.4 any discharge, release or reassignment of any of the Security Documents.

16.2 **Amendment costs** If (a) an Obligor requests an amendment, waiver or consent or (b) an amendment is required pursuant to Clause 30.6 (*Change of currency*), the Borrowers shall, within three Business Days of demand, reimburse the Lender for the amount of all costs and expenses (including legal fees) incurred by the Lender and any Receiver or Delegate in responding to, evaluating, negotiating or complying with that request or requirement.

16.3 **Enforcement and preservation costs** The Borrowers shall, within three Business Days of demand, pay to each Secured Party the amount of all costs and expenses (including legal fees) incurred by that Secured Party in connection with the enforcement of, or the preservation of any rights under, any Finance Document or the Transaction Encumbrances and any proceedings instituted by or against the Secured Party as a consequence of entering into a Finance Document, taking or holding the Transaction Encumbrances or enforcing those rights including (without limitation) any losses, costs and expenses which that Secured Party may from time to time sustain, incur or become liable for by reason of that Secured Party being mortgagee of a Vessel and/or a lender to a Borrower, or by reason of that Secured Party being deemed by any court or authority to be an operator or controller, or in any way concerned in the operation or control, of a Vessel.

16.4 **Other costs** The Borrowers shall, within three Business Days of demand, pay to each Secured Party the amount of all sums which that Secured Party may pay or become actually or contingently liable for on account of a Borrower in connection with a Vessel (whether alone or jointly or jointly and severally with any other person) including (without limitation) all sums which that Secured Party may pay or guarantees which it may give in respect of the Insurances, any expenses incurred by that Secured Party in connection with the maintenance or repair of a Vessel or in discharging any lien, bond or other claim relating in any way to a Vessel, and any sums which that Secured Party may pay or guarantees which it may give to procure the release of a Vessel from arrest or detention.

17 Earnings Accounts

17.1 Earnings Accounts

17.1.1 The Borrowers shall maintain the Earnings Accounts with the Account Holder for the duration of the Facility Period free of Encumbrances and rights of set off other than those created by or under the Finance Documents.

17.1.2 No Borrower shall open any bank account except for the Earnings Accounts.

17.2 **Earnings** Each Borrower shall procure that all Earnings in respect of its Vessel and any Requisition Compensation in respect of its Vessel are credited to its Earnings Account.

17.3 Withdrawals

17.3.1 During the Facility Period, sums may be withdrawn from the Earnings Accounts without the prior written consent of the Lender, provided that no Default has occurred and is continuing.

17.3.2 The Earnings Accounts shall not be overdrawn as a result of a withdrawal made in accordance with this Clause 17.3.

17.4 **Application of Earnings Accounts** The Borrowers shall transfer or cause to be transferred from the Earnings Accounts to the Lender:

17.4.1 on each Repayment Date in respect of the Loan, the amount of the Repayment Instalment then due; and

17.4.2 on each Interest Payment Date in respect of the Loan, the amount of interest then due,

and the Borrowers irrevocably authorise the Lender to instruct the Account Holder to make those transfers if the Borrowers fail to do so on the relevant date, and to apply the transferred amounts in payment of the relevant Repayment Instalment, interest amount or other amount due.

17.5 **Borrowers' obligations not affected** If for any reason the amount standing to the credit of the Earnings Accounts is insufficient to pay any Repayment Instalment or to make any payment of interest when due, the Borrowers' obligation to pay that Repayment Instalment or to make that payment of interest shall not be affected.

17.6 **Relocation of Earnings Accounts** On and at any time after the occurrence of a Default which is continuing, the Lender may without the consent of the Borrowers instruct the Account Holder to relocate any Earnings Account to any other branch of the Account Holder, without prejudice to the continued application of this Clause 17 and the rights of the Secured Parties under the Finance Documents.

17.7 **Access to information** The Lender (and its nominees) may from time to time during the Facility Period review the records held by the Account Holder (whether in written or electronic form) in relation to the Earnings Accounts, and the Borrowers irrevocably waive any right of confidentiality which may exist in relation to those records.

17.8 **Statements** Without prejudice to the rights of the Lender under Clause 17.7 (*Access to information*), the Borrowers shall procure that the Account Holder provides to the Lender, no less frequently than each calendar month during the Facility Period, statements of account (in written or electronic form) showing all entries made to the credit and debit of each of the Earnings Accounts during the immediately preceding calendar month.

18 Additional Security

18.1 ACR Coverage

18.1.1 If at any time the aggregate of (a) the Market Value of the Vessels and (b) the value of any additional security (such value to be (i) the face amount of the deposit (in the case of cash), (ii) determined conclusively by appropriate advisers appointed by the Lender (in the case of other charged assets other than a vessel), (iii) the Market Value of a vessel (in the case of a vessel), and (iv) determined by the Lender (in all other cases)) for the time being provided to the Lender under this Clause 18 is less than 125% of the amount of the Loan then outstanding (the "**ACR Coverage**"), the Borrowers shall, within 30 days of the Lender's request, at the Borrowers' option:

(a) pay to the Lender or to its nominee a cash deposit in the amount of the shortfall to be secured in favour of the Lender as additional security for the payment of the Indebtedness; or

(b) give to the Lender other additional security in amount and form acceptable to the Lender for a value determined in accordance with the first part of this Clause 18.1.1; or

(c) prepay the Loan in the amount of the shortfall.

18.1.2 Clauses 6.3 (*Reborrowing*) and 7.6 (*Restrictions*) shall apply, *mutatis mutandis*, to any prepayment made under this Clause 18.1. Any prepayment under this Clause 18.1 shall be applied in prepayment of the remaining Repayment Instalments and the Balloon Amount in respect of the Loan pro rata.

18.1.3 If, at any time after the Borrowers have provided additional security in accordance with the Lender's request under this Clause 18.1, the Lender, following the Borrower's request, shall determine when testing compliance with the ACR Coverage that all or any part of that additional security may be released without resulting in a shortfall in the ACR Coverage, then, provided that no Default is continuing, the Lender shall release all or any part of that additional security at the cost of the Borrowers, but this shall be without prejudice to the Lender's right to make a further request under this Clause 18.1 should the value of the remaining security subsequently merit it.

18.2 Provision of valuations

18.2.1 The Lender shall be entitled to obtain a valuation in evidence of a Market Value for the purpose of testing compliance with Clause 18.1 (*ACR Coverage*):

(a) twice per calendar year of a Vessel (in the case of that Vessel);

(b) twice per calendar year from the date a vessel (other than a Vessel) is provided as additional security (in the case of a vessel other than a Vessel);

(c) on or about the Prepayment Date, if the last valuation obtained by the Lender before the Prepayment Date pursuant to this Clause 18.2.1 predates the Prepayment Date by more than twenty days; and

(d) at any time if requested by the Borrowers.

18.2.2 Additionally, the Lender shall be entitled to obtain a valuation in evidence of a Market Value:

(a) for the purpose of Clause 18.1 (*ACR Coverage*) at any time and each such valuation obtained shall be at the expense of the Lender except where such valuation shows that the Borrowers are not in compliance with the ACR Coverage;

(b) for the purpose of Clause 4.1 (*Initial conditions precedent*).

18.2.3 The Lender may at any time after an Event of Default has occurred and is continuing obtain a valuation in evidence of a Market Value.

18.2.4 All valuations referred to in this Clause 18.2 (other than as provided in 18.2.2 (a)) and all valuations to be obtained pursuant to Clause 4 (*Conditions of Utilisation*) shall be obtained at the cost and expense of the Borrowers and the Borrowers shall within three Business Days of demand by the Lender pay to the Lender the amount of all such costs and expenses.

19 Representations

19.1 **Representations** Each Borrower makes the representations and warranties set out in this Clause 19 to the Lender.

19.1.1 **Status** Each of the Obligors:

(a) is a limited liability corporation, duly incorporated and validly existing under the law of its Original Jurisdiction; and

(b) has the power to own its assets and carry on its business as it is being conducted.

19.1.2 **Binding obligations**

(a) The obligations expressed to be assumed by each of the Obligors in each of the Relevant Documents to which it is a party are legal, valid, binding and enforceable obligations; and

(b) Without limiting the generality of Clause 19.1.2(a), each Security Document creates the security interests which that Security Document purports to create and those security interests are valid and effective.

19.1.3 **Non-conflict with other obligations** The entry into and performance by each of the Obligors of, and the transactions contemplated by, the Relevant Documents and the granting of the Transaction Encumbrances do not and will not conflict with:

(a) any law or regulation applicable to such Obligor;

(b) the constitutional documents of such Obligor; or

(c) any agreement or instrument binding upon such Obligor or any of such Obligor's assets or constitute a default or termination event (however described) under any such agreement or instrument.

19.1.4 **Power and authority**

(a) Each of the Obligors has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of, the Relevant Documents to which it is or will be a party and the transactions contemplated by those Relevant Documents.

(b) No limit on the powers of any Obligor will be exceeded as a result of the borrowing, grant of security or giving of guarantees or indemnities contemplated by the Relevant Documents to which it is a party.

19.1.5 **Validity and admissibility in evidence** All Authorisations required or desirable:

(a) to enable each of the Obligors lawfully to enter into, exercise its rights and comply with its obligations in the Relevant Documents to which it is a party or to enable the Lender to enforce and exercise all its rights under the Relevant Documents; and

(b) to make the Relevant Documents to which any Obligor is a party admissible in evidence in its Relevant Jurisdictions,

have been obtained or effected and are in full force and effect, with the exception only of the registrations referred to in Part II of Schedule 1 (*Conditions Subsequent*).

19.1.6 **Governing law and enforcement**

(a) The choice of governing law of any Finance Document will be recognised and enforced in the Relevant Jurisdictions of each relevant Obligor.

(b) Any judgment obtained in relation to any Finance Document in the jurisdiction of the governing law of that Finance Document will be recognised and enforced in the Relevant Jurisdictions of each relevant Obligor.

19.1.7 **Insolvency** No corporate action, legal proceeding or other procedure or step described in Clause 25.1.7 (*Insolvency proceedings*) or creditors' process described in Clause 25.1.8 (*Creditors' process*) has been taken or, to the knowledge of any Borrower, threatened in relation to an Obligor; and none of the circumstances described in Clause 25.1.6 (*Insolvency*) applies to an Obligor.

19.1.8 **No filing or stamp taxes** Under the laws of the Relevant Jurisdictions of each relevant Obligor it is not necessary that the Finance Documents be filed, recorded or enrolled with any court or other authority in any of those jurisdictions or that any stamp, registration, notarial or similar Taxes or fees be paid on or in relation to the Finance Documents or the transactions contemplated by the Finance Documents except registration of each Mortgage at the Ships Registry where title to the relevant Vessel is registered in the ownership of the relevant Borrower and payment of associated fees, which registrations, filings, taxes and fees will be made and paid promptly after the date of the relevant Finance Document.

19.1.9 **Deduction of Tax** None of the Obligors is required to make any deduction for or on account of Tax from any payment it may make under any Finance Document to a Lender which is:

(a) a Qualifying Lender falling within (a) of the definition of Qualifying Lender; or, except where a Direction has been given under section 931 of the ITA in relation to the payment concerned, a Qualifying Lender falling within (b) of the definition of Qualifying Lender; or

(b) a Treaty Lender and the payment is one specified in a direction given by the Commissioners of Revenue & Customs under Regulation 2 of the Double Taxation Relief (Taxes on Income) (General) Regulations 1970 (SI 1970/488).

19.1.10 **No default**

(a) No Event of Default and, on the date of this Agreement and each Utilisation Date, no Default is continuing or is likely to result from the advance of any Tranche or the entry into, the performance of, or any transaction contemplated by, any of the Relevant Documents.

(b) No other event or circumstance is outstanding which constitutes (or, with the expiry of a grace period, the giving of notice, the making of any determination or any combination of any of the foregoing, would constitute) a default or termination event (however described) under any other agreement or instrument which is binding on any of the Obligors or to which its assets are subject which has or is likely to have a Material Adverse Effect.

19.1.11 **No misleading information** Save as disclosed in writing to the Lender prior to the date of this Agreement:

(a) all material information provided to the Lender by or on behalf of any of the Obligors on or before the date of this Agreement and not superseded before that date is accurate and not misleading in any material respect and all projections provided to the Lender on or before the date of this Agreement have been prepared in good faith on the basis of assumptions which were reasonable at the time at which they were prepared and supplied; and

(b) all other written information provided by any of the Obligors (including its advisers) to the Lender was true, complete and accurate in all material respects as at the date it was provided and is not misleading in any respect.

19.1.12 **Financial statements**

(a) The Original Financial Statements were prepared in accordance with GAAP consistently applied.

(b) The audited Original Financial Statements fairly present the Group's financial condition and results of operations during the relevant financial year.

(c) There has been no material adverse change in the Group's assets, business or consolidated financial condition since the date of the Original Financial Statements.

(d) Each Obligor's most recent financial statements delivered pursuant to Clause 20.1 (*Financial statements*):

(i) have been prepared in accordance with GAAP as applied to the Original Financial Statements; and

(ii) fairly present its consolidated financial condition as at the end of, and its consolidated results of operations for, the period to which they relate.

(e) Since the date of the most recent financial statements delivered pursuant to Clause 20.1 (*Financial statements*) there has been no material adverse change in the assets, business or financial condition of any of the Group.

19.1.13 **No proceedings**

(a) No litigation, arbitration or administrative proceedings or investigation of or before any court, arbitral body, arbitral tribunal or agency which, if adversely determined, are reasonably likely to have a Material Adverse Effect have (to the best of its knowledge and belief (having made due and careful enquiry)) been started or threatened against any of the Obligors.

(b) No judgment or order of a court, arbitral body, arbitral tribunal or agency or any order or sanction of any governmental or other regulatory body which is reasonably likely to have a Material Adverse Effect has (to the best of its knowledge and belief (having made due and careful enquiry)) been made against any of the Obligors.

19.1.14 **No breach of laws** None of the Obligors has breached any law or regulation which breach has or is reasonably likely to have a Material Adverse Effect.

19.1.15 **Environmental laws**

(a) Each of the Obligors and each other member of the Group is in compliance with Clause 22.3 (*Environmental compliance*) and to the best of its knowledge and belief (having made due and careful enquiry) no circumstances have occurred which would prevent such compliance in a manner or to an extent which has or is reasonably likely to have a Material Adverse Effect.

(b) No Environmental Claim has been commenced or (to the best of its knowledge and belief (having made due and careful enquiry)) is threatened against any of the Obligors or any other member of the Group where that claim has or is reasonably likely, if determined against that Obligor or other member of the Group, to have a Material Adverse Effect.

19.1.16 **Taxation**

(a) None of the Obligors is materially overdue in the filing of any Tax returns or is overdue in the payment of any amount in respect of Tax.

(b) No claims or investigations are being, or are reasonably likely to be, made or conducted against any of the Obligors with respect to Taxes.

(c) Each of the Obligors is resident for Tax purposes only in its Original Jurisdiction.

19.1.17 **Anti-corruption law** Each of the Obligors and each other member of the Group and each Affiliate of any of them has conducted its businesses in compliance with applicable anti-corruption laws and has instituted and maintained policies and procedures designed to promote and achieve compliance with such laws.

19.1.18 **No Encumbrance or Financial Indebtedness**

(a) No Encumbrance or Quasi-Security exists over all or any of the present or future assets of any of the Borrowers other than as permitted by the Finance Documents.

(b) None of the Borrowers has any Financial Indebtedness outstanding other than as permitted by this Agreement.

19.1.19 **Pari passu ranking** The payment obligations of each of the Obligors under the Finance Documents to which it is a party rank at least pari passu with the claims of all its other unsecured and unsubordinated creditors, except for obligations mandatorily preferred by law applying to companies generally.

19.1.20 **No adverse consequences**

(a) It is not necessary under the laws of the Relevant Jurisdictions of any of the Obligors:

(i) in order to enable the Lender to enforce its rights under any Finance Document; or

(ii) by reason of the execution of any Finance Document or the performance by it of its obligations under any Finance Document,

that the Lender should be licensed, qualified or otherwise entitled to carry on business in any of the Relevant Jurisdictions of any of the Obligors.

(b) The Lender is not and will not be deemed to be resident, domiciled or carrying on business in any of the Relevant Jurisdictions of any of the Obligors by reason only of the execution, performance and/or enforcement of any Finance Document.

19.1.21 **Disclosure of material facts** No Borrower is aware of any material facts or circumstances which have not been disclosed to the Lender and which might, if disclosed, have changed the decision of a person willing to make loan facilities of the nature contemplated by this Agreement available to the Borrowers.

19.1.22 **Completeness of Relevant Documents**

(a) The copies of any Relevant Documents provided or to be provided by the Borrowers to the Lender in accordance with Clause 4 (*Conditions of Utilisation*) are, or will be, true and accurate copies of the originals and represent, or will represent, the full agreement between the parties to those Relevant Documents and the Deed of Release in relation to the subject matter of those Relevant Documents and the Deed of Release.

(b) There are no commissions, rebates, premiums or other payments due or to become due in connection with the subject matter of the Relevant Documents other than in the ordinary course of business or as disclosed to, and approved in writing by, the Lender.

(c) There is no dispute under any of the Relevant Documents as between the parties to any such document.

(d) No any rights under the Finance Documents have been waived.

19.1.23 **No immunity** No Obligor or any of its assets is immune to any legal action or proceeding.

19.1.24 **Money laundering** Any borrowing by a Borrower under this Agreement, and the performance of its obligations under this Agreement and under the other Finance Documents, will be for its own account and will not involve any breach by it of any law or regulatory measure relating to "**money laundering**" as defined in Article 1 of the Directive ((EU) 2015/849) of the European Parliament and of the Council of the European Communities.

19.1.25 **Sanctions**

(a) None of the Obligors, any other member of the Group or any Affiliate of any of them is a Prohibited Person or is owned or controlled by, or acting directly or indirectly on behalf of or for the benefit of, a Prohibited Person and none of such persons owns or controls a Prohibited Person.

(b) No proceeds of the Loan shall be made available, directly or indirectly, to or for the benefit of a Prohibited Person or otherwise shall be, directly or indirectly, applied in a manner or for a purpose prohibited by Sanctions.

(c) Each of the Obligors, each other member of the Group and each Affiliate of any of them is in compliance with all Sanctions.

19.1.26 **Valuations**

(a) All information supplied by an Obligor or (with an Obligor's knowledge) on its behalf to an Approved Shipbroker for the purposes of a valuation in evidence of a Market Value 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) No Obligor has omitted to supply any information to an Approved Shipbroker in its possession or knowledge which, if disclosed, would adversely affect any such valuation.

(c) To the best of each Obligor's knowledge, there has been no change to the factual information supplied in relation to any such valuation between the date such information was supplied and the date of that valuation which renders that information untrue or misleading in any material respect.

19.1.27 **Existing Vessel acquisition** Arno has acquired its Existing Vessel exclusively through bank loan proceeds, cash on hand and equity contributions by the relevant Arno's shareholders, or a combination thereof.

19.1.28 **DAC6** No transaction contemplated by the Relevant Documents nor any transaction to be carried out in connection with any transaction contemplated by the Relevant Documents meets any hallmark set out in Annex IV of Council Directive 2011/16/EU (as amended by the Council Directive of 25 May 2018 (2018/822/EU)).

19.1.29 **US Tax Obligor** No Obligor is a US Tax Obligor.

19.2 **Repetition** Each Repeating Representation is deemed to be made by each Borrower by reference to the facts and circumstances then existing on the date of the Utilisation Request, on the Utilisation Date, on the first day of the Interest Period and, in the case of those contained in Clauses 19.1.12(c) and 19.1.12(e) (*Financial statements*) and for the duration of the Facility Period, on each day.

20 Information Undertakings

The undertakings in this Clause 20 remain in force for the duration of the Facility Period.

20.1 **Financial statements** The Borrowers shall supply to the Lender:

20.1.1 as soon as the same become available, but in any event within 180 days after the end of each of the Parent's financial years the audited consolidated financial statements of the Parent for that financial year; and

20.1.2 as soon as the same become available, but in any event within 90 days after the end of each quarter during each of the Parent's financial years, the Parent's unaudited quarterly consolidated financial statements for that quarter.

20.2 **Compliance Certificate**

20.2.1 The Borrower shall procure that the Parent supplies to the Lender, with each set of its annual financial statements delivered pursuant to Clause 20.1.1 (*Financial statements*) and each set of its quarterly financial statements delivered pursuant to Clause 20.1.2 (*Financial statements*), a Compliance Certificate setting out (in reasonable detail) computations as to compliance with Clause 21 (*Financial Covenants*) as at the date as at which those financial statements were drawn up.

20.2.2 Each Compliance Certificate shall be signed by the chief executive officer or the chief financial officer of the Parent.

20.3 **Requirements as to financial statements**

Each set of financial statements delivered by a Borrower under Clause 20.1 (*Financial statements*):

20.3.1 shall be certified by a director of the relevant company as fairly presenting its financial condition as at the date as at which those financial statements were drawn up;

20.3.2 shall evidence compliance with Clauses 19.1.27 (*Existing Vessel acquisition*) and 22.29 (*New Vessel acquisition*);

20.3.3 shall be in the form as they were published in the relevant press release provided that such form is compliant with the requirements of the US Securities and Exchange Commission; and

20.3.4 shall be prepared using GAAP, accounting practices and financial reference periods consistent with those applied in the preparation of the Original Financial Statements unless, in relation to any set of financial statements, it notifies the Lender that there has been a change in GAAP, the accounting practices or reference periods and its auditors deliver to the Lender:

(a) a description of any change necessary for those financial statements to reflect the GAAP, accounting practices and reference periods upon which the Original Financial Statements were prepared; and

(b) sufficient information, in form and substance as may be reasonably required by the Lender, to enable the Lender to determine whether Clause 21 (*Financial Covenants*) has been complied with and make an accurate comparison between the financial position indicated in those financial statements and the Original Financial Statements.

Any reference in this Agreement to those financial statements shall be construed as a reference to those financial statements as adjusted to reflect the basis upon which the Original Financial Statements were prepared.

20.4 **Information: miscellaneous** Each Borrower shall supply to the Lender:

20.4.1 at the same time as they are dispatched, copies of all documents dispatched by that Borrower or any other Obligor to its shareholders generally (or any class of them) or dispatched by that Borrower or any other Obligor to its creditors generally (or any class of them);

20.4.2 promptly upon becoming aware of them, the details of any litigation, arbitration or administrative proceedings which are current, threatened or pending:

(a) against any Obligor and which, if adversely determined, are likely to have a Material Adverse Effect; or

(b) involving a Vessel where the amount claimed by any party (ignoring any counterclaim or defence of set-off) exceeds or may be expected to exceed the Threshold Amount;

20.4.3 promptly upon becoming aware of them, the details of any judgment or order of a court, arbitral body, arbitral tribunal or agency or any order or sanction of any governmental or other regulatory body which is made against any Obligor and which is likely to have a Material Adverse Effect;

20.4.4 promptly, such information and documents as the Lender may require about the Security Assets and compliance of the Obligors with the terms of any Security Documents (including without limitation cash flow analyses and details of the operating costs of any Vessel); and

20.4.5 promptly on request, such further information regarding the financial condition, assets and operations of any Obligor or any other member of the Group (including any requested amplification or explanation of any item in the financial statements, budgets or other material provided by any Obligor under this Agreement, any changes to management of the Group and an up to date copy of its shareholders' register (or equivalent in its Original Jurisdiction)) as the Lender may reasonably request.

20.5 **Notification of default**

20.5.1 Each Borrower shall notify the Lender of any Default (and the steps, if any, being taken to remedy it) promptly upon becoming aware of its occurrence.

20.5.2 Promptly upon a request by the Lender, each Borrower shall supply to the Lender a certificate signed by two of its directors or senior officers on its behalf certifying that no Default is continuing (or if a Default is continuing, specifying the Default and the steps, if any, being taken to remedy it).

20.6 **"Know your customer" checks** If:

20.6.1 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;

20.6.2 any change in the status of an Obligor (or of a Holding Company of an Obligor) or the composition of the shareholders of an Obligor (or of a Holding Company of an Obligor) after the date of this Agreement; or

20.6.3 a proposed assignment or transfer by the Lender of any of its rights and obligations under this Agreement,

obliges the Lender (or, in the case of Clause 20.6.3, 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 Borrower shall 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 Clause 20.6.3, on behalf of any prospective new Lender) in order for the Lender or, in the case of the event described in Clause 20.6.3, 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.

21 Financial Covenants

21.1 At all times during the Facility Period the Borrowers shall procure that the Parent shall:

21.1.1 maintain until the 30 of September 2022 an aggregate amount of (a) Cash and (b) Cash Equivalents not less than the higher of:

(a) an amount equal to the aggregate of (a) $5,000,000 in respect of the Fleet Vessels owned by members of the Group on the date of this Agreement plus (b) either $1,000,000 per Fleet Vessel (including the New Vessel) or $500,000 per vessel pari passu with the Group's existing loan facilities, acquired by a member of the Group after the date of this Agreement, if any; and

(b) 7.5% of the Total Debt; and

21.1.2 maintain from the 1 October 2022 until the Termination Date an aggregate amount of (a) Cash and (b) Cash Equivalents of not less than the higher of:

(a) an amount equal to the aggregate of (a) $9,000,000 in respect of the Fleet Vessels owned by members of the Group on the date of this Agreement plus (b) either $1,000,000 per Fleet Vessel (including the New Vessel) or $500,000 per vessel pari passu with the Group's existing loan facilities, acquired by a member of the Group after the date of this Agreement, if any; and

(b) 7.5% of the Total Debt; and

21.1.3 maintain Working Capital greater than zero dollars throughout the Facility Period; and

21.1.4 shall maintain a Value Adjusted Equity Ratio at a minimum of 35%.

21.2 The Borrowers shall and shall procure that the Parent will promptly notify the Lender of the terms of any financial covenants given from time to time by the Guarantor or any of its Subsidiaries to their banks or other financiers, and if the Lender considers that those terms are more favourable to those banks or financiers than those set out in Clause 21.1, then the Borrowers shall procure that the Guarantor shall provide amended financial covenants on equivalent terms to those deemed by the Lender to be more favourable and acceptable to the Lender

21.3 The Borrowers shall or shall procure that the Parent or the Manager will, maintain with the Lender in the name of the Borrowers or the Parent or the Manager (as applicable) cash deposits free from Encumbrances (other than in favour of the Lender) in an amount equal to an amount not less than 5% of the outstanding amount of the Loan (the liquidity), the average amount of such deposits in respect of the average outstanding of the Loan to be calculated in arrears for the previous 6 Month period, commencing on 31 December 2022 and every subsequent period commencing at six-Monthly intervals thereafter.

21.4 For the Purpose of the Finance Documents:

"**Accounting Information**" means the quarterly unaudited financial statements and/or the annual audited consolidated financial statements and/or other information to be provided by the Parent to the Lender in accordance with Clause 20.1 (*Financial Statements*).

"**Cash**" means, at any date of determination under this Agreement, the aggregate value of the Parents and its Subsidiaries credit balances on any deposit, savings or current account and cash in hand (including, without limitation, short term cash deposits with the Account Holder) to which the Parents and/or its Subsidiaries (as applicable) have free, immediate and direct access but excluding any such credit balances and cash subject to an Encumbrance (other than Encumbrances in favour of the Lender) at any time.

"**Cash Equivalents**" means, at any date of determination under this Agreement and the Guarantee, the aggregate value of the Group's:

(a) certificates of deposit of, or overnight bank deposits with, any Lender or any commercial bank whose short-term securities are rated at least A-2 by Standard and Poor's Rating Group and P-3 by Moody's Investor Services, Inc. having maturities of six (6) months or less from the date of acquisition;

(b) commercial paper of, or money market accounts or funds with or issued by, any Lender or by an issuer rated at least A-2 by Standard & Poor's Ratings Group and P-3 by Moody's Investor Services, Inc. and having an original tenor of six (6) months or less; and

(c) medium term fixed or floating rate notes of any Lender or an issuer rated at least AA- by Standard & Poor's Rating Group and/or Aa3 by Moody's Investor Services, Inc. at the time of acquisition and having a remaining term of six (6) months or less from the date of acquisition,

but excluding any of those assets subject to an Encumbrance (other than Encumbrances in favour of the Lender) at any time,

provided that the Parent and/or its Subsidiaries (as applicable) have free, immediate and direct access.

"**Fleet Market Value**" means in relation to a Fleet Vessel, the market value of such Fleet Vessel determined by a valuation to be provided by the Borrowers and acceptable to the Lender on the basis of a charter-free sale for prompt delivery for cash at arm's length on normal commercial terms as between a willing seller and a willing buyer and at the cost of the Borrowers.

"**Fleet Vessel**" means any vessel (including, but not limited to, the Vessels) from time to time wholly owned by a member of the Group (directly or indirectly) including chartered-in vessels for which a member of the Group has a purchase obligation but excluding, for the avoidance of doubt, any newbuilding vessels not delivered to the relevant member of the Group at the relevant time, and "**Fleet Vessels**" means more than one of them).

"**Total Debt**" means, at any time during the Facility Period, the aggregate amount of the Financial Indebtedness all the members of the Group at that time as shown in the Parent's latest financial statements delivered to the Lender pursuant to Clause 20.1 (*Financial statements*).

"**Value Adjusted Equity Ratio**" means the amount of the Parent's total shareholders' equity as reflected in the most recent Accounting Information adjusted by the difference between the Fleet Market Value and the book value of the Fleet Vessels divided by market value adjusted total assets, as evidenced by the latest financial statements.

"**Working Capital**" means the consolidated current assets minus the consolidated current liabilities (next year's instalment on long-term debt and subordinated shareholder loans shall be excluded from the current liabilities).

22 General Undertakings

The undertakings in this Clause 22 remain in force for the duration of the Facility Period.

22.1 **Authorisations** Each Borrower shall promptly:

22.1.1 obtain, comply with and do all that is necessary to maintain in full force and effect; and

22.1.2 supply certified copies to the Lender of,

any Authorisation required under any law or regulation of a Relevant Jurisdiction to:

(a) enable any Obligor to perform its obligations under the Finance Documents to which it is a party;

(b) ensure the legality, validity, enforceability or admissibility in evidence of any Finance Document; and

(c) enable any Obligor to carry on its business where failure to do so has or is reasonably likely to have a Material Adverse Effect.

22.2 **Compliance with laws**

22.2.1 Each Borrower shall comply (and shall procure that each other Obligor, each other member of the Group and each Affiliate of any of them will comply), in all respects with all laws to which it may be subject, if (except as regards Sanctions, to which Clause 22.2.2 applies, and anti-corruption laws, to which Clause 22.5 applies) failure so to comply has or is reasonably likely to have a Material Adverse Effect.

22.2.2 Each Borrower shall comply (and shall procure that each other Obligor, each other member of the Group and each Affiliate of any of them will comply) in all respects with all Sanctions.

22.3 **Environmental compliance**

Each Borrower shall and shall procure that each Obligor and member of the Group will:

22.3.1 comply with all Environmental Laws;

22.3.2 obtain, maintain and ensure compliance with all requisite Environmental Approvals; and

22.3.3 implement procedures to monitor compliance with and to prevent liability under any Environmental Law,

where failure to do so has or is reasonably likely to have a Material Adverse Effect.

22.4 **Environmental Claims**

Each Borrower shall promptly upon becoming aware of the same, inform the Lender in writing of:

22.4.1 any Environmental Claim against any of the Obligors or any other member of the Group or any Vessel which is current, pending or threatened; and

22.4.2 any facts or circumstances which are reasonably likely to result in any Environmental Claim being commenced or threatened against any of the Obligors or any other member of the Group or any Vessel,

where the claim, if determined against that Obligor or other member of the Group or Vessel, has or is reasonably likely to have a Material Adverse Effect.

22.5 **Anti-corruption law**

22.5.1 Each Borrower shall not (and shall procure that no other Obligor or other member of the Group will) directly or indirectly use the proceeds of the Loan for any purpose which would breach the Bribery Act 2010, the United States Foreign Corrupt Practices Act of 1977 or other similar legislation in other jurisdictions.

22.5.2 Each Borrower shall (and shall procure that each other Obligor and each other member of the Group will):

(a) conduct its businesses in compliance with applicable anti-corruption laws; and

(b) maintain policies and procedures designed to promote and achieve compliance with such laws.

22.6 **Taxation**

22.6.1 Each Borrower shall (and shall procure that each other Obligor) 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:

(a) such payment is being contested in good faith;

(b) adequate reserves are being maintained for those Taxes and the costs required to contest them which have been disclosed in its latest financial statements delivered to the Lender under Clause 20.1 (*Financial statements*); and

(c) such payment can be lawfully withheld and failure to pay those Taxes does not have or is not reasonably likely to have a Material Adverse Effect.

22.6.2 No Borrower may (and no other Obligor may) change its residence for Tax purposes.

22.7 **Evidence of good standing** Each Borrower will from time to time, if applicable and if requested by the Lender, provide the Lender with evidence in form and substance satisfactory to the Lender that each Obligor and each corporate shareholder of an Obligor remains in good standing.

22.8 **Pari passu ranking** Each Borrower shall 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.

22.9 **Negative pledge**

In this Clause 22.9 "**Quasi-Security**" means an arrangement or transaction described in Clause 22.9.2.

Except as permitted under Clause 22.9.3:

22.9.1 No Borrower shall create or permit to subsist any Encumbrance over any of its assets.

22.9.2 No Borrower shall:

(a) sell, transfer or otherwise dispose of any of its assets on terms whereby they are or may be leased to or re-acquired by an Obligor or any other member of the Group;

(b) sell, transfer or otherwise dispose of any of its receivables on recourse terms;

(c) enter into any arrangement under which money or the benefit of a bank or other account may be applied, set-off or made subject to a combination of accounts; or

(d) enter into any other preferential arrangement having a similar effect,

in circumstances where the arrangement or transaction is entered into primarily as a method of raising Financial Indebtedness or of financing the acquisition of an asset.

22.9.3 Clauses 22.9.1 and 22.9.2 do not apply to any Encumbrance or (as the case may be) Quasi-Security, which is a Permitted Encumbrance.

22.9.4 Each Borrower shall hold the legal title to, and own the entire beneficial interest in the relevant Vessel, the Earnings and the Insurances.

22.9.5 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 Encumbrance created or intended to be created by that Obligor.

22.10 **Disposals**

22.10.1 Except as permitted under Clause 22.10.2, no Borrower shall and the Guarantor shall not (in relation to the Borrowers or their assets) 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.

22.10.2 Clause 22.10.1 does not apply to any sale, lease, transfer or other disposal which is a Permitted Disposal.

22.11 **Arm's length basis**

22.11.1 Except as permitted under Clause 22.11.2, no Borrower shall enter into any transaction with any person except on arm's length terms and for full market value.

22.11.2 Any fees, costs and expenses payable under the Relevant Documents in the amounts set out in the Relevant Documents delivered to the Lender under Clause 4.1 (*Initial conditions precedent*) or agreed by the Lender shall not be a breach of this Clause 22.11.

22.12 **Merger** No Borrower shall enter into any amalgamation, demerger, merger, consolidation or corporate reconstruction.

22.13 **Change of business** No Borrower shall and shall procure that the Manager shall not make any substantial change to the general nature of its business from that carried on at the date of this Agreement and no Borrower or Manager shall be engaged in business other than business which is acceptable to the Lender.

22.14 **No other business** No Borrower shall engage in any business other than the ownership, operation, chartering and management of the relevant Vessel.

22.15 **No acquisitions** No Borrower shall acquire a company or any shares or securities or a business or undertaking (or, in each case, any interest in any of them) or incorporate a company.

22.16 **No Joint Ventures** No Borrower shall):

22.16.1 enter into, invest in or acquire (or agree to acquire) any shares, stocks, securities or other interest in any Joint Venture; or

22.16.2 transfer any assets or lend to or guarantee or give an indemnity for or give security for the obligations of a Joint Venture or maintain the solvency of or provide working capital to any Joint Venture (or agree to do any of the foregoing).

22.17 **No borrowings** No Borrower shall incur or allow to remain outstanding any Financial Indebtedness (except for the Loan and normal (in the opinion of the Lender) trade debt in the ordinary course of business and on arm's length terms up to an aggregate amount of $750,000).

22.18 **No substantial liabilities** Except in the ordinary course of business, no Borrower shall incur any liability to any third party which is in the Lender's opinion of a substantial nature.

22.19 **No loans or credit** No Borrower shall be a creditor in respect of any Financial Indebtedness.

22.20 **No guarantees or indemnities** No Borrower shall incur or allow to remain outstanding any guarantee in respect of any obligation of any person except for 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 which may remain outstanding for such period acceptable to the Lender.

22.21 **No dividends**

22.21.1 No Borrower shall, except as permitted under Clause 22.21.2:

(a) declare, make or pay any dividend, charge, fee or other distribution (or interest on any unpaid dividend, charge, fee or other distribution) (whether in cash or in kind) on or in respect of its share capital (or any class of its share capital);

(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 the shareholders of the Parent;

(d) redeem, repurchase, defease, retire or repay any of its share capital or resolve to do so; or

(e) issue any new shares in its share capital or resolve to do so.

22.21.2 Clause 22.21.1 does not apply to a Permitted Distribution.

22.22 **People with significant control regime** Each Borrower shall (and shall procure that each other Obligor will):

22.22.1 within the relevant timeframe, comply with any notice it receives pursuant to Part 21A of the Companies Act 2006 from any company incorporated in the United Kingdom whose shares are the subject of any Transaction Encumbrance; and

22.22.2 promptly provide the Lender with a copy of that notice.

22.23 **Inspection of records** Each Borrower will permit the inspection of its financial records and accounts from time to time by the Lender or its nominee.

22.24 **No change in Relevant Documents**

22.24.1 No Borrower shall (and the Borrowers shall procure that no other Obligor will) amend, vary, novate, supplement, supersede, waive or terminate any term of, any of the Relevant Documents which are not Finance Documents, or any other document delivered to the Lender pursuant to Clause 4.1 (*Initial conditions precedent*) or Clause 4.2 (*Further conditions precedent*) or Clause 4.3 (*Conditions subsequent*).

22.24.2 Clause 22.24.1 shall not apply with regards to the documents provided to the Lender under bullet 1(a) of Part I of Schedule 1 in respect of the Parent, provided that the Parent complies with its obligations and undertakings under the Loan Agreement and the Guarantee.

22.25 **Further assurance**

22.25.1 Each Borrower shall (and shall procure that each other Obligor will) promptly do all such acts or execute all such documents (including assignments, transfers, mortgages, charges, notices and instructions) as the Lender may reasonably specify (and in such form as the Lender may reasonably require in favour of the Lender or its nominee(s)):

(a) to perfect any Encumbrance created or intended to be created under or evidenced by the Security Documents (which may include the execution of a mortgage, charge, assignment or other Encumbrance over all or any of the assets which are, or are intended to be, the subject of the Security Documents) or for the exercise of any rights, powers and remedies of the Lender or the Secured Parties provided by or pursuant to the Finance Documents or by law;

(b) to confer on the Lender or confer on the Secured Parties an Encumbrance over any property and assets of that Borrower (or that other Obligor as the case may be) located in any jurisdiction equivalent or similar to the Encumbrance intended to be conferred by or pursuant to the Security Documents; and/or

(c) to facilitate the realisation of the assets which are, or are intended to be, the subject of the Security Documents.

22.25.2 Each Borrower shall (and shall procure that each other 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 Encumbrance conferred or intended to be conferred on the Lender or the Secured Parties by or pursuant to the Finance Documents.

22.26 **Sanctions**

22.26.1 No Borrower shall (and the Borrowers shall procure that (no other Obligor or other member of the Group and) no Affiliate of any of them will) (i) become a Prohibited Person, or (ii) be owned or controlled by a Prohibited Person, or (iii) act directly or indirectly on behalf of or for the benefit of a Prohibited Person, or (iv) own or control a Prohibited Person.

22.26.2 The Borrowers shall procure that no proceeds of any Tranche shall be made available, directly or indirectly, to or for the benefit of a Prohibited Person or otherwise shall be, directly or indirectly, applied in a manner or for a purpose prohibited by Sanctions.

22.26.3 Each Borrower shall (and shall procure that (each other Obligor and each other member of the Group and) each Affiliate of any of them will) comply with all Sanctions.

22.27 **Place of business** The Borrowers shall:

22.27.1 procure that no Obligor has a place of business in any country against which Sanctions are directed; and

22.27.2 give prior written notice to the Lender if the address of the head office functions of any Obligor changes from the one advised to the Lender on the date of this Agreement.

22.28 **Change of control**

The Borrowers shall procure that throughout the Facility Period:-

22.28.1 the Guarantor shall remain listed in the NASDAQ Capital Market;

22.28.2 a member of the Family shall by no later than the Conversion Date:

(a) control, directly or indirectly at least 15% of the Parent's common share capital; or

(b) maintain voting rights (either directly or indirectly) of at least 51% in the Parent

22.28.3 no other person or group of persons acting in concert, other than any member of the Family and any entity controlled directly or indirectly by a member of the Family, shall have the right to control directly or indirectly, the affairs or composition of the majority of the board of directors of the Parent;

22.28.4 each of the Borrowers and the Manager shall remain wholly owned and controlled Subsidiaries of the Guarantor;

22.28.5 the Guarantor shall remain holding company of shipowning and ship management companies, all being engaged in activities acceptable to the Lender; and

22.28.6 each of the Relevant Executives holds such executive position within the management structure of the Parent as more particularly described in the Ownership Side Letter.

22.29 **New Vessel acquisition** The Borrowers shall procure that the New Borrower shall acquire the New Vessel exclusively through the Loan, cash in hand and equity contributions by the New Borrower's shareholders, or a combination thereof.

22.30 **Use of proceeds** The Borrowers shall ensure that no part of the proceeds of the Loan shall be used for the purposes of acquiring shares in the Lender or other banks and/or financial institutions or acquiring hybrid capital debentures of the Lender or other banks and/or financial institutions.

22.31 **Marshall Islands Economic Substance Regulations 2018** The Borrowers shall (and shall procure that each of the Obligors will) comply with the Marshall Islands Economic Substance Regulations 2018 (as the same may be amended from time to time).

22.32 **Board of directors' meetings** From the Utilisation Date until the Conversion Date, the Borrowers procure and shall procure that the Parent shall inform the Lender in writing regarding any out of the ordinary course of business decision taken in any meeting of its Board of Directors and all decisions of any General Meeting of its shareholders immediately after such meetings have taken place.

22.33 **Credit line** Each Borrower shall procure that Mango shall maintain that the Credit Line is available to the Guarantor until the Conversion Date.

23 Insurance Undertakings

23.1 **Maintenance and amounts of Obligatory Insurances**

23.1.1 Each Borrower covenants to ensure that from the Utilisation Date relating to its Vessel and throughout the remainder of the Facility Period its Vessel shall be and shall remain insured at its expense against:

(a) fire and all usual marine risks (including hull and machinery and excess risks) and war risks on an agreed value basis for an amount which is the greater from time to time of:

(i) her Market Value; and

(ii) an amount which (when aggregated with the amounts for which the other Vessels and any other vessels which are the subject of Transaction Encumbrances for the Loan are insured for such risks) equals 125% of the amount of the Loan then outstanding; and

(b) protection and indemnity risks and liabilities (including, without limitation, protection and indemnity war risks) for the highest amount from time to time available in the international marine insurance market for vessels of a similar age, size and type to that Vessel; and

(c) oil pollution caused by that Vessel for such amounts as the Lender may from time to time approve unless that risk is covered to the satisfaction of the Lender by the Vessel's protection and indemnity entry or insurance.

23.1.2 The Lender agrees that, if and for so long as a Vessel may be laid up with the approval of the Lender, the relevant Borrower may at its own expense take out port risk insurance on such Vessel in place of hull and machinery insurance.

23.2 **Further terms**

23.2.1 Each Borrower undertakes, in respect of its Vessel, to place the Obligatory Insurances with Approved Insurance Brokers and Approved Insurers and in such markets, in such currency and on such terms and conditions as the Lender shall have previously approved in writing.

23.2.2 No Borrower shall alter the terms of any of the Obligatory Insurances or waive any right relating to any of the Obligatory Insurances.

23.2.3 No Borrower shall allow any person to be co-assured under any of the Obligatory Insurances without the prior written consent of the Lender, except for the Managers and any crewing agents (each a "**Permitted Co-Assured**"). The Borrowers shall procure that any Permitted Co-Assured shall, if so required by the Lender:

(a) assign its rights under the Insurances in favour of the Lender; or

(b) sign a letter of subordination in favour of the Lender in a form acceptable to the Lender and agree to a policy endorsement stating that it shall have no claim in respect of the loss or damage of the relevant Vessel.

23.2.4 Each Borrower will supply the Lender from time to time on request with such information as the Lender may require with regard to the Obligatory Insurances, the Approved Insurance Brokers and the Approved Insurers through or with which the Obligatory Insurances are placed.

23.2.5 Each Borrower shall reimburse the Lender on demand for all costs and expenses incurred by the Lender in obtaining from time to time a report on the adequacy of the Obligatory Insurances from an insurance adviser instructed by the Lender.

23.3 **Payment of premiums; Protection and indemnity guarantees**

23.3.1 Each Borrower undertakes, in respect of its Vessel:

(a) duly and punctually to pay all premiums, calls and contributions, and all other sums at any time payable in connection with the Obligatory Insurances; and

(b) at its own expense, to arrange and provide any guarantees from time to time required by any protection and indemnity or war risks association.

23.3.2 From time to time at the Lender's request, each Borrower will, in respect of its Vessel, provide the Lender with evidence satisfactory to the Lender that:

(a) such premiums, calls, contributions and other sums have been duly and punctually paid;

(b) any such guarantees have been duly given; and

(c) all declarations and notices required by the terms of any of the Obligatory Insurances to be made or given by or on behalf of that Borrower to brokers, underwriters or associations have been duly and punctually made or given.

23.4 **Compliance with terms of Obligatory Insurances**

23.4.1 Each Borrower will comply in all respects with all terms and conditions of the Obligatory Insurances relating to its Vessel and will make all such declarations to brokers, underwriters and associations as may be required to enable its Vessel to operate in accordance with the terms and conditions of the Obligatory Insurances.

23.4.2 No Borrower will do, nor permit to be done, any act, nor make, nor permit to be made, any omission, as a result of which any of the Obligatory Insurances relating to its Vessel may become liable to be suspended, cancelled or avoided, or may become unenforceable, or as a result of which any sums payable under or in connection with any of the Obligatory Insurances relating to its Vessel may be reduced or become liable to be repaid in whole or in part or may cease to be payable in whole or in part.

23.4.3 No Borrower will permit its Vessel to be employed other than in conformity with the Obligatory Insurances relating to its Vessel without first taking out additional insurance cover in respect of that employment in all respects to the satisfaction of the Lender.

23.5 **Renewal of Obligatory Insurances** Each Borrower will, in respect of its Vessel and no later than 30 days (or, in the case of war risks, no later than seven days) before the expiry of any of the Obligatory Insurances relating to its Vessel, renew them and shall immediately give the Lender such details of those renewals as the Lender may require.

23.6 **Mortgagees' Insurances**

23.6.1 The Lender shall be at liberty to take out Mortgagees' Insurances in relation to a Vessel for 110% of the amount of the Loan then outstanding and on such terms and conditions, through such insurers and generally in such manner as the Lender may from time to time decide.

23.6.2 The Borrowers shall from time to time on demand reimburse the Lender for all costs, premiums and expenses paid or incurred by the Lender in connection with any Mortgagees' Insurances.

23.7 **Copies of policies, certificates of entry and letters of undertaking**

23.7.1 Each Borrower shall deliver to the Lender copies of all policies, certificates of entry and other documents relating to the Insurances relating to its Vessel (including, without limitation, receipts for premiums, calls or contributions).

23.7.2 Each Borrower shall ensure that all policies relating to the Insurances effected by it are deposited with the Approved Insurance Brokers through which the Insurances are effected or renewed.

23.7.3 Each Borrower shall procure that letters of undertaking in such forms as the Lender may approve (having regard to general insurance market practice and law at the time of issue of such letters of undertaking) shall be issued to the Lender by the Approved Insurance Brokers through which it has placed such Insurances (or, in the case of protection and indemnity or war risks associations, by their managers).

23.7.4 If a Vessel is at any time during the Facility Period insured under any form of fleet cover, the relevant Borrower shall procure that the relevant letters of undertaking contain confirmations that:

(a) the brokers, underwriters or association (as the case may be) will not set off claims relating to that Vessel against premiums, calls or contributions in respect of any other vessel or other insurance; and

(b) the insurance cover of that Vessel will not be cancelled by reason of non-payment of premiums, calls or contributions relating to any other vessel or other insurance.

Failing receipt of those confirmations, the relevant Borrower will instruct the brokers, underwriters or association concerned to issue a separate policy or certificate for its Vessel in the sole name of that Borrower or of that Borrower's Approved Insurance Brokers as agents for that Borrower.

23.8 **Notification of certain insurance-related events** Each Borrower shall promptly notify the Lender of:

23.8.1 any new requirement imposed by any broker, underwriter or association in relation to any of the Obligatory Insurances relating to its Vessel;

23.8.2 any casualty or other accident or damage to its Vessel the cost of which to repair may exceed the Threshold Amount (and shall promptly provide the Lender with full information regarding such casualty or other accident or damage); and

23.8.3 any occurrence as a result of which its Vessel has become or is, by the passing of time or otherwise, likely to become a Total Loss.

23.9 **Security Lender's powers**

23.9.1 Each Borrower agrees that, on and at any time after the occurrence of an Event of Default which is continuing, the Lender shall be entitled to:

(a) collect, sue for, recover and give a good discharge for all claims in respect of any of the Insurances;

(b) pay collecting brokers the customary commission on all sums collected in respect of those claims;

(c) compromise all such claims or refer them to arbitration or any other form of judicial or non-judicial determination; and

(d) otherwise deal with such claims in such manner as the Lender shall think fit.

23.9.2 In the event of any claim in respect of any of the Insurances (other than in respect of a Total Loss), if a Borrower shall fail to reach agreement with any of the brokers, underwriters or associations for the immediate restoration of its Vessel, or for payment to third parties, within such time as the Lender may stipulate, the Lender shall be entitled to require payment to itself.

23.9.3 In the event of any dispute arising between a Borrower and any broker, underwriter or association with respect to any obligation to make any payment to that Borrower or to the Lender under or in connection with any of the Insurances, or with respect to the amount of any such payment, the Lender shall be entitled to settle that dispute directly with the broker, underwriter or association concerned. Any such settlement shall be binding on the Borrowers.

23.9.4 If a Borrower fails to effect or keep in force the Obligatory Insurances in respect of its Vessel, the Lender may (but shall not be obliged to) effect and/or keep in force such insurances on that Vessel and such entries in protection and indemnity or war risks associations as the Lender considers desirable, and the Lender may (but shall not be obliged to) pay any unpaid premiums, calls or contributions. The Borrowers will reimburse the Lender from time to time on demand for all such premiums, calls or contributions paid by the Lender, together with interest at the rate calculated in accordance with Clause 8.3 (*Default interest*) from the date of payment by the Lender until the date of reimbursement.

23.10 **Application of insurance proceeds** Whether or not an Event of Default shall have occurred or be continuing, the proceeds of any claim under any of the Insurances in respect of a Total Loss shall be paid to the Lender or as instructed by the Lender and applied in accordance with Clause 28 (*Application of proceeds*) or Clause 7.5 (*Mandatory prepayment on sale or Total Loss*), as the case may be.

23.11 **No settlement of claims** No Borrower shall settle, compromise or abandon any claim under or in connection with any of the Insurances (other than a claim of less than the Threshold Amount arising other than from a Total Loss) without the prior written consent of the Lender.

23.12 **Compliance with the United States Oil Pollution Act 1990** Each Borrower shall comply strictly with the requirements of any legislation relating to pollution or protection of the environment which may from time to time be applicable to its Vessel in any jurisdiction in which its Vessel shall trade and in particular each Borrower shall comply strictly with the requirements of the United States Oil Pollution Act 1990 (the "**Act**") if its Vessel is to trade in the United States of America and Exclusive Economic Zone (as defined in the Act). Before any such trade is commenced and during the entire period during which such trade is carried on, the relevant Borrower shall:

23.12.1 pay any additional premiums required to maintain protection and indemnity cover for oil pollution up to the limit available to that Borrower for its Vessel in the market; and

23.12.2 make all such quarterly or other voyage declarations as may from time to time be required by its Vessel's protection and indemnity association in order to maintain such cover, and promptly deliver to the Lender copies of such declarations; and

23.12.3 submit its Vessel to such additional periodic, classification, structural or other surveys which may be required by that Vessel's protection and indemnity insurers to maintain cover for such trade and promptly deliver to the Lender copies of reports made in respect of such surveys; and

23.12.4 implement any recommendations contained in the reports issued following the surveys referred to in Clause 23.12.3 within the relevant time limits, and provide evidence satisfactory to the Lender that the protection and indemnity insurers are satisfied that this has been done; and

23.12.5 in addition to the foregoing (if such trade is in the United States of America and Exclusive Economic Zone):

(a) obtain and retain a certificate of financial responsibility under the Act in form and substance satisfactory to the United States Coast Guard and provide the Lender with evidence of the same; and

(b) procure that the protection and indemnity insurances do not contain a US Trading Exclusion Clause or any other analogous provision and provide the Lender with evidence that this is so; and

(c) comply strictly with any operational or structural regulations issued from time to time by any relevant authorities under the Act so that at all times its Vessel falls within the provisions which limit strict liability under the Act for oil pollution.

24 Vessel Undertakings

Each Borrower covenants as follows from the Utilisation Date in connection with its Vessel (unless a contrary indication appears) and throughout the remainder of the Facility Period.

24.1 **Seaworthiness** Each Borrower shall keep its Vessel seaworthy and in a state of complete repair.

24.2 **Registration** Each Borrower covenants:

24.2.1 to maintain the registration of its Vessel under her current flag;

24.2.2 to effect and maintain registration of the relevant Mortgage at its Vessel's Ship Registry;

24.2.3 not to cause nor permit to be done any act or omission as a result of which either of those registrations might be suspended, defeated or imperilled; and

24.2.4 not to enter into any dual flagging arrangements in respect of its Vessel without the prior written consent of the Lender.

24.3 **Classification and compliance with class**

24.3.1 Each Borrower shall maintain its Vessel in a condition entitling that Vessel to the highest class applicable to vessels of her type with an Approved Classification Society free of recommendations and qualifications.

24.3.2 No Borrower shall make any changes relating to the classification or Approved Classification Society of its Vessel.

24.3.3 Each Borrower shall:

(a) comply with all requirements from time to time of its Vessel's Approved Classification Society; and

(b) give to the Lender from time to time during the Facility Period on request copies of all classification certificates of its Vessel and reports of surveys required by its Vessel's Approved Classification Society (each Borrower, by its execution of this Agreement, irrevocably authorising the Lender to obtain such information and documents from its Vessel's Approved Classification Society as the Lender may from time to time require).

24.4 **Modifications** No Borrower shall, without the prior written consent of the Lender, make, nor permit nor cause to be made, any material change in the structure, type or performance characteristics of its Vessel.

24.5 **Repairs and replacement or new parts**

24.5.1 Each Borrower shall procure that all repairs to its Vessel or replacements or installations of parts or equipment of its Vessel are effected:

(a) in such a way as not to diminish the value of that Vessel; and

(b) with replacement or new parts or equipment which are the property of that Borrower and free of all Encumbrances (other than the relevant Mortgage).

24.5.2 No Borrower shall install equipment owned by a third party on its Vessel if such equipment cannot be removed without any risk of damage to that Vessel.

24.5.3 No Borrower shall, without the prior written consent of the Lender, put its Vessel into the possession of any person for the purpose of work or repairs (except for repairs the cost of which is recoverable under the Insurances and in respect of which the insurers have agreed to make payment in accordance with any applicable loss payable clause) unless that person shall have given an undertaking to the Lender in such terms as the Lender shall require not to exercise a lien on that Vessel for the cost of the work or repairs.

24.6 **Inspection**

24.6.1 Each Borrower shall permit the Lender and all persons appointed by the Lender to board its Vessel whenever the Lender deems necessary during the Facility Period (provided that such inspection shall not interfere, on a best effort basis, with the operation of that Vessel) to inspect that Vessel's state and condition and, if that Vessel shall not be in a state and condition which complies with the requirements of this Agreement, to effect such repairs as shall in the opinion of the Lender be desirable to ensure such compliance, without prejudice to the Lender's other rights under or pursuant to the relevant Mortgage.

24.6.2 The Borrowers shall be liable for the cost of all inspections deemed necessary by the Lender.

24.7 **Release of arrest** Each Borrower shall cause its Vessel to be released from arrest or detention as quickly as possible, and in any event within 30 days from the date of arrest or detention.

24.8 **No claims of master and crew** Each Borrower shall, from time to time on request of the Lender, produce to the Lender written evidence satisfactory to the Lender confirming that the master and crew of its Vessel have no claims for wages beyond the ordinary arrears and that the master has no claim for disbursements other than those properly incurred by him in the ordinary course of trading of that Vessel on the voyage then in progress.

24.9 **Sale** Save as may be permitted under this Agreement, no Borrower shall, during the Facility Period, sell, agree to sell, or otherwise dispose of, or agree to dispose of, its Vessel or any share or interest in it without the prior written consent of the Lender.

24.10 **Change of name** No Borrower shall, during the Facility Period, change the name of its Vessel without the prior written consent of the Lender.

24.11 **Laying-up** No Borrower shall, during the Facility Period, lay-up its Vessel without the prior written consent of the Lender.

24.12 **Requisition or seizure** In the event of any requisition or seizure of its Vessel, the relevant Borrower shall take all lawful steps to recover possession of that Vessel as soon as it is entitled to do so.

24.13 **Provision of information** Each Borrower shall provide to the Lender from time to time during the Facility Period on request:

24.13.1 such information as the Lender may require with regard to its Vessel's employment, position and state of repair;

24.13.2 copies of all charterparties and other contracts of employment relating to its Vessel; and

24.13.3 copies of its Vessel's deck and engine logs.

24.14 **Restrictions on employment**

24.14.1 No Borrower shall, during hostilities (whether or not a state of war shall formally have been declared and including, without limitation, any civil war):

(a) permit its Vessel to be employed in carrying any goods which may be declared to be contraband of war or which may render that Vessel liable to confiscation, seizure, detention or destruction; nor

(b) permit its Vessel to enter any area which is declared a war zone by any governmental authority or by that Vessel's insurers

unless that employment or voyage is either (i) consented to in advance and in writing by the underwriters of its Vessel's war risks insurances and fully covered by those insurances or (ii) (to the extent not covered by those insurances) covered by additional insurance taken out by that Borrower at its expense, which additional insurance shall be deemed to be part of the Insurances and of the Assigned Property.

24.14.2 No Borrower shall:

(a) without the prior written consent of the Lender, let its Vessel on any demise charter or on any time charter, consecutive voyage charter or other contract of employment which (inclusive of any extension option) is capable of exceeding 12 months nor to employ its Vessel in any way which might impair the security created by the Finance Documents;

(b) after the occurrence of an Event of Default which is continuing, let its Vessel on charter or renew or extend any charter or other contract of employment of its Vessel, nor agree to do so, without the prior written consent of the Lender; or

(c) charter-in any vessel.

24.14.3 No Borrower shall, without the prior written consent of the Lender, enter into any agreement or arrangement for sharing the Earnings.

24.14.4 Each Borrower shall duly perform (unless prevented by force majeure), and take all necessary steps to enforce the performance by charterers and shippers of, all charterparties and other contracts of employment and all bills of lading and other contracts relating to its Vessel.

24.15 **Taxes, etc.** Each Borrower shall pay and discharge when due from time to time all taxes, levies, duties, fines and penalties imposed on its Vessel or her Earnings, or on that Borrower, its income, profits, capital gains or any of its property.

24.16 **Notification of certain operational events** Each Borrower shall notify the Lender immediately in writing of:

24.16.1 any intended dry docking of its Vessel;

24.16.2 any requirement or recommendation imposed by its Vessel's classification society or any competent authority which is not immediately complied with;

24.16.3 any actual or threatened withdrawal, suspension, cancellation or modification of:

(a) the SMC of its Vessel;

(b) the DOC of the ISM Company;

(c) the ISSC of its Vessel; or

(d) the IAPPC of its Vessel;

24.16.4 any claim for breach of the ISM Code or the ISPS Code being made against that Borrower, the ISM Company, a Manager or otherwise in connection with its Vessel;

24.16.5 any arrest or detention of its Vessel, and the release of its Vessel following such arrest or detention;

24.16.6 any exercise or purported exercise of any lien on its Vessel or her Earnings; and

24.16.7 any requisition or seizure of its Vessel.

24.17 **Books of account** Each Borrower shall keep proper books of account in respect of its Vessel and her Earnings and, as and when required by the Lender, shall make such books available for inspection on behalf of the Lender.

24.18 **Management** No Borrower shall, without the prior written consent of the Lender, appoint anyone other than the Managers as commercial or technical managers of its Vessel, nor terminate nor materially vary the arrangements for the commercial or technical management of its Vessel, nor permit the commercial or technical management of its Vessel to be sub-contracted or delegated to any third party.

24.19 **Compliance with laws, anti-drug legislation, ISM Code and ISPS Code**

24.19.1 Without prejudice to Clause 22.2.1 (*Compliance with laws*) and Clause 22.3 (*Environmental compliance*), each Borrower shall comply with all laws, conventions and regulations applicable to its Vessel or to that Borrower in relation to its Vessel and each Borrower shall carry on board its Vessel all certificates and other documents which may from time to time be required to evidence such compliance.

24.19.2 Each Borrower shall take all reasonable precautions to prevent any infringements of any anti-drug legislation in any jurisdiction in which its Vessel shall trade and in particular (if its Vessel is to trade in the United States of America) to take all reasonable precautions to prevent any infringements of the Anti-Drug Abuse Act of 1986 of the United States of America.

24.19.3 Each Borrower shall comply, or procure that the operator of its Vessel will comply, with the ISM Code or any replacement of the ISM Code and shall in particular, without limitation:

(a) procure that its Vessel is and remains for the duration of the Facility Period subject to a safety management system developed and implemented in accordance with the ISM Code; and

(b) maintain for its Vessel throughout the Facility Period a valid and current SMC and provide a copy to the Lender; and

(c) procure that the ISM Company maintains throughout the Facility Period a valid and current DOC and provide a copy to the Lender.

24.19.4 Each Borrower shall comply, in relation to its Vessel, with the ISPS Code or any replacement of the ISPS Code and shall in particular, without limitation:

(a) procure that its Vessel and the company responsible for its Vessel's compliance with the ISPS Code comply with the ISPS Code; and

(b) maintain for its Vessel throughout the Facility Period a valid and current ISSC and provide a copy to the Lender.

24.19.5 Each Borrower shall, in respect of its Vessel, comply with Annex VI or any replacement of Annex VI and shall in particular, without limitation:

(a) procure that its Vessel's master and crew are familiar with, and that its Vessel complies with, Annex VI; and

(b) maintain for its Vessel throughout the Facility Period a valid and current IAPPC and provide a copy to the Lender.

25 Events of Default

25.1 **Events of Default** Each of the events or circumstances set out in this Clause 25.1 is an Event of Default.

25.1.1 **Non-payment** An Obligor does not pay on the due date any amount payable by it under 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 two Business Days of its due date.

25.1.2 **Other specific obligations**

(a) Any requirement of Clause 21 (*Financial Covenants*) is not satisfied.

(b) Any requirement of Clause 22.28 (*Change of Control*) is not satisfied.

(c) An Obligor does not comply with any obligation in a Finance Document relating to the Insurances or with Clause 18 (*Additional Security*).

25.1.3 **Other obligations**

(a) An Obligor does not comply with any provision of a Finance Document (other than those referred to in Clause 25.1.1 (*Non-payment*) and Clause 25.1.2 (*Other specific obligations*).

(b) No Event of Default under this Clause 25.1.3 will occur if the failure to comply is capable of remedy and is remedied within ten Business Days of the earlier of (i) the Lender giving notice to the Borrowers and (ii) the Borrowers becoming aware of the failure to comply.

25.1.4 **Misrepresentation** Any representation or statement made or deemed to be made by an Obligor in any Finance Document or any other document delivered by or on behalf of an 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.

25.1.5 **Cross default**

(a) Any Financial Indebtedness of an Obligor is not paid when due nor within any originally applicable grace period.

(b) Any Financial Indebtedness of an 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 an Obligor is cancelled or suspended by a creditor of an Obligor as a result of an event of default (however described).

(d) Any creditor of an Obligor becomes entitled to declare any Financial Indebtedness of an Obligor due and payable prior to its specified maturity as a result of an event of default (however described).

25.1.6 **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 with a view to rescheduling any of its indebtedness.

(b) The value of the assets of an Obligor is less than its liabilities (taking into account contingent and prospective liabilities).

(c) A moratorium is declared in respect of any indebtedness of an Obligor. If a moratorium occurs, the ending of the moratorium will not remedy any Event of Default caused by that moratorium.

25.1.7 **Insolvency proceedings** Any corporate action, legal proceedings or other procedure or step is taken in relation to:

(a) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration, bankruptcy or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of an Obligor;

(b) a composition, compromise, assignment or arrangement with any creditor of an Obligor;

(c) the appointment of a liquidator, receiver, administrative receiver, administrator, compulsory manager, trustee or other similar officer in respect of an Obligor or any of its assets; or

(d) enforcement of any Encumbrance over any assets of an Obligor,

or any analogous procedure or step is taken in any jurisdiction.

This Clause 25.1.7 shall not apply to (i) any winding-up petition which is frivolous or vexatious and is discharged, stayed or dismissed within 30 days of commencement or (ii) any arrest or detention of a Vessel from which that Vessel is released within 30 days from the date of that arrest or detention.

25.1.8 **Creditors' process** Any expropriation, attachment, sequestration, distress or execution (or any analogous process in any jurisdiction) affects any asset or assets of an Obligor and is not discharged within 30 days.

25.1.9 **Unlawfulness and invalidity**

(a) It is or becomes unlawful for an Obligor to perform any of its obligations under the Finance Documents or any Transaction Encumbrance ceases to be effective.

(b) Any obligation or obligations of any Obligor under any Finance Documents are not (subject to the Legal Reservations) or cease to be legal, valid, binding or enforceable and the cessation individually or cumulatively materially and adversely affects the interests of the Lender under the Finance Documents.

(c) Any Finance Document ceases to be in full force and effect or any Transaction Encumbrance ceases to be legal, valid, binding, enforceable or effective or is alleged by a party to it (other than the Lender) to be ineffective or is in any way imperilled or in jeopardy.

25.1.10 **Cessation of business** An Obligor ceases, or threatens to cease, to carry on all or a substantial part of its business except as a result of a Permitted Disposal.

25.1.11 **Arrest** Any arrest of a Vessel 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 Borrower within 30 days of such arrest or detention.

25.1.12 **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.

25.1.13 **Repudiation and rescission of agreements**

(a) An Obligor rescinds or purports to rescind or repudiates or purports to repudiate a Finance Document or any of the Transaction Encumbrances or evidences an intention to rescind or repudiate a Finance Document or any of the Transaction Encumbrances.

(b) Subject to Clause 25.1.13(c), any party to any of the Relevant Documents that is not a Finance Document rescinds or purports to rescind or repudiates or purports to repudiate that Relevant Document in whole or in part where to do so has or is, in the reasonable opinion of the Lender, likely to have a material adverse effect on the interests of the Lender under the Finance Documents.

(c) Any of the Management Agreements is terminated, cancelled or otherwise ceases to remain in full force and effect at any time prior to its contractual expiry date and is not immediately replaced by a similar agreement in form and substance satisfactory to the Lender.

25.1.14 **Conditions subsequent** Any of the conditions referred to in Clause 4.3 (*Conditions subsequent*) to Clause 4.4 (*No waiver*) is not satisfied within the specified time.

25.1.15 **Revocation or modification of Authorisation** Any Authorisation of any governmental, judicial or other public body or authority which is now, or which at any time during the Facility Period becomes, necessary to enable any of the Obligors or any other person (except the Lender) to comply with any of their obligations under any Relevant Document is not obtained, is revoked, suspended, withdrawn or withheld, or is modified in a manner which the Lender considers is, or may be, prejudicial to the interests of the Lender, or ceases to remain in full force and effect.

25.1.16 **Reduction of capital** A Borrower reduces its authorised or issued or subscribed capital.

25.1.17 **Challenge to registration** The registration of a Vessel or a Mortgage is contested or becomes void or voidable or liable to cancellation or termination, or the validity or priority of a Mortgage is contested.

25.1.18 **War** The country of registration of a Vessel becomes involved in war (whether or not declared) or civil war or is occupied by any other power and the Lender considers that, as a result, the security conferred by any of the Security Documents is materially prejudiced.

25.1.19 **Notice of determination** A Guarantor gives notice to the Lender to determine any obligations under the relevant Guarantee.

25.1.20 **Litigation** Any litigation, arbitration or administrative proceedings or investigations of, or before, any court, arbitral body, arbitral tribunal or agency are started or threatened, or any judgment or order of a court, arbitral body, arbitral tribunal, agency or other tribunal or any order or sanction of any governmental or other regulatory body is made, in relation to the Relevant Documents or the transactions contemplated in the Relevant Documents or against an Obligor or any other member of the Group or its assets which have, or has, or are, or is, reasonably likely to have a Material Adverse Effect.

25.1.21 **Material adverse change** Any event or circumstance occurs which the Lender believes has or is likely to have a Material Adverse Effect.

25.1.22 **Sanctions**

(a) Any of the Obligors, any other member of the Group or any Affiliate of any of them becomes a Prohibited Person or becomes owned or controlled by, or acts directly or indirectly on behalf of, a Prohibited Person or any of such persons becomes the owner or controller of a Prohibited Person.

(b) Any proceeds of the Loan are made available, directly or indirectly, to or for the benefit of a Prohibited Person or otherwise is, directly or indirectly, applied in a manner or for a purpose prohibited by Sanctions.

(c) Any of the Obligors, any other member of the Group or any Affiliate of any of them is not in compliance with all Sanctions.

25.2 **Acceleration** On and at any time after the occurrence of an Event of Default the Lender may:

25.2.1 by notice to the Borrowers:

(a) cancel the availability of the Loan, at which time 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, at which time they shall become immediately due and payable; and/or

(c) declare that all or part of the Loan be payable on demand, at which time it shall immediately become payable on demand by the Lender; and/or

25.2.2 exercise any or all of its rights, remedies, powers or discretions under the Finance Documents.

25.2.3 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 25.2 (*Acceleration*), the Lender is entitled to take under any Finance Document or any applicable law or regulation.

26 Changes to the Lender

26.1 **Assignments and transfers by the Lender** Subject to this Clause 26, the Lender may:

26.1.1 assign any of its rights; or

26.1.2 transfer by novation any of its rights and obligations,

under any Finance Document 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**") provided such bank, financial institution, trust, fund or other entity is not related to any of the Obligors.

26.2 **Conditions of assignment or transfer**

26.2.1 The consent of the Borrowers is required for an assignment or transfer by the Lender, unless the assignment or transfer is:

(a) to an Affiliate of the Lender;

(b) to a fund which is a Related Fund of the Lender; or

(c) made at a time when an Event of Default is continuing; or

(d) to any entity to which it transfers and/or assigns, or which assumes all or substantially all of its banking business pursuant to a solvent reorganisation of any of the Lender or any of its Affiliates (a "**PB Transferee**") provided that the PB Transferee signs and delivers to the other Parties a deed of accession in the form attached as Schedule 4.

The consent of the Borrowers to an assignment or transfer must not be unreasonably withheld or delayed. The Borrowers will be deemed to have given their consent five Business Days after the Lender has requested it unless consent is expressly refused by the Borrowers within that time.

26.2.2 If:

(a) the Lender assigns or transfers any of its rights or obligations under the Finance Documents or changes its Facility Office; and

(b) as a result of circumstances existing at the date the assignment, transfer or change occurs, a Borrower would be obliged to make a payment to the New Lender or the Lender acting through its new Facility Office under Clause 12 (*Tax Gross Up and Indemnities*) or Clause 13 (*Increased Costs*),

then the New Lender or the Lender acting through its new Facility Office is only entitled to receive payment under those Clauses to the same extent as the Lender or the Lender acting through its previous Facility Office would have been if the assignment, transfer or change had not occurred.

26.2.3 The Lender may change the Facility Office at any time during the Facility Period without the consent of any of the Obligors.

26.2.4 With effect from the date of such deed referred to 26.2.1 (d):

(a) each Party agrees that (i) the PB Transferee shall accede to the Finance Documents to which the Lender was originally party in substitution of the Lender as if the PB Transferee were the original party to such agreements, (ii) the PB Transferee shall enjoy all the rights and benefits of the Lender and (iii) the Lender shall be released from its obligations under the Transaction Documents;

(b) the Borrowers also accept and confirm that all guarantees, indemnities and Encumbrances granted by either of them under the Finance Documents will, notwithstanding any such assignment and/or transfer continue and be preserved for the benefit of the PB Transferee and any other Secured Party in accordance with the terms of the Finance Documents; and

(c) the Lender assigns and transfers, and the PB Transferee agrees to assume, all the rights and obligations of the Lender under the Finance Documents, and the PB Transferee agrees to be bound by the terms of the Finance Documents as if the PB Transferee were the original party to such agreements.

26.3 **Limitation of responsibility of Lender**

26.3.1 Unless expressly agreed to the contrary, the Lender makes no representation or warranty and assumes no responsibility to a New Lender for:

(a) the legality, validity, effectiveness, adequacy or enforceability of the Relevant Documents or any other documents;

(b) the financial condition of any Obligor;

(c) the performance and observance by any Obligor of its obligations under the Relevant Documents or any other documents; or

(d) the accuracy of any statements (whether written or oral) made in or in connection with any of the Relevant Documents or any other document,

and any representations or warranties implied by law are excluded.

26.3.2 Each New Lender confirms to the Lender and the Secured Parties that it:

(a) has made (and shall continue to make) its own independent investigation and assessment of the financial condition and affairs of each Obligor and each other member of the Group 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 Lender in connection with any of the Relevant Documents; and

(b) will continue to make its own independent appraisal of the creditworthiness of each Obligor and each other member of the Group and its related entities for the duration of the Facility Period.

26.3.3 Nothing in any Finance Document obliges the Lender to:

(a) accept a re-transfer or re-assignment from a New Lender of any of the rights and obligations assigned or transferred under this Clause 26; or

(b) 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 Relevant Documents or otherwise.

26.4 **Security over Lender's rights** In addition to the other rights provided to the Lender under this Clause 26, the Lender may without consulting with or obtaining consent from any Obligor, at any time charge, assign or otherwise create Encumbrances 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:

26.4.1 any charge, assignment or other Encumbrance to secure obligations to a federal reserve or central bank; and

26.4.2 any charge, assignment or other Encumbrance 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 Encumbrance shall:

(a) release the Lender from any of its obligations under the Finance Documents or substitute the beneficiary of the relevant charge, assignment or Encumbrance for the Lender as a party to any of the Finance Documents; or

(b) 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 Lender under the Finance Documents.

27 Changes to the Obligors

27.1 **No 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.

28 Application of Proceeds

28.1 **Order of application** Subject to Clause 28.2 (Prospective liabilities), all amounts from time to time received or recovered by the Lender pursuant to the terms of any Finance Document or in connection with the realisation or enforcement of all or any of the Transaction Encumbrances (for the purposes of this Clause 28, the "**Recoveries**") shall be held by the Lender on trust to apply them at any time as the Lender (in its discretion) sees fit, to the extent permitted by applicable law (and subject to the provisions of this Clause 28), in the following order:

28.1.1 in discharging any sums owing to the Lender or any Secured Party;

28.1.2 in payment of all costs and expenses incurred by Lender or any Secured Party in connection with any realisation or enforcement of any Transaction Encumbrance taken in accordance with the terms of this Agreement; and

28.1.3 in payment to the Lender for application in accordance with Clause 30.2 (*Partial payments).*

28.2 **Prospective liabilities** Following enforcement of any Transaction Encumbrance the Lender may, in its discretion, hold any amount of the Recoveries in a suspense or impersonal account(s) in the name of the Lender with such financial institution (including itself) and for so long as the Lender shall think fit for later application under Clause 28.1 (*Order of application*) in respect of:

28.2.1 any sum to the Lender or any Secured Party; and

28.2.2 any part of the Indebtedness,

that the Lender reasonably considers, in each case, might become due or owing at any time in the future.

28.3 **Investment of proceeds** Prior to the application of the proceeds of the Recoveries in accordance with Clause 28.1 (*Order of application*) the Lender may, in its discretion, hold all or part of those proceeds in a suspense or impersonal account(s) in the name of the Lender with such financial institution (including itself) and for so long as the Lender shall think fit pending the application from time to time of those moneys in the Lender's discretion in accordance with the provisions of this Clause 28.

28.4 **Currency conversion**

28.4.1 For the purpose of, or pending the discharge of, any part of the Indebtedness the Lender may convert any moneys received or recovered by the Lender from one currency to another, at a market rate of exchange.

28.4.2 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.

28.5 **Permitted deductions** The Lender shall be entitled, in its discretion:

28.5.1 to 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

28.5.2 to pay all Taxes which may be assessed against it in respect of any of the Security Assets, or as a consequence of performing its duties, or by virtue of its capacity as Lender under any of the Finance Documents or otherwise.

29 Conduct of Business by the Lender

No provision of this Agreement will:

29.1 interfere with the right of the Lender to arrange its affairs (tax or otherwise) in whatever manner it thinks fit;

29.2 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

29.3 oblige the Lender to disclose any information relating to its affairs (tax or otherwise) or any computations in respect of Tax.

30 Payment Mechanics

30.1 **Payments to the Lender** On each date on which an Obligor is required to make a payment under a Finance Document, that Obligor shall make the same available to the Lender 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.

Payment shall be made to such account in the principal financial centre of the country of that currency and with such bank as the Lender, in each case, specifies.

30.2 **Partial payments**

30.2.1 Provided that no acceleration has occurred under Clause 25.2 (*Acceleration*), 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 shall apply that payment towards the obligations of that Obligor under the Finance Documents in the following order:

(a) **first**, in or towards payment pro rata of any unpaid fees, costs and expenses of the Lender, any Receiver or any Delegate under the Finance Documents;

(b) **secondly**, in or towards payment of any accrued interest, fee or commission due but unpaid under this Agreement;

(c) **thirdly**, in or towards payment of any principal due but unpaid under this Agreement; and

(d) **fourthly**, in or towards payment of any other sum due but unpaid under the Finance Documents.

30.2.2 The Lender may vary the order set out in Clause 30.2.1. Any such variation may include the re-ordering of obligations set out in that Clause.

30.2.3 Clauses 30.2.1 and 30.2.2 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** 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).

During any extension of the due date for payment of any principal or Unpaid Sum under this Agreement interest is payable on the principal or Unpaid Sum at the rate payable on the original due date.

30.5 **Currency of account**

30.5.1 Subject to Clauses 30.5.2 to 30.5.5, dollars is the currency of account and payment for any sum due from an Obligor under any Finance Document.

30.5.2 A repayment or payment of all or part of a Tranche or an Unpaid Sum shall be made in the currency in which that Tranche or Unpaid Sum is denominated, pursuant to this Agreement, on its due date.

30.5.3 Each payment of interest shall be made in the currency in which the sum in respect of which the interest is payable was denominated, pursuant to this Agreement, when that interest accrued.

30.5.4 Each payment in respect of costs, expenses or Taxes shall be made in the currency in which the costs, expenses or Taxes are incurred.

30.5.5 Any amount expressed to be payable in a currency other than dollars shall be paid in that other currency.

30.6 **Change of currency**

30.6.1 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:

(a) 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

(b) 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).

30.6.2 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 Market and otherwise to reflect the change in currency.

30.7 **Disruption to payment systems etc.** If either the Lender determines that a Disruption Event has occurred or the Lender is notified by the Borrowers that a Disruption Event has occurred:

30.7.1 the Lender may, and shall if requested to do so by the Borrowers, consult with the Borrowers with a view to agreeing with the Borrowers such changes to the operation or administration of the Loan as the Lender may deem necessary in the circumstances;

30.7.2 the Lender shall not be obliged to consult with the Borrowers in relation to any changes mentioned in Clause 30.7.1 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 any such changes;

30.7.3 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 as an amendment to (or, as the case may be, waiver of) the terms of the Finance Documents; and

30.7.4 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 30.7.

31 Set-Off

31.1 **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 Notices

32.1 **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.

32.2 **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 is:

32.2.1 in the case of each Borrower, that identified with its name below; and

32.2.2 in the case of the Lender, that identified with its name below,

or any substitute address, fax number, or department or officer as the Party may notify to the other by not less than five Business Days' notice.

32.3 **Delivery** Any communication or document made or delivered by one person to another under or in connection with the Finance Documents will only be effective:

32.3.1 if by way of fax, when received in legible form; or

32.3.2 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 32.2 (*Addresses*), if addressed to that department or officer.

Any communication or document to be made or delivered to the Lender will be effective only when actually received by the Lender and then only if it is expressly marked for the attention of the department or officer identified with the Lender's signature below (or any substitute department or officer as the Lender shall specify for this purpose).

Any communication or document which becomes effective, in accordance with this Clause 32.3, after 5.00 p.m. in the place of receipt shall be deemed only to become effective on the following day.

32.4 **Electronic communication**

32.4.1 Any communication or document to be made or 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:

(a) 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

(b) 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.

32.4.2 Any such electronic communication or delivery as specified in Clause 32.4.1 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 form of communication or delivery.

32.4.3 Any such electronic communication or document 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.

32.4.4 Any electronic communication or document which becomes effective, in accordance with Clause 32.4.3, 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.

32.4.5 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 32.4.

32.5 **English language** Any notice given under or in connection with any Finance Document must be in English. All other documents provided under or in connection with any Finance Document must be:

32.5.1 in English; or

32.5.2 if not in English, and if so required by the Lender, accompanied by a certified English translation and, in this case, the English translation will prevail unless the document is a constitutional, statutory or other official document.

33 Calculations and Certificates

33.1 **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.

33.2 **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.

33.3 **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 Market differs, in accordance with that market practice.

34 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 nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will in any way be affected or impaired.

35 Remedies and Waivers

No failure to exercise, nor any delay in exercising, on the part of the Lender or 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 the Lender or any 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.

36 Confidentiality

36.1 **Confidential Information** The Lender agrees to keep all Confidential Information confidential and not to disclose it to anyone, save to the extent permitted by Clause 36.2 (*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.

36.2 **Disclosure of Confidential Information** The Lender may disclose:

36.2.1 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 the Lender shall consider appropriate if any person to whom the Confidential Information is to be given pursuant to this Clause 36.2.1 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;

36.2.2 to any person:

(a) 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 and to any of that person's Affiliates, Related Funds, Representatives and professional advisers;

(b) 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;

(c) appointed by the Lender or by a person to whom Clause 36.2.2(a) or 36.2.2(b) applies to receive communications, notices, information or documents delivered pursuant to the Finance Documents on its behalf;

(d) who invests in or otherwise finances (or may potentially invest in or otherwise finance), directly or indirectly, any transaction referred to in Clause 36.2.2(a) or 36.2.2(b);

(e) 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;

(f) 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;

(g) to whom or for whose benefit the Lender charges, assigns or otherwise creates Encumbrances (or may do so) pursuant to Clause 26.4 (*Security over Lender's rights*);

(h) who is a Party; or

(i) with the consent of the Borrowers;

in each case, such Confidential Information as the Lender shall consider appropriate if:

(i) in relation to Clauses 36.2.2(a), 36.2.2(b) and 36.2.2(c), 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;

(ii) in relation to Clause 36.2.2(d), 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;

(iii) in relation to Clauses 36.2.2(e), 36.2.2(f) and 36.2.2(g), 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; and

36.2.3 to any person appointed by the Lender or by a person to whom Clause 36.2.2(a) or 36.2.2(b) 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 Clause 36.2.3 if the service provider to whom the Confidential Information is to be given has entered into a Confidentiality Undertaking; and

36.2.4 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.

36.2.5 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 (as amended by the Council Directive of 25 May 2018 (2018/822/EU)).

36.3 **Entire agreement** This Clause 36 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.

36.4 **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.

36.5 **Notification of disclosure** The Lender agrees (to the extent permitted by law and regulation) to inform the Borrowers:

36.5.1 of the circumstances of any disclosure of Confidential Information made pursuant to Clause 36.2.2(e) (*Disclosure of Confidential Information*) except where such disclosure is made to any of the persons referred to in that Clause during the ordinary course of its supervisory or regulatory function; and

36.5.2 upon becoming aware that Confidential Information has been disclosed in breach of this Clause 36.

36.6 **Continuing obligations** The obligations in this Clause 36 are continuing and, in particular, shall survive and remain binding on the Lender for a period of 12 months from the earlier of:

36.6.1 the date on which all amounts payable by the Obligors under or in connection with the Finance Documents have been paid in full and the Loan has been cancelled or otherwise ceases to be available; and

36.6.2 the date on which the Lender otherwise ceases to be the Lender.

37 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.

38 Joint and Several Liability

38.1 **Nature of liability** The representations, warranties, covenants, obligations and undertakings of the Borrowers contained in this Agreement shall be joint and several so that each Borrower shall be jointly and severally liable with all the Borrowers for all of the same and such liability shall not in any way be discharged, impaired or otherwise affected by:

38.1.1 any forbearance (whether as to payment or otherwise) or any time or other indulgence granted to any other Borrower or any other Obligor under or in connection with any Finance Document;

38.1.2 any amendment, variation, novation or replacement of any other Finance Document;

38.1.3 any failure of any Finance Document to be legal valid binding and enforceable in relation to any other Borrower or any other Obligor for any reason;

38.1.4 the winding-up or dissolution of any other Borrower or any other Obligor;

38.1.5 the release (whether in whole or in part) of, or the entering into of any compromise or composition with, any other Borrower or any other Obligor; or

38.1.6 any other act, omission, thing or circumstance which would or might, but for this provision, operate to discharge, impair or otherwise affect such liability.

38.2 **No rights as surety** Until the Indebtedness has been unconditionally and irrevocably paid and discharged in full, each Borrower agrees that it shall not, by virtue of any payment made under this Agreement on account of the Indebtedness or by virtue of any enforcement by the Lender of its rights under this Agreement or by virtue of any relationship between, or transaction involving, the relevant Borrower and any other Borrower or any other Obligor:

38.2.1 exercise any rights of subrogation in relation to any rights, security or moneys held or received or receivable by the Lender or any other person; or

38.2.2 exercise any right of contribution from any other Borrower or any other Obligor under any Finance Document; or

38.2.3 exercise any right of set-off or counterclaim against any other Borrower or any other Obligor; or

38.2.4 receive, claim or have the benefit of any payment, distribution, security or indemnity from any other Borrower or any other Obligor; or

38.2.5 unless so directed by the Lender (when the relevant Borrower will prove in accordance with such directions), claim as a creditor of any other Borrower or any other Obligor in competition with the Lender

and each Borrower shall hold in trust for the Lender and forthwith pay or transfer (as appropriate) to the Lender any such payment (including an amount equal to any such set-off), distribution or benefit of such security, indemnity or claim in fact received by it.

39 Governing Law

This Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.

40 Enforcement

40.1 Jurisdiction of English courts

40.1.1 The courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with this Agreement (including a dispute relating to the existence, validity or termination of this Agreement or any non-contractual obligation arising out of or in connection with this Agreement) (a "**Dispute**").

40.1.2 Notwithstanding Clause 40.1.1, 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.

40.2 Service of process

40.2.1 Without prejudice to any other mode of service allowed under any relevant law, each Borrower:

(a) irrevocably appoints Ince Process Agents Limited of Aldgate Tower, 2 Leman Street, London E18QN, England as its agent for service of process in relation to any proceedings before the English courts in connection with any Finance Document; and

(b) agrees that failure by a process agent to notify that Borrower of the process will not invalidate the proceedings concerned.

40.2.2 If any person appointed as an agent for service of process is unable for any reason to act as agent for service of process or terminates its appointment as agent for service of process, the relevant Borrower must immediately (and in any event within five 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

Part I

Conditions Precedent

Schedule 2

Utilisation Request

Schedule 3

Form of Compliance Certificate

Schedule 4

Form of Accession Deed

Signatures

The Borrowers

Arno Shipping Company Inc.	)	
	)	
By: Andreas Nikolaos Michalopoulos	)	/s/ Andreas Nikolaos Michalopoulos
	)	
Address: c/o Unitized Ocean Transport	)	
Limited	)	
Syngrou 373, 17564 Palaio Faliro	)	
Athens, Greece	)	
Fax no.: +30 216 6002599	)	
Email:	)	
Officer: Mr Andreas Michalopoulos	)	
Maloelap Shipping Company Inc.	)	
	)	
By: Andreas Nikolaos Michalopoulos	)	/s/ Andreas Nikolaos Michalopoulos
	)	
Address: c/o Unitized Ocean Transport	)	
Limited	)	
Syngrou 373, 17564 Palaio Faliro	)	
Athens, Greece	)	
Fax no.: +30 216 6002599	)	
Email:	)	
Officer: Mr Andreas Michalopoulos	)	

The Lender

Piraeus Bank S.A.	)	
	)	
By: Athanasios Doudoulas		
Evgenia Kouvara	)	/s/ Athanasios Doudoulas
	)	/s/ Evgenia Kouvara
Address: 170 Alexandras Avenue, 11521	)	
Athens 105 64, Greece	)	
Greece	)	
Fax no.: +30 210 3739783	)	
Email:	)	
Officer: Katerina Riga	)	
	)	

Exhibit 4.19

Dated: 1st November, 2022

ALPHA BANK S.A.
(as Lender)

- and -

GARU SHIPPING COMPANY INC.
(as Borrower)

LOAN AGREEMENT
for a secured floating interest rate loan facility of up to US$18,250,000

THEO V. SIOUFAS & CO.
LAW OFFICES
Piraeus

TABLE OF CONTENTS

THIS AGREEMENT is dated the 1st day of November, 2022 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) **GARU SHIPPING COMPANY INC.**, a corporation duly incorporated in the Republic of the Marshall Islands, whose registered address is at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH 96960 (the ***"Borrower"***, which expression shall include its successors)

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 Borrower a secured term loan facility in the amount of up to the lesser of (a) Eighteen million two hundred fifty thousand Dollars ($18,250,000) and (b) 50% of the Purchase Price (as hereinafter defined) of the Vessel, such loan facility to be made by one (1) Advance.

(b) Purpose: The proceeds of the Loan shall be used for the purpose of partly financing the acquisition cost of the Vessel pursuant to the terms of the MOA.

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 Borrower and the Lender for the creation of a pledge over the Operating Account 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 the Commitment by the Borrower 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;

"Approved Auditor" means Ernst & Young, KPMG, PwC, Deloitte, Moore Stephens and any other independent and reputable auditor having requisite experience acceptable to the Lender;

"Approved Manager" means for the time being **UNITIZED OCEAN TRANSPORT LIMITED**, a corporation lawfully incorporated in, and validly existing under the laws of, the Republic of the Marshall Islands, and having a licensed 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 373 Syngrou Avenue, 17564, Palaio Faliro, Athens, Greece or, in either case, any other person appointed by the Borrower with the consent of the Lender (such consent not to be unreasonably withheld, as the commercial and/or technical manager of the Vessel, and includes its successors in title;

"Approved Manager's Undertaking" means a first priority letter of undertaking and subordination to be executed by the Approved Manager, as manager of the Vessel, 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;

"Approved Shipbroker" means Intermodal Shipbrokers Co., Golden Destiny S.A., Allied Shipbroking Inc., Optima Shipping Services S.A., Clarksons, Fearnleys, Braemar, Arrows, Maersk Broker,www.vesselsvalue.com or any other first-class independent firm of internationally known shipbrokers, acceptable to the Lender, and includes their respective successors in title and ***"Approved Shipbrokers"*** 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 Charterparty" means any bareboat charterparty (irrespective of the duration of such bareboat charterparty), or any time or consecutive voyage charter or contract of affreightment or related document in respect of the employment of the Vessel having a fixed duration of more than 12 months (excluding any optional extensions) whether now existing or hereinafter entered or to be entered into by the Borrower 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 the Lender)*;

"Availability Period" means the period starting on the date hereof and ending on:

(a) the 30th day of November, 2022 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 Borrower, or (ii) on which the Commitment is reduced to zero pursuant to Clauses 3.6 *(Market disruption)*, 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)*;

"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 July 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 (including the relevant provisions of CRD IV and CRR) to the extent only such law or regulation re-enacts and/or implements the requirement of the Basel II Accord but excluding any provision of such law or regulation implementing the Basel III Accord or (b) any Basel II Approach adopted by the Lender(s);

"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;

"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;

"Borrower" means the Borrower as specified at the beginning of this Agreement;

"Break Costs" has the meaning given in Clause 10.3 *(Break Costs)*;

"Business Day" means:

(a) a day (other than a Saturday or Sunday) on which banks are open for general business in Athens and Piraeus;

(b) in New York; and

(in relation to the fixing of any interest rate which is required to be determined under this Agreement or any Finance Document), a US Government Securities Business Day;

"Charterparty Assignment" means an assignment of the rights of the Borrower under any Assignable Charterparty executed or to be executed by the Borrower in favour of the Lender and the acknowledgement of notice of the assignment in respect of such Assignable Charterparty to be obtained only in case of an Event of Default which has occurred and is continuing 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" 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 Borrower, 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 Borrower, 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 Borrower under Clause 2.1 *(Commitment to Lend)* as reduced by any relevant term of this Agreement;

"Commitment Letter" means the Commitment Letter dated 15th September, 2022 and endorsed by the Borrower on 16th September, 2022, addressed by the Lender to the Borrower and accepted by them on the same date, and shall include any amendments or addenda thereto;

"Compliance Certificate" means a certificate substantially in the form set out in Schedule 3 (*Form of Compliance Certificate*) signed by the chief executive officer (***"CEO"***) of the Parent Company or, if the CEO is not available, the chief financial officer of the Parent Company;

"Compulsory Acquisition" means requisition for title or other compulsory acquisition, requisition, appropriation, expropriation, deprivation, forfeiture or confiscation for any reason of the 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 other competent authority, by any person or persons claiming to be or to represent any Government Entity, whether de jure or de facto, but shall exclude requisition for use or hire not involving requisition of title;

"Corporate Guarantee" means an irrevocable and unconditional guarantee given or, as the context may require, to be given by the Parent Company in form and substance satisfactory to the Lender as security for the Outstanding Indebtedness and any and all other obligations of the Borrower under this Agreement and the Security Documents, as the same may from time to time be amended and/or supplemented;

"Corporate Guarantor" means the Parent Company and/or (where the context permits) any other person nominated by the Borrower and acceptable to the Lender who may give a Corporate Guarantee, and includes its successors in title;

"CRD IV" means:

(a) 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, supplemented or restated; and

(b) any other law or regulation which implements Basel III;

"CRR" means 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, supplemented or restated;

"Default" means any Event of Default or any event or circumstance which with the giving of notice or expiry of any grace period 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)*;

"Delivery" means the delivery of the Vessel from the Seller to, and the acceptance of the Vessel by, the Borrower pursuant to the MOA;

"Delivery Date" means the date upon which the Delivery of the Vessel occurs;

"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 Business Day, requested by the Borrower for the Loan to be made available, or (as the context requires) the date on which the Loan is actually borrowed;

"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" means all moneys whatsoever which are now, or later become, payable (actually or contingently) to the Borrower and which arise out of the use or operation of the Vessel, including (but not limited to) all freight, hire and passage moneys, compensation payable to the Borrower in the event of requisition of the 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 the Vessel and any other earnings whatsoever due or to become due to the Borrower in respect of the Vessel and all sums recoverable under the Insurances in respect of loss of Earnings and includes, if and whenever the 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 the Vessel;

"EEA Member Country" means any member state of the European Union, Iceland, Liechtenstein and Norway;

"Environmental Affiliate" means any agent or employee of the Borrower or any other Relevant Party or any person having a contractual relationship with the Borrower 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,

in each case being for an amount in excess of $500,000 (or the equivalent in any other currency), 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 (i) any release of Material of Environmental Concern from the Vessel, (ii) any incident in which Material of Environmental Concern is released from a vessel other than the Vessel and which involves collision between the Vessel and such other vessel or some other incident of navigation or operation, in either case, where a Vessel, the Borrower or the Approved Manager is 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 Vessel and where the Vessel is actually or potentially liable to be arrested as a result and/or where the Borrower or the Approved Manager is 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 Borrower 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 Borrower 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) but always absent manifest error;

"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 fifth (5th) anniversary of the Drawdown Date;

"Finance Documents" means, together, this Agreement, the Security Documents, the Insurance Letters, any Compliance Certificate, any Drawdown Notice, the Side Letter, any document which is executed for the purpose of establishing any priority or subordination arrangement in relation to the Outstanding Indebtedness and any other document designated as such by the Lender and the Borrower;

"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 each of the Borrower and the Parent Company, 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 the Republic of the Marshall Islands or such other state or territory proposed in writing by the Borrower to the Lender and approved by the Lender (such approval not to be unreasonably withheld, especially when requested for trading purposes), as being the *"Flag State"* of the Vessel for the purposes of the Security Documents;

"General Assignment" means the first priority assignment of the Earnings, Insurances and Requisition Compensation collateral to the Mortgage, executed or (as the context may require) to be executed by the Borrower 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;

"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, together, the Borrower, the Parent Company and its Subsidiaries, and *"**Group Member**"* means any member of the Group;

"Historic Term SOFR" means, in relation to the Loan or any part of the Loan, the most recent applicable Term SOFR for a period equal in length to the Interest Period of the Loan or that part of the Loan and which is as of a day which is no more than three US Government Securities Business Days before the Quotation Day;

"Insurance Letter" means a letter from the Borrower in the form of Schedule 2 (*Form of Insurance Letter*), and ***"Insurance Letters"*** means any or all of them, as the context may require;

"Insurances" means:

(a) all policies and contracts of insurance and reinsurance, policies or contracts, including entries of the Vessel in any protection and indemnity or war risks association, effected in respect of the Vessel, 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 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 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 Business Day the Borrower shall pay the accrued interest on the first Business 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 Business 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)*;

"Interpolated Historic Term SOFR" means, in relation to the Loan or any 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 most recent applicable Term SOFR (as of a day which is not more than three US Government Securities Business Days before the Quotation Day) for the longest period (for which 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 five US Government Securities Business Days (and no less than two 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 US Government Securities 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 any 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 Quotation Date) 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 (2) US Government Securities Business Days before the Quotation Day; and

(b) the applicable Term SOFR (as of the Quotation Date) for the shortest period (for which Term SOFR is available) which exceeds the Interest Period of the Loan or that part of the Loan;

"ISM Code" means in relation to its application to the Borrower, the Vessel and her 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 Vessel 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 the Vessel's or the Borrower'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" means an International Ship Security Certificate issued in respect of the 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 Borrower;

"Loan" means the aggregate principal amount borrowed by the Borrower in respect of the Commitment or (as the context may require) the principal amount thereof owing to the Lender under this Agreement at any relevant time;

"Major Casualty" means any casualty to the 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 Five hundred thousand Dollars ($500.000) or the equivalent in any other currency;

"Management Agreement" means the agreement made between the Borrower and the Approved Manager providing *(inter alia)* for the Approved Manager to manage the Vessel, as amended and/or supplemented from time to time;

"MAPI" has the meaning given in Clause 10.9 *(MII and MAPI costs)*;

"Margin" means two point six zero per centum (2.60%) per annum;

"Market Disruption Rate" means the Reference Rate;

"Market Value" means the market value of the Vessel as determined in accordance with Clause 8.5(b) *(Valuation of Vessel)*;

"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 reasonable 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 financial condition of the Borrower and/or any other Security Party taken as a whole;

(b) the ability of the Borrower and/or any other 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;

Provided that the Total Loss of the Vessel shall not be considered as an event having a Material Adverse Effect on (a), (b) or (c) hereinabove so long as the Borrower comply with Clause 4.3 *(Mandatory Prepayment in case of Total Loss or sale or refinancing of the Vessel)*;

"MII" has the meaning given in Clause 10.9 *(MII and MAPI costs)*;

"MOA" means the Memorandum of Agreement dated 23rd August, 2022 entered into between the Sellers, as *'Sellers'* and PERFORMANCE SHIPPING INC., of the Marshall Islands, who nominated the Borrower, as *'Buyers'* in respect of the sale by the Sellers and the purchase by the Borrower of the Vessel, and includes any and all addenda, side letters, supplements, annexes thereto;

"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 Business Day in a calendar month or if there is no such numerically corresponding day, it shall end on the last Business Day in such next calendar month and (ii) if such numerically corresponding day is not a Business Day, the period shall end on the next following Business Day in the same calendar month but if there is no such Business Day it shall end on the preceding Business Day and ***"months"*** and ***"monthly"*** shall be construed accordingly;

"Mortgage" means the first preferred ship mortgage on the Vessel to be executed by Borrower in favour of the Lender in form and substance satisfactory to the Lender, as the same may from time to time be amended and/or supplemented;

"Operating Account" means the account to be opened and maintained in the name of Borrower 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 RIDER Operating Account)* 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 Borrower, to which (inter alia) all Earnings of the Vessel and/or any other moneys are to be paid in accordance with the provisions of this Agreement and/or the General Assignment and/or any of the other Finance Documents;

"Operating Expenses" means the voyage and operating expenses of the Vessel, including, but not limited to, the expenses for operating, crewing, victualing, insuring, maintaining, repairing and generally trading the Vessel *(and if applicable, voyage expenses)*, the expenses for spares, administration and management of the Vessel (inclusive of the management fees) as well as the reserves that the Borrower, acting reasonably, consider necessary for the commercial operation of the Vessel and the costs of intermediate and special surveys and dry docking of the Vessel and any other relevant expenses necessary for the Vessels' commercial operation and/or in accordance with any international/ environmental regulations which are reasonably incurred for ships of the size and type of the Vessel;

"Operator" means any person who is from time to time during the Security Period concerned in the operation of the Vessel 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 Borrower 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 Borrower of any of the Finance Documents and (e) any damages or other sums payable as a result of any of the obligations of the Borrower 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;

"Parent Company" means PERFORMANCE SHIPPING INC., a corporation incorporated 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 MH 96960;

"Party" means a party to this Agreement, and ***"Parties"*** means any or all of them, as the context may require;

"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 the 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 the 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, if the Vessel is put in the possession of any person for the purpose of work being done upon her in an amount not exceeding or likely to exceed the Major Casualty Amount or in an amount exceeding or likely to exceed the Major Casualty Amount provided in the latter case 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 the 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 Borrower 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);*

"Purchase Price" in relation to the Vessel means the price to be paid by the Borrower to the Seller thereof pursuant to the terms of the MOA (i.e. $36,500,000) or such other sum as is determined in accordance with the terms and conditions of the MOA;

"Quotation Day" means, in relation to any period for which an interest rate is to be determined, two US Government Securities Business before the first day of that period unless market practice differs in the relevant syndicated loan market in which case the Quotation Date will be determined by the Lender in accordance with market practice (and if quotations would normally be given on more than one day, the Quotation Date will be the last of those days);

*"**Reference Rate**"* means, in relation to the Loan or any part of the Loan:

(a) the applicable Term SOFR as of the Quotation Day 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 3.8 (*Unavailability of Term SOFR*),

and if, in either case, that rate is less than zero, the Reference Rate shall be deemed to be zero;

"Registry" means the offices of such registrar, commissioner or representative of the relevant Flag State who is duly authorised to register the Vessel, the Borrower's title thereto and the Mortgage over the 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 company which is a Subsidiary of the Borrower and any Subsidiary of any such company (together, the ***"Related Companies"***);

"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 Market**"* means the market for overnight cash borrowing collateralised by US Government Securities;

"Relevant Nominating Body" means any applicable central bank, regulator or other supervisory authority or a group of them, or any working group or committee sponsored or chaired by, or constituted at the request of, any of them or the Financial Stability Board;

"Relevant Party" means the Borrower each Borrower's Related Companies, the other corporate Security Parties and their respective Related Companies, and ***"Relevant Parties"*** means any or all of them, as the context may require;

"Relevant Ship" means each of the Vessel 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, and ***"Relevant Ships"*** means any or all of them, as the context may require;

"Repayment Date" means each of the dates specified in Clause 4.1 *(Repayment)* on which the Repayment Instalments shall be payable by the Borrower to the Lender, and ***"Repayment Dates"*** means any or all of them, as the context may require;

"Repayment Instalment" means each instalment of the Loan which becomes due for repayment by the Borrower to the Lender on a Repayment Date pursuant to Clause 4.1 *(Repayment)* (together, the ***"Repayment Instalments"***);

"Requisition Compensation" means all sums of money or other compensation from time to time payable during the Security Period by reason of the Compulsory Acquisition of the Vessel;

"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 to which the Borrower, 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 subject of country-wide or territory-wide Sanctions;

"Sanctions Restricted Person" means a person 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;

"Security Cover Ratio" means, at any relevant time, the aggregate of the Security Value expressed as a percentage of the outstanding principal amount of the Loan at the relevant time;

"Security Documents" means:

(a) the Accounts Pledge Agreement;

(a) the Approved Manager's Undertaking;

(b) the General Assignment;

(c) the Mortgage;

(d) the Charterparty Assignment in respect of any Assignable Charterparty;

(e) the Corporate Guarantee; and

(g) 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 Borrower to the Lender pursuant to this Agreement and any other moneys from time to time owing or payable by the Borrower 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:

(a) a mortgage, charge (whether fixed or floating), pledge, hypothecation, assignment or any maritime or other lien or any other security interest of any kind;

(b) the security rights of a plaintiff under an action *in rem*; and

(c) any 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 judgementarrangements having a similar effect);

"Security Party" means the Borrower, the Corporate Guarantor and any other person (other than the Lender, a third-party Approved Manager and any charterer) 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 the Drawdown Date and ending on the date on which:

(a) all amounts which have become due for payment by the Borrower or any other 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; and

(c) neither the Borrower nor any other Security Party has any future or contingent liability under Clauses 11 *(Indemnities-Expenses-Fees)* or 5 *(Payments, Taxes and Computation)* or any other provision of this Agreement or another Finance Document;

"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 Borrower) which is at any relevant time equal to one hundred and twenty five (125%) of the Loan outstanding at the relevant time;

"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 Borrower) which, at any relevant time is the aggregate of (i) the Market Value of the Vessel as most recently determined in accordance with Clause 8.5(b) *(Valuation of Vessel)*, (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.

"Seller" means the person specified as *"Sellers"* in the MOA;

"Side Letter" means a letter to be executed by the persons referred to therein and addressed to the Lender, setting out the Borrower's and the Guarantor's shareholding structure, in form and substance satisfactory to the Lender;

"SMC" means a safety management certificate issued in respect of the Vessel in accordance with rule 13 of the ISM Code;

"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);

"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;

"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);

"Total Loss" means:

(a) actual, constructive, compromised or arranged total loss of the Vessel; or

(b) the Compulsory Acquisition of the Vessel unless it is within sixty (60) days from the date of such occurrence redelivered to the full control of the Borrower; or

(c) the condemnation, capture, seizure, confiscation, arrest or detention of the Vessel (other than where the same amounts to the Compulsory Acquisition of the Vessel) by any Government Entity, or by persons acting on behalf of any Government Entity, unless the Vessel be released and restored to the Borrower from such condemnation, capture, seizure, confiscation arrest or detention within one hundred and twenty (120) days after the occurrence thereof; and

(d) the hijacking, capture, seizure or confiscation of the Vessel arising as a result of a piracy or related incident unless the Vessel be released and restored to the Borrower from such hijacking, capture, seizure or confiscation within one hundred fifty (150) days after the occurrence thereof;

"Total Loss Date" means:

(a) in the case of an actual loss of the Vessel, the date on which it occurred or, if that is unknown, the date when the Vessel was last heard of;

(b) in the case of a constructive, compromised, agreed or arranged total loss of the 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 Borrower with the Vessel's insurers in which the insurers agree to treat the Vessel as a total loss;

(c) in the case of the Compulsory Acquisition of the Vessel, on the date upon which the relevant requisition of title or other compulsory acquisition occurs;

(d) in the case of, any condemnation, capture, seizure, confiscation, arrest, or detention of the Vessel (other than where the same amounts to Compulsory Acquisition of the Vessel) by any Government Entity, or by persons acting on behalf of any Government Entity, which deprives Borrower of the use of the Vessel for more than ninety (90) days, upon the expiry of the period of ninety (90) days after the date upon which the relevant, condemnation, capture, seizure or confiscation, arrest or detention occurred; and

(e) in the case of hijacking, capture, seizure or confiscation of the Vessel arising as a result of a piracy or related incident upon the expiry of the period of one hundred fifty (150) days after the occurrence thereof;

"Transferee" has the meaning ascribed thereto in Clause 14.3 *(Assignment by the Lender)*;

"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 Documents" means, together, the MOA, any Assignable Charterparty and the Management Agreement, and in the singular means any of them as the context requires;

*"**Unpaid Sum**"* means any sum due and payable but unpaid by a Security Party 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 Borrower which is resident for tax purposes in the US; or

(b) a Security Party some or all whose payments under the Finance Documents are from sources within the US for US federal income tax purposes;

"Vessel" means the crude oil/product carrier motor vessel "ALPINE AMALIA", of about 57,237 gt and 32,943 nt built in the year 2010 in S. Korea by Hyundai Heavy Industries Co., Ltd., having IMO No. 9460136, currently registered under the laws and flag of the Republic of the Liberia, purchased by the Borrower pursuant to the MOA and which upon her Delivery shall be 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 Borrower with the new name **"P. ALIKI"**, 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;

"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:

(a) Clause headings and the table of contents are inserted for convenience of reference only and shall be ignored in the interpretation of this Agreement;

(b) 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;

(c) where the context so admits, words in the singular include the plural and vice versa;

(d) the words *"including"* and *"in particular"* shall not be construed as limiting the generality of any foregoing words;

(e) 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;

(f) 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;

(g) 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 Borrower;

(h) 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;

(i) references to any person include such person's assignees and successors in title; and

(j) 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 Borrower in one (1) Advance and upon and subject to the terms of this Agreement, the amount specified in Clause 1.1 *(Amount and Purpose)* and the Borrower 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 Borrower and shall be effective on actual receipt thereof by the Lender and, once served, it, subject as provided in Clause 3.6 *(Market disruption)*, 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 Loan shall be advanced to the Borrower following receipt by the Lender from the Borrower of a Drawdown Notice not later than 10:00 a.m. (New York time) on the second Business Day before the date on which the drawdown is intended to be made unless the Lender otherwise approves.

2.4 **Number of Advances agreed**

The Commitment shall be advanced to the Borrower, subject to the terms and conditions of this Agreement, by one (1) Advance and any amount undrawn under the Commitment shall be cancelled and may not be borrowed by the Borrower at a later date.

2.5 **Disbursement**

Upon receipt of the 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 Drawdown Notice, make the Commitment available to the Borrower, and payment to the Borrower shall be made to the account which the Borrower specify in the Drawdown Notice.

2.6 **Application of proceeds**

Without prejudice to the Borrower's 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 Borrower.

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 Borrower 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 Borrower 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 and the Borrower may rebut such evidence with any other means of evidence save for witnesses.. 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 Borrower shall be entitled to cancel any undrawn part of the Commitment under this Agreement upon giving the Lender not less than five (5) Business 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 Borrower. 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 Borrower 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**

The Borrower has not taken or received, and the Borrower undertakes that until all moneys, obligations and liabilities due, owing or incurred by the Borrower under this Agreement and the Security Documents have been paid in full, the Borrower will not take or receive, any security or lien from any other person liable or for any liability whatsoever.

2.11 **Disbursement of the Commitment to Seller's Bank or to the Escrow Agent's Bank (as applicable)**

(a) Notwithstanding the foregoing provisions of this Clause 2, in the event that any part of the Commitment is required to be drawn down prior to the satisfaction of the requirements of Clause 7 *(Conditions precedent)* and remitted to the Seller's Bank or to the Escrow Agent's Bank (as applicable) in accordance with the relevant clause of the MOA (both hereinafter the *"**Seller's Bank**"*), the Lender may in its absolute discretion agree to remit such amount to the Seller's Bank prior to the satisfaction of the requirements of Clause 7 *(Conditions precedent)* expressly subject to the following conditions:

(i) such amount is remitted to the Seller's Bank to be held by it in an account in the Lender's name and/or to the order of the Lender or to the Escrow Agent, as applicable, to be held in a separate account which shall be operated pursuant to the terms and conditions of an Escrow Agreement to be approved by the Lender (the *"**deposit account**"*);

(ii) the principal amount (the *"**deposited amount**"*) of such funds will only be released to the Seller strictly in accordance with the Lender's instructions set out in the SWIFT payment instructions or in the relevant Escrow Agreement, as applicable (together herein, the *"**SWIFT Instructions**"*) of the Lender to the Seller's Bank (or to the Escrow Agent, as applicable);

(iii) the deposited amount so released may be used only for payment to the account of the Seller in satisfaction of the balance of the purchase price of the Vessel; and

(iv) in the event that:

aa) none of the said amount so remitted is released (whether on the expected Delivery Date or thereafter) in accordance with the SWIFT instructions or any part thereof is not so released, or

bb) the Seller's Bank (or the Escrow Agent, as applicable) fails to remit (or to order the remittance, as applicable) the said amount and any earned interest to the Operating Account and/or any other account designated by the Lender in accordance with the SWIFT Instructions:

(1) the continued failure of the Seller's Bank (or the Escrow Agent, as applicable) to comply with the SWIFT instructions shall be deemed to be an Event of Default for the purposes of this Agreement and (2) the Borrower shall forthwith upon demand by the Lender pay to the Lender such amounts that may be certified by the Lender as being the amount required to indemnify the Lender in respect of any cost transferred to the Lender in relation to the deposited amount from the date of payment thereof to the Seller's Bank (or to the Escrow Agent, as applicable) to the date of disbursement of the deposited amount to the Seller or the refund of the deposited amount to the Lender less the amount (if any) of the earned interest received by the Lender from the Seller's Bank (or the Escrow Agent, as applicable).

(b) Without prejudice to the obligations of the Borrower to indemnify the Lender on demand, the Lender shall in good faith take reasonable and proper steps diligently to seek recovery of the deposited amount from the Seller's Bank (or the Escrow Agent, as applicable) (provided that prior to taking such action the Borrower shall have agreed to indemnify the Lender for all costs and expenses which may be incurred in seeking recovery of such amount, including, without limitation, all legal fees and disbursements reasonably and properly incurred) and if the Lender shall recover any part of the deposited amount (and provided that it has previously recovered full indemnification under Clause 2.11(a)(iv)) the Lender shall, so long as no Event of Default has occurred and is continuing, pay to the Borrower the amount so recovered after subtracting any tax suffered or incurred thereon or Expenses incurred by the Lender.

(c) The Lender shall have no liability whatsoever to the Borrower or any other person for any loss caused by the Seller's Bank's (or the Escrow Agent's, as applicable) failure for any reason whatsoever to remit the said amount and any earned interest to the designated account or to comply fully in accordance with the SWIFT Instructions.

(d) Save that no Event of Default exists under this Agreement, any amounts remitted by the Seller's Bank (or the Escrow Agent, as applicable) to the Lender and returned pursuant to this Clause 2.11 will be applied as follows, and express authority is hereby given by the Borrower to the Lender to make such application: in case the purchase of the Vessel has been canceled or delayed these amounts shall be applied in or towards prepayment of the Loan in full, and the remaining amount (if any) shall be freely available to the Borrower;

provided that if any such amount so returned is not a part of the amount of the Loan but part of the Borrower's equity such amount shall be freely available to the Borrower.

For the purposes of this Clause, ***"Escrow Agent's Bank"*** means (in case an Escrow Agent is appointed) the bank of the Escrow Agent appointed by the relevant Borrower in accordance with the terms of the MOA and the provisions of any Escrow Agreement made between that Borrower, the Seller and the said Escrow Agent, and acknowledged and agreed by the Lender.

The provisions of Clause 4.5 *(Amounts payable on prepayment)* shall apply to any prepayment of the Loan made under this Clause 2.11.

3. INTEREST

3.1 Calculation of interest

The Borrower 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:

(a) the Margin; and

(b) the Reference Rate for that day.

3.2 Selection of Interest Period

(a) Notice: The Borrower may by notice received by the Lender not later than 10:00 a.m. (New York time) on the second Business 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 three (3) months (or such other period as may be requested by the Borrower and as the Lender, in its sole discretion, may agree to).

(b) Non-availability of matching deposits for Interest Period selected: If, after the Borrower by notice to the Lender have selected an Interest Period longer that three (3) months, the Lender notifies the Borrower on the same Business 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 Relevant Market when that Interest Period commences, that Interest Period shall be of such duration as the Lender may advise the Borrower 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 Borrower pursuant to Clause 3.2 *(Selection of Interest Periods)* but so that:

(a) Initial Interest Period: the initial Interest Period applicable to the Loan will commence on the Drawdown Date and each subsequent Interest Period will commence forthwith upon the expiry of the preceding Interest Period;

(b) Interest Period overrunning Repayment Date(s): 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 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) Last Interest Period: the last Interest Period in respect of the Loan will terminate on the Final Maturity Date;

(d) Failure to notify: if the Borrower fails 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 agreed between the Lender and the Borrower provided, always, that such period (whether of three (3) months or of different duration) shall comply with this Clause 3.3;

(e) Interest Period not readily available: if the Lender determines that the duration of an Interest Period specified by the Borrower in accordance with Clause 3.2 *(Selection of Interest Period)* is not readily available, then that Interest Period shall have such duration as the Lender, may determine;

(f) No Interest Period to extend beyond Final Maturity Date: No Interest Period for the Loan shall end after the Final Maturity Date and any such Interest Period which would otherwise extend beyond the Final Maturity Date shall instead end on the Final Maturity Date,

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 Business 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 Business Day the Interest Period shall be extended until the next following Business Day unless such next following Business Day falls in the next calendar month in which case such Interest Period shall be shortened to expire on the preceding Business Day.

3.4 **Default Interest**

(a) Default interest: If a Security Party fails to pay any amount payable by it under a Finance Document on its due date, interest shall accrue on the Unpaid Sum from the due date up to the date of actual payment (both before and after judgment) at a rate which, subject to paragraph (b) below, is 2% per 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 3.4 (*Default interest*) shall be immediately payable by the Security Party 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 2.00% per annum higher than the rate which would have applied if that Unpaid Sum had not become due.

(c) 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 period by reference to which it was determined.

(d) 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 six (6) months and shall be payable on demand.

3.5 Notification of duration of Interest Periods and interest rate

The Lender shall notify the Borrower 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, but this shall not be taken to imply that the Borrower is liable to pay such interest only with effect from the date of the Lender's notification. However, omission of the Lender to make such notification (without the application of the Borrower) will not constitute and will not be interpreted as if to constitute a breach of obligation of the Lender except in case of wilful misconduct.

3.6 Market disruption

If before close of business in London on the Quotation Day for the relevant Interest Period, the Lender determines (in its sole discretion) that its cost of funds relating to the Loan would be in excess of the Market Disruption Rate, then Clause 3.7 (*Cost of funds*) shall apply to the Loan for the relevant Interest Period.

3.7 **Cost of funds**

(a) If this Clause 3.7 (*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 Lender to the Borrower, which expresses as a percentage rate per annum the Lender's cost of funds relating to the Loan or the relevant part thereof.

(b) If this Clause 3.7 (*Cost of funds*) applies and the Lender or the Borrower so requires, the Lender and the Borrower shall enter into negotiations (for a period of not more than 20 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 3.9 (*Changes to reference rates*), any substitute or alternative basis agreed pursuant to paragraph (b) above shall, with the prior consent of all the Lender and the Borrower, be binding on all Parties.

(d) If any rate notified to the Lender under sub-paragraph (ii) of paragraph (a) above is less than zero, the relevant rate shall be deemed to be zero.

(e) If no substitute or alternative basis agreed pursuant to paragraph (b) above, the Borrower may give the Lender not less than 5 days' notice of its intention to prepay the Loan at the end of the interest period set by the Lender.

(f) A notice under paragraph (e) above shall be irrevocable; and on the last Business Day of the interest period set by the Lender the Borrower shall prepay (without premium or penalty) the Loan, together with accrued interest thereon at the applicable interest rate and the balance of the Outstanding Indebtedness.

(g) The provisions of Clause 4 *(Repayment-Prepayment)* shall apply in relation to the prepayment made hereunder.

3.8 **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 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 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 Reference Rate for the Loan or that part of the Loan (as applicable) and Clause 3.7 (*Cost of Funds*) shall apply to the Loan or that part of the Loan for that Interest Period.

3.9 **Changes to Reference Rates**

(a) If a Published Rate Replacement Event has occurred in relation to any Published Rate, any amendment or waiver which relates to:

(i) providing for the use of a Replacement Reference 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 Lender and the Borrower.

(c) In this Clause 3.9 (*Changes to reference rates*):

"***Published Rate***" means:

(a) SOFR; or

(b) Term SOFR for any Quoted Tenor.

"***Published Rate Contingency Period*****"** means, in relation to:

(a) Term SOFR (all Quoted Tenors), 10 US Government Securities Business Days; and

(b) SOFR, 10 US Government Securities Business Days.

"***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 Lender 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;

(i) 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;

(ii) 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

(iii) the administrator of that Published Rate or its supervisor announces that that Published Rate may no longer be used; or

(c) the administrator of that Published Rate (or the administrator of an interest rate which is a constituent element of that Published Rate) determines that that Published 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 Lender and the Borrower) temporary; or

(ii) that Published Rate is calculated in accordance with any such policy or arrangement for a period no less than the applicable Published Rate Contingency Period; or

(d) in the opinion of the Lender and the Borrower, that Published Rate is otherwise no longer appropriate for the purposes of calculating interest under this Agreement.

"***Quoted Tenor***" means, in relation to Term SOFR, any period for which that rate is customarily displayed on the relevant page or screen of an information service.

"***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; 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 Reference Rate***" will be the replacement under paragraph (ii) above;

(b) in the opinion of the Lender 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 Lender and the Borrower, an appropriate successor or alternative to a Published Rate.

4. REPAYMENT - PREPAYMENT

4.1 Repayment

The Borrower shall and it is expressly undertaken by the Borrower to repay the Loan by (a) twenty (20) 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 20th) of such Repayment Instalments falling due for payment on the Final Maturity Date and (b) a balloon installment in the amount of Dollars Eight million two hundred fifty thousand ($8,250,000) (the ***"Balloon Instalment"***), such Balloon Instalment to be repaid together with the last (the 20th) Repayment Installment on the Final Maturity Date; subject to the provisions of this Agreement, the amount of each of the Repayment Instalments shall be in the amount of Dollars Five hundred thousand ($500,000);

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 Borrower 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 Borrower 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 Business Day, the due date therefor shall be extended to the next succeeding Business Day unless such Business Day falls in the next calendar month, in which event such due date shall be the immediately preceding Business Day.

4.2 Voluntary Prepayment

The Borrower shall have the right, to prepay without premium or penalty, 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 Borrower 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 Borrower not less than seven (7) Business 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) any prepayment relating to the whole of the Loan may take place only on the last day of an Interest Period;

(c) each 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 reduction of the Balloon Instalment and the remaining Repayment Instalments;

(e) every notice of prepayment shall be effective only on actual receipt by the Lender, shall be irrevocable and shall oblige the Borrower to make such prepayment on the date specified;

(f) the Borrower have provided evidence satisfactory to the Lender that any consent required by the 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 the Borrower or any Security Party has been complied with;

(g) no amount prepaid may be re-borrowed; and

(h) the Borrower may not prepay the Loan or any part thereof save as expressly provided in this Agreement or as otherwise agreed by the Lender;

Provided always that if the Borrower shall, subject always to Clause 4.2(a), make a prepayment on a Business 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 **Mandatory Prepayment in case of Total Loss or sale or refinancing of the Vessel**

(a) Total Loss of Vessel: On the 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 any part thereof) has been already advanced, the Borrower shall prepay the Outstanding Indebtedness the latest on the date falling one hundred and twenty (120) days after the Total Loss Date or, if earlier, on the date upon which the insurance proceeds in respect of such Total Loss are or Requisition Compensation is received by the Borrower (or the Lender pursuant to the Security Documents).

(b) Sale or refinancing of the Vessel: In the event of a sale or other disposal of the Vessel, or in case of refinancing by another bank or a financial institution or if the Borrower requests the Lender's consent for the discharge of the Mortgage on the Vessel, the Borrower shall prepay the Outstanding Indebtedness in full on or before the date on which such refinancing is effected or the sale is completed by delivery of the Vessel to the buyer thereof;

4.4 **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)* 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 Borrower 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 Payments - No set-off or Counterclaims

(a) The Borrower hereby acknowledges that, in performing its obligations under this Agreement, the Lender will be incurring liabilities to third parties in relation to the funding of amounts to the Borrower, such liabilities matching the liabilities of the Borrower to the Lender and that it is reasonable for the Lender to be entitled to receive payments from the Borrower 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 Borrower 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. (New York time) on the Business 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 Borrower, reference: *"GARU SHIPPING COMPANY INC../LOAN AGREEMENT DATED: 1ST NOVEMBER, 2022"* provided, however, that the Lender shall have the right to change the place of account for payment, upon ten (10) Business Days' prior written notice to the Borrower.

(b) If at any time it shall become unlawful or impracticable for the Borrower to make payment under this Agreement to the relevant account or bank referred to in Clause 5.1(a), the Borrower may request and the Lender may agree to alternative arrangements for the payment of the amounts due by the Borrower to the Lender under this Agreement or the other Finance Documents.

5.2 **Payments on Business Days**

All payments due shall be made on a Business Day. If the due date for payment falls on a day which is not a Business Day, that payment due shall be made on the immediately following Business Day unless such Business Day falls in the next calendar month, in which case payments shall fall due and be made on the immediately preceding Business 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 Borrower to make payment subject to Governmental Withholdings (other than a FATCA Deduction), the Borrower 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 (other than a FATCA Deduction). The Borrower shall indemnify the Lender against any losses or costs incurred by the Lender by reason of any failure of the Borrower 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 Borrower shall, not later than thirty (30) days after each deduction, withholding or payment of any Governmental Withholdings (other than a FATCA Deduction), 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 (other than a FATCA Deduction). The obligations of the Borrower 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 Clause 5.3 *(Gross up)* then, without in any way limiting the rights of the Lender under Clause 5.3 *(Gross up)*, 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 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 Borrower 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 Borrower. 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 Borrower represents and warrants to the Lender that;

(a) Due Incorporation/Valid Existence: Each of the Borrower 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 the Vessel, or, as the case may be, manage the Vessel, 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 Borrower and the other corporate Security Parties has power to execute, deliver and perform its obligations under the Finance Documents and each of the Underlying Documents to which is or is to be a party and for the Borrower to borrow the Commitment and each of the 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 Borrower to borrow will be exceeded as a result of borrowing the Loan;

(c) No litigation etc.: 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 in relation to sums exceeding Five hundred thousand Dollars ($500,000) involving a potential liability of the Borrower or any other Security Party (and in the case of the Corporate Guarantor exceeding $5,000,000) is current or pending or (to its or its officers' knowledge) threatened against the Borrower or any other Security Party, which, if adversely determined, would have a Material Adverse Effect on any of them;

(d) No conflict with other obligations: the execution and delivery by the Borrower and each other Security Party of, the performance of its obligations under, and compliance with the provisions of, the Finance Documents and each of the Underlying Documents to which it is a party will not (i) contravene any existing applicable law, statute, rule or regulation or any judgment, decree or permit to which the Borrower 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 Borrower 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 Borrower or any other Security Party or (iv) result in the creation or imposition of or oblige the Borrower 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 Borrower or any other Security Party;

(e) Financial Condition: the financial condition of the Borrower and of the other Security Parties has not suffered any material deterioration since that condition was last disclosed to the Lender;

(f) No Immunity: neither the Borrower 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 Borrower and the Approved Manager 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 Borrower is aware;

(i) Perfected Securities: the Finance Documents and each of the Underlying 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;

(j) 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 the Borrower is a party:

(i) the 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;

(k) No Notarisation/Filing/Recording: save for the registration of the 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;

(l) No conflict: there are no other agreements or arrangements which may adversely affect or conflict with the Finance Documents or the security thereby created;

(m) Taxes paid: the Borrower has paid all taxes applicable to, or imposed on or in relation to the Borrower, its business or the Vessel; and

(n) 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 the Borrower and any other Security Party which is or is to be a party thereto.

6.2 **Initial representations and warranties**

The Borrower further represents and warrants to the Lender that:

(a) Direct obligations - Pari Passu: the obligations of the Borrower under this Agreement are direct, general and unconditional obligations of the Borrower and rank at least pari passu with all other present and future unsecured and unsubordinated Financial Indebtedness of the Borrower 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; to the best knowledge of the Directors/Officers or shareholders of the Borrower 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 Event of Default: no Event of 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 the Borrower 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 Borrower;

(e) No Default under other Financial Indebtedness: none of the Borrower and the Corporate Guarantor is in default under any agreement relating to Financial Indebtedness in relation to sums exceeding, in the case of the Borrower, Five hundred thousand Dollars ($500,000) and in the case of the Corporate Guarantor exceeding $5,000,000, to which it is a party or by which it is or may be bound;

(f) Ownership/Flag/Seaworthiness/Class/Insurance of the Vessel: the Vessel on the Delivery Date will be:

(i) in the absolute and free from Security Interests (other than Permitted Security Interests) ownership of the Borrower who will on and after the Delivery Date be the sole legal and beneficial owner of the Vessel;

(ii) registered in the name of the Borrower 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 any overdue recommendations of such Classification Society;

(v) insured in accordance with the provisions of this Agreement and the Mortgage;

(vi) managed by the Approved Manager; and

(vii) in full compliance with the ISM and the ISPS Code;

(g) No Charter: save for any Assignable Charterparty and unless otherwise permitted in writing by the Lender, the Vessel will not on or before the Delivery Date be subject to any charter or contract nor to any agreement to enter into any charter or contract which, if entered into after the Delivery Date would have required the consent of the Lender under any of the Finance Documents and there will not on or before the Delivery Date be any agreement or arrangement whereby the Earnings of the 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: except as may already have been disclosed by the Borrower in writing to, and acknowledged in writing by, the Lender:

(i) the Borrower and its Related Companies have complied with the provisions of all Environmental Laws;

(ii) the Borrower and its Related Companies have obtained all Environmental Approvals and are in compliance with all such Environmental Approvals; and

(iii) neither the Borrower nor any of its Related Companies have received notice of any Environmental Claim in excess of $500,000 that the Borrower or any of its 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 Borrower in writing to, and acknowledged in writing by, the Lender:

(i) there is no Environmental Claim in excess of $500,000 pending or, to the best of the Borrower's knowledge and belief, threatened against the Borrower or the Vessel or the 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 Vessel or any other Relevant Ship or the Vessel owned by, managed or crewed by or chartered to the Borrower which could give rise to an Environmental Claim in excess of $500,000;

(k) Copies true and complete: the copies of the Underlying Documents 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) Application made for DOC and SMC: in relation to the Vessel, the DOC applicable to the Approved Manager is presently in full effect, and the Operator has applied or, as the case may be, prior to her Delivery shall apply, to the appropriate Regulatory Agency for a DOC for itself and an SMC in respect of the Vessel to be issued pursuant to the ISM Code within any time limit required or recommended by such Regulatory Agency and that neither the Borrower nor any Operator is aware of any reason why such application may be refused;

(m) Compliance with ISM Code: the Vessel will comply on the Delivery 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 the Vessel shall remain valid on the Delivery Date and thereafter throughout the Security Period;

(n) Compliance with ISPS Code: the Borrower on the Delivery Date shall have a valid and current ISSC in respect thereof and will comply on the Delivery Date and the Operator complies, with the requirements of the ISPS Code and the ISSC which shall be issued in respect of the Vessel shall remain valid on the Delivery Date and thereafter throughout the Security Period;

(o) Shareholdings:

(i) all of the issued shares in the Borrower are held directly by the Parent Company (being as of the date of this Agreement the sole shareholder of the Borrower);

(ii) the Parent Company is a company listed in the Nasdaq Capital Market and the Corporate Guarantor is and will continue to be managed by the Chief Executive Officer disclosed to the Lender at the negotiation of this Agreement ;

(iii) no change of control has been made directly or indirectly in the ownership of the Borrower as a Subsidiary of the Parent Company or the management of the Borrower or any share therein or of the Vessel and 100% of the shares and voting rights in the Borrower will remain throughout the Security Period in the legal ownership of the Parent Company;

(p) No US Tax Obligor: (other than as disclosed to the Lender) none of the Security Parties is a US Tax Obligor;

(q) Sanctions: none of the Security Parties:

(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 Borrower 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;

(r) Taxes paid: the Borrower has paid all taxes applicable to, or imposed on or in relation to itself, its business or the Vessel;

(s) No default under MOA: the Borrower is not in default under any of its obligations under the MOA;

(t) MOA Valid: the copy of the MOA to be delivered to the Lender shall be a true and complete copy of such document constituting valid and binding obligations of the parties thereto enforceable in accordance with its terms and no amendments thereto or variations thereof shall have been (or will be) agreed nor shall any action been taken by the parties thereto which would in any way render such document inoperative or unenforceable; and

(u) No Rebates: there will be no commissions, rebates premiums or other payments by or to or on account of the Borrower or any other Security Party or, to the knowledge of the Borrower, any other person in connection with the MOA other than as shall be disclosed to the Lender by the Borrower in writing.

(v) Compliance with laws and regulations: the Borrower is in compliance in all material respects with any law or regulation applicable to it and pertaining to the labor and employment conditions, the occupational health and safety and the public health, safety and security.

6.3 **Money laundering - acting for own account**

The Borrower further 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; the Borrower is aware that under applicable money laundering provisions, it has an obligation to state for whose account the Loan is obtained; the Borrower 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 Borrower 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 the Borrower 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 Borrower and/or the Corporate Guarantor 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) Business 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 or, as appropriate, signed by the secretary or a director thereof:

(i) certifying that each copy document relating to it referred to in paragraph (a) of this Clause 7.1 is correct, complete and in full force and effect;

(ii) setting out the names of (A) the directors and officers of that Security Party and (B) the shareholders of that Security Party (other than the Parent Company) and the proportion of shares held by each shareholder thereof; and

(iii) confirming that borrowing or guaranteeing or securing, as appropriate, the Loan would not cause any borrowing, guarantee, security or similar limit binding on that Security Party to be exceeded;

(c) Shareholding: such documentation and other evidence, including the Side Letter, as is reasonably requested by the Lender in order for the Lender to comply with all necessary "*know your customer*" or similar identification procedures in relation to the transactions contemplated in the Finance Documents;

(d) Resolutions: minutes of separate meetings of (i) the directors of each corporate Security Party and (ii) the shareholders of each corporate Security Party (other than the Parent Company) 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 corporate 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) DOC: a copy of the DOC applicable to the Approved Manager certified as true and in effect;

(h) 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;

(i) MOA, Management Agreement - Assignable Charterparty: a copy of each of the following documents certified as true and complete by the legal counsel of the Borrower:

(i) The MOA;

(ii) the Management Agreement evidencing that the Vessel is managed by the Approved Manager on terms acceptable to the Lender; and

(iii) any Assignable Charterparty; and

(j) Operating Account: evidence that the Operating Account has 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 or immediately following the drawdown of the Loan or the relevant part thereof:

(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 for the Loan duly executed, issued and delivered to the Lender as provided in Clause 2.2 *(Drawdown Notice and commitment to borrow)*;

(c) Finance Documents: the originals of the **Accounts Pledge Agreement**, **Guarantee**, **Mortgage, General Assignment, Approved Manager's Undertaking, Charterparty Assignment**, **Side Letter**, any **Compliance Certificate** and **Insurance Letter** (and of each document to be delivered by each of them) and each 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 the Vessel is and on the Drawdown Date will be duly registered in the ownership of the Borrower 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 the Vessel will be insured in accordance with the insurance requirements provided for in this Agreement and the Security Documents, including a MII and a MAPI, together with an opinion from insurance consultants (appointed by the Lender at the Borrower's expense) as to the adequacy of the insurances effected or to be effected in respect of the 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 the Vessel;

(f) Insurers' confirmations - Letters of Undertaking: all necessary confirmations by insurers of the Vessel that they will issue letters of undertaking and endorse notice of assignment and loss payable clauses on the Insurances, in market standard form and - in the event of fleet cover - accompanied by waivers for liens for unpaid premium of other Vessel managed by the Approved Manager and which are not subject to any mortgage in favour of the Lender;

(g) MII: the MII and the MAPI shall have been reimbursed by the Borrower as provided in Clause 10.9 *(MII and MAPI costs)*;

(h) Access to class records: due authorisation 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 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 the Mortgage on or before the Drawdown Date will be registered against the Vessel through the Registry under the laws and flag of the Flag State;

(k) Trading certificates: copies of the trading certificates of the Vessel evidencing the same to be valid and in force;

(l) Class confirmation: evidence from the Classification Society that the Vessel on the Delivery Date will be classed with the class notation (referred to in the Mortgage), 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: an extract of the trim and stability booklet certifying the lightweight of the Vessel;

(n) DOC and SMC: (i) a certified copy of the DOC issued to the Operator of the Vessel and (ii) a certified copy of the SMC for the Vessel;

(o) ISM Code Documentation: copies of all ISM Code Documentation certified as true and complete in all material respects by the Borrower and the Approved Manager;

(p) ISPS Code compliance:

(i) evidence satisfactory to the Lender that the 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 the Vessel delivered to the Lender upon its issuance;

(q) Valuation: charter free valuation of the Vessel satisfactory to the Lender, to be obtained by the Lender, at the Borrower's expense, made on the basis and in the manner specified in Clause 8.5(b) *(Valuation of Vessel)*;

(r) Security Parties' process agent: a letter from each Security Party's agent for receipt of service of proceedings referred to in each Security Document to which the relevant Security Party is a party, accepting its appointment under each of the relevant Security Documents;

(s) No Security Interests: evidence that no Security Interests are registered against the Vessel on her previous register;

(t) Acknowledgement of Receipt: a receipt in writing in form and substance satisfactory to the Lender including an acknowledgement and admission of the Borrower and the Corporate Guarantor to the effect that the Commitment or relevant part thereof (as the case may be) was drawn by the Borrower and a declaration by the Borrower 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;

(u) 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;

(v) Flag State opinion: draft opinion of legal advisers to the Lender on matters of the laws of the Flag State of the Vessel;

(w) Pledged Deposit: deposit in the Operating Account the Pledged Deposit referred to in Clause 8.1(k) *(Pledged Deposit)*on or prior to the Drawdown Date;

(x) Fees: evidence that the fees referred to in Clause 10.15 *(Arrangement Fee)* have been paid in full;

(y) Condition survey report: if the Lender so requires, a satisfactory to the Lender physical condition survey report on the Vessel together with a comprehensive record inspection from a surveyor appointed by the Lender, at the Borrower's expense;

(z) Financial covenants: evidence satisfactory to the Lender in the form of annual audited financial statements of the Parent Company for the period ending on December 31, 2021, including, without limitation the Compliance Certificate, that the Parent Company complies fully with the requirements of Clause 8.8 *(Financial Covenants - Compliance Certificate)*;

(aa) Seller's title: evidence to the full satisfaction of the Lender, proving the Seller's title to the Vessel free of any Security Interests, debts or claims of any nature whatsoever;

(bb) Seller's documents: duly certified copy of the Bill of Sale, the protocol of delivery and acceptance of the Vessel, as well as of all other Seller's documents, upon her Delivery;

(cc) No Security Interests on previous register: evidence that no Security Interests are registered on Delivery against the Vessel on her previous register; and

(dd) Purchase Price paid: evidence that the purchase price of the Vessel has been (or upon her delivery will have been) paid in full in accordance with the provisions of the MOA.

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 the 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 of control: the Lender shall be satisfied that:

(i) the Corporate Guarantor remains listed in the NASDAQ Capital Market;

(ii) there has been no change in control directly or indirectly in the legal ownership, or management of the Borrower or any share in the Borrower or of the Vessel; and

(iii) there has been no Material Adverse Change in the financial condition of any Security Party which (change) might, in the reasonable opinion of the Lender, be detrimental to the interests of the Lender; and

(d) No Market Disruption Event: none of the circumstances contemplated by Clause 3.7 *(Market disruption)* 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 Borrower 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 the Borrower 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 Borrower 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)*, the Borrower 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. UNDERTAKINGS

8.1 General

The 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 Event of Default: promptly inform the Lender upon becoming aware of any occurrence which might have a Material Adverse Effect on 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 Event of 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 Event of Default has occurred and is continuing;

(b) Notification of litigation: provide the Lender with details of any legal or administrative action relating to an amount exceeding Five hundred thousand Dollars ($500,000) involving the Borrower, the Vessel, the Earnings or the Insurances in respect of the Vessel or the Corporate Guarantor relating to an amount exceeding Five million Dollars ($5,000,000) , as soon as such action is instituted, unless it is clear that the legal or administrative action cannot be considered material in the context of any Finance Document, and the Borrower shall procure that all appropriate measures are taken to defend any such legal or administrative action;

(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 and the Underlying Documents to which it is a party;

(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:

(i) furnish the Lender, as soon as become available, but in any event within 180 days after the end of each of the Parent Company's Financial Years, the audited consolidated financial statements of the Parent Company (including the Borrower) for that financial year, commencing with the financial statements for the Financial Year ending on 31 December 2021;

(ii) simultaneously with each of the financial statements to be sent to the Lender under paragraph (i) of this Clause 8.1(f), a Compliance Certificate, duly completed and supported by calculations setting out in reasonable detail the materials underling the statements made in such Compliance Certificate; and

(iii) promptly, after each request by the Lender, such further financial or other information and accounts relating to the business, undertaking, assets, liabilities, revenues, financial condition or affairs in respect of the Borrower, the Vessel, the Parent Company, the other Security Parties and the Group as the Lender from time to time may reasonably require;

(g) Compliance Certificate: procure that the Parent Company supplies to the Lender with each set of financial statements delivered pursuant to sub-paragraph (i) of Clause 8.1(f) (***Financial statements***), a Compliance Certificate setting out (in reasonable detail) computations as to compliance with Clause 8.12 (***Financial Covenants***) as at the date as at which those financial statements were drawn up, such Compliance Certificate shall be signed by the chief executive officer or the chief financial officer of the Parent Company;

(h) Requirements as to financial statements: each set of financial statements delivered by the Borrower pursuant to Clause 8.1(f) ***(Financial Statements)*** will:

(i) be prepared in accordance with internationally accepted accounting principles and practices consistently applied (IFRS or US-GAAP) and be certified by an Approved Auditor;

(ii) fairly represent the financial condition of the Borrower, the Parent Company and the Group at the date of those accounts and of their profit for the period to which those accounts relate; and

(iii) fully disclose or provide for all significant liabilities of the Borrower, the Parent Company and the Group;

(h) 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 or affairs of the Borrower and each Security Party as the Lender from time to time may reasonably require;

(i) 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 Borrower including cash flow analysis and voyage accounts of the 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 Borrower as to their correctness;

(j) Information on the employment of the Vessel: provide the Lender from time to time as the Lender may request with information on the employment of the 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 the Vessel, such information to be certified by one of the directors of the Borrower as to their correctness;

(k) Pledged Deposit: procure that, upon drawdown and at all times during the Security Period, the Borrower shall maintain in the Operating Account the amount of Dollars Five hundred thousand Dollars ($500,000), which amount shall remain pledged in favour of the Lender throughout the Security Period (such amount for the purpose of this Agreement shall be called herein the ***"Pledged Deposit"***);

(l) Banking operations: ensure that all banking operations in connection with the Vessel are carried out through the Lending Office of the Lender;

(m) Subordination: ensure that all Financial Indebtedness of the Borrower to its 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;

(n) Obligations under Finance Documents: duly and punctually perform each of the obligations expressed to be assumed by it under the Finance Documents;

(o) Payment on demand: pay to the Lender on demand any sum of money which is due and payable by the Borrower 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;

(p) Compliance with Laws and Regulations: comply, or procure compliance with all laws or regulations relating to it and/or the Vessel, its ownership, operation and management or to the business of the 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;

(r) 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;

(s) 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;

(t) Parent Company's CEO: procure that the CEO of the Parent Company to be a person acceptable to the Lender throughout the Security Period; and

(u) Compliance with Covenants: duly and punctually perform all obligations under this Agreement and the other Finance Documents.

8.2 **Negative undertakings**

The 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 not, without the prior written consent of the Lender:

(a) Negative pledge:

(i) create or 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 Borrower other than in the normal course of its business of owning, financing, maintaining and operating the Vessel and owning or acquiring ship-owning companies; and

(ii) cease to hold the legal title to, and own the entire beneficial interest in the Vessel, its Insurances and Earnings, free from all Security Interests (other than a Permitted Security Interest) 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 General Assignment and any other Finance Documents;

(b) No further Financial Indebtedness: incur any further Financial Indebtedness in excess of $500,000 nor authorise or accept any capital commitments (other than that normally associated with the day to day operations of the Borrower and the Vessel, and the operation, maintenance and trading of the Vessel) nor enter into any agreement for payment on deferred terms or hire agreement;

(c) No merger: merge or consolidate with any other person;

(d) No disposals:

(i) 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 reasonable opinion of the Lender in relation to the undertakings, assets, rights and revenues of the Borrower) 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) 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;

but paragraphs (i) and (ii) do not apply to:

(aa) any charter of the Vessel; and

(bb) any sale of the Vessel to a *bona fide* third party on arm's length terms, otherwise than as provided in Clause 4.3(b) *(Sale or refinancing of the Vessel)*;

(e) No acquisitions: not acquire any further assets other than the Vessel and rights arising under contracts entered into by or on behalf of the Borrower other than in the ordinary course of its business of owning, operating and chartering the Vessel;

(f) No other business: not undertake any type of business other than its current business of owning, financing and operating the Vessel and the chartering of the Vessel to third parties;

(g) No investments: make any investments in any person, asset, firm, corporation, joint venture or other entity;

(h) No other liabilities or obligations to be incurred: incur any liability or obligation (including, without limitation, any Financial Indebtedness or any obligations under a guarantee or sale and leaseback transaction) except:

(i) liabilities and obligations under the Finance Documents to which it is or, as the case may be, will be a party; and

(ii) liabilities or obligations reasonably incurred in the normal course of its business of trading, operating and chartering, maintaining and repairing the Vessel owned by it (and for the purposes of this Clause 8.2(h) fees to be paid pursuant to the Management Agreement in respect of the Vessel shall be considered as permitted obligations under the Finance Documents) (including, without limitation, any Financial Indebtedness owing to its shareholder(s) or the Approved Manager, subject to the Borrower ensuring on or prior to the Drawdown Date, that the rights of the Lender thereunder are fully subordinated in writing pursuant to a subordination agreement acceptable to the Lender);

(i) No borrowing: incur any Financial Indebtedness except for Financial Indebtedness pursuant to the Finance Documents or in the ordinary course of business of operating, maintaining and repairing the Vessel;

(j) No repayment of borrowings: repay the principal of, or pay interest on or any other sum in connection with, any of Financial Indebtedness except for Financial Indebtedness pursuant to the Finance Documents or in the ordinary course of business of operating, maintaining and repairing the Vessel;

(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 General Assignment and/or the other Finance Documents or not) to any person except in connection with the administration of the Borrower and the operation and/or maintenance and/or repair and/or trading of the Vessel;

(l) No guarantees: 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 the Borrower, guarantees or indemnities from time to time required in the ordinary course of its business, the operation, maintenance and repair of the Vessel or by any protection and indemnity or war risks association with which the Vessel is entered, guarantees required to procure the release of the Vessel from any arrest, detention, attachment or levy or guarantees or undertakings required for the salvage of the Vessel;

(m) No loans: make any loans or advances to, 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 Manager directly or through the Approved Manager of the Vessel or agree to do so, provided, always, that any loans of its shareholders to the Borrower shall be fully subordinated to the Borrower's obligations under this Agreement and the other Finance Documents;

(n) No securities: permit any Financial Indebtedness of the Borrower to any person (other than the Lender) to be guaranteed by any person (save, in the case of the Borrower, for guarantees or indemnities from time to time required in the ordinary course of business, the operation, maintenance and repair of the Vessel or by any protection and indemnity or war risks association with which the Vessel is entered, guarantees required to procure the release of the Vessel from any arrest, detention, attachment or levy or guarantees or undertakings required for the salvage of the Vessel);

(o) No dividends or distributions: if an Event of Default has occurred and is continuing declare or pay any dividends or make other distribution under any name or description or effect any form of redemption, purchase or return of share capital or otherwise dispose 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 the Borrower without the prior written consent of the Lender, such consent not to be unreasonably withheld;

(p) No Subsidiaries: form or acquire any Subsidiaries;

(q) No change of business structure: change the nature, organisation and conduct of the business of the Borrower as owner of the Vessel, 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 the Borrower shall be materially (in the Lender's reasonable 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 amendment to Assignable Charterparty: not waive or fail to enforce, any Assignable Charterparty to which it is a party or any of its provisions, unless that waiver or failure to enforce does not create a Material Adverse Effect, and will promptly notify the Lender of any amendment or supplement to any Assignable Charterparty;

(u) Change of control: ensure that:

(i) no change shall be made directly or indirectly in the ownership, and management of the Borrower or any share in the Borrower or the Vessel;

(ii) the Guarantor shall remain listed in the NASDAQ Capital Market;

(iii) the Borrower shall remain wholly owned and controlled Subsidiary of the Guarantor;

(iv) the Guarantor shall remain holding company of shipowning, all being engaged in activities acceptable to the Lender; and

(v) each of the Relevant Executives holds such executive position within the management structure of the Parent Company as more particularly described in the Side Letter.

(v) Marshall Islands Economic Substance Regulations 2018**:** shall (and shall procure that each of the other Security Parties will) comply with the Marshall Islands Economic Substance Regulations 2018 (as the same may be amended from time to time);

(w) No US Tax Obligor: procure that, unless otherwise agreed by the Lender, no Security Party shall become a US Tax Obligor; and

(x) No Master Agreement Derivatives: not enter into any transaction in a derivative of any description whatsoever.

8.3 **Undertakings concerning the Vessel**

The 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 the 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 the Vessel as the Lender may require;

(b) Mortgage: it will execute, and procure the registration of the Mortgage over the Vessel under the laws and flag of the Flag State immediately upon registration of the Vessel in the ownership of the Borrower following her Delivery;

(c) Chartering: not without the prior written consent of the Lender which shall not be unreasonably withheld (and then only subject to such conditions as the Lender may impose) let or agree to let the Vessel:

(i) on demise charter for any period; or

(ii) by any Assignable Charterparty; or

(iii) other than on an arms' length basis;

(d) Laid-up: not de-activate or lay up the Vessel;

(e) Approved Manager: not without the prior written consent of the Lender (such consent not to be unreasonably withheld) agree or appoint a manager of the Vessel other than the Approved Manager;

(f) Ownership/Management/Control: ensure that the Vessel will be registered on the Delivery Date in the ownership of the Borrower under the laws of the Flag State and thereafter ensure that the Vessel will maintain her registration, ownership, management, control and beneficial ownership;

(g) Class: ensure that the 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 the Vessel;

(h) Insurances:

(i) ensure that all Insurances (as defined in the Mortgage/General Assignment) of the Vessel is maintained and comply with all insurance requirements specified in this Agreement and in the Mortgage and in case of failure to maintain the 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 Borrower (and in case that the Vessel remains in port for an extended period) to effect port risks insurances at the cost of the Borrower which, if paid by the Lender, shall be Expenses;

(ii) if (aa) an Event of Default has occurred and is continuing or (bb) there has been any change in the insurance placement within such year or (cc) there has been a Material Adverse Change of the financial condition of any of the insurers of any of the Vessel at the Lender's reasonable opinion, the Lender shall be entitled to obtain once per year at Borrower's expense such opinion from such insurance consultants (appointed by the Lender at the Borrower's expense) as to the adequacy of the insurances effected or to be effected in respect of the Vessel;

(i) Transfer/Security Interests: not without the prior written consent of the Lender agrees the 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 Vessel (or any of them) (or any share or interest therein) other than Permitted Security Interests;

(j) Not imperil Flag, Ownership, Insurances: ensure that the 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 the Vessel or its unencumbered (other than Security Interests in favour of the Lender and other Permitted Security Interests) ownership or its Insurances;

(k) Mortgage Covenants: ensure that the Borrower always comply with all the covenants provided for in the Mortgage registered over the Vessel;

(l) No assignment of Earnings: ensure that the Borrower will not assign or agree to assign otherwise than to the Lender the Earnings or any part thereof;

(m) No sharing of Earnings: ensure that the Borrower:

(i) will not enter into any agreement or arrangement for the sharing of any Earnings; and/or

(ii) will not 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 the Borrower to any Earnings; and/or

(iii) will not enter into any agreement or arrangement for the release of, or adverse alteration to, any guarantee or Security Interest relating to any Earnings.

(n) 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, in the reasonable opinion of the Lender, amendment or supplement to any Assignable Charterparty;

(o) Assignable Charterparty: ensure and procure that in the event of the Vessel being employed under an Assignable Charterparty:

(i) execute and deliver to the Lender within fifteen (15) days from the Lender's relevant request a specific assignment of all its rights, title and interest in and to such charter in the form of a Charterparty Assignment and a notice of such assignment addressed to the relevant charterer;

(ii) in case an Event of Default has occurred and is continuing, ensure (on a best effort basis) that the relevant charterer 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, ensure (on a best effort basis) that the relevant charterer shall (1) comply with all of the Borrower's undertakings with regard to the employment, insurances, operation, repairs and maintenance of the Vessel contained in this Agreement, the Mortgage and the General Assignment and (2) provide *(inter alia)* an assignment of its interest in the insurances of the Vessel in the form of a tripartite agreement in form and substance acceptable to the Lender, to be made between the Lender, the 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) Vessel' inspection: permit the Lender (i) by surveyors or other persons appointed by it in its behalf to board the Vessel once per year or in case an Event of Default has occurred and is continuing at any time that the Lender might consider to be necessary or useful (but in any event without interfering with the daily operations and the ordinary trading of the Vessel and upon 10 day prior notice to the Borrower) 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 but upon 10 day prior notice to the Borrower by financial or insurance advisors or other persons appointed by the Lender to review the operating and insurance records of the Vessel and the Borrower hereby duly authorises the Lender to review the insurance and operating records of the Borrower and the costs (as supported by vouchers) of any and all such inspections shall be borne by the Borrower;

(r) Trading: use the Vessel only for civil merchant trading;

(s) Compliance with ISM Code: procure that the Approved Manager and any Operator will:

(i) will comply with and ensure that the Vessel and any Operator by no later than the Delivery Date in respect of the Vessel 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 the Borrower's, the Approved Manager's or an Operator's DOC or the SMC in respect of the Vessel; and

(iii) promptly inform the Lender upon the issue to the Borrower, the Approved Manager or any Operator of a DOC and to the Vessel of an SMC or the receipt by the Borrower, the 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 Manager or any Operator will:

(i) maintain at all times a valid and current ISSC in respect of the 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 Vessel; and

(iii) procure that the Vessel will comply at all times with the ISPS Code;

(u) 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 of such Relevant Party obtain and comply with, all Environmental Approvals and to notify the Lender forthwith:

(i) of any Environmental Claim for an amount exceeding Five hundred thousand Dollars ($500,000) per incident made against the Vessel, any Relevant Ship and/or their respective owners; and

(ii) upon becoming aware of any incident which may give rise to an Environmental Claim for an amount exceeding Five hundred thousand Dollars ($500,000) and to keep the Lender advised in writing of the Borrower's response to such Environmental Claim on such regular basis and in such detail as the Lender shall require.

(v) 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 the Vessel to enter or trade to any zone which is declared a war zone by any government or by the Vessel's war risks insurers unless first obtaining the consent to such employment or trade of the insurers and complying with such requirements as to extra premium or otherwise as the insurers may prescribe.

8.4 **Validity of Securities – Earnings – Taxes etc.**

The 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 the Vessel shall be paid to the Operating Account and (ii) the persons from whom the Earnings are from time to time due are irrevocably instructed to pay them to the Operating Account or to such account in the name of the 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 Borrower 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 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) 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 Vessel**

(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 Borrower requiring that such deficiency be remedied and then the Borrower shall (unless the sole cause of such deficiency is the Total Loss of the Vessel and the Borrower 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 five (5) days' notice) within a period of thirty (30) days of the date of receipt by the Borrower of the Lender's said notice (the ***"Prepayment Date"***) 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) on or before the Prepayment Date 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.

Any such additional security provided by the Lender shall be promptly released by the Lender once the Security Requirement ratio has been restored. The provisions of Clauses 4.3 *(Mandatory Prepayment in case of Total Loss or sale or refinancing of the Vessel)* and 4.4 *(Amounts payable on prepayment)* shall apply to prepayments under Clause 8.5(a)(i).

(b) Valuation of Vessel: The Vessel shall, for the purposes of this Clause 8.5, be valued in Dollars once a year or, if an Event of Default has occurred and is continuing at any other time that the Lender shall reasonably require by an Approved Shipbroker, appointed by the Borrower and addressed to the Lender (such valuation to be 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 charterparty or other engagement concerning the Vessel. The Lender and the Borrower agrees to accept such valuation made by such Approved Shipbroker appointed as aforesaid as conclusive evidence of the Market Value of the Vessel at the date of such valuation and such valuation shall constitute the Market Value of the Vessel for the purposes of this Clause 8.5.

The value of the Vessel determined in accordance with the provisions of this Clause 8.5 shall be binding upon the Borrower and the Lender until such time as any further such valuation shall be obtained.

(c) Information: The Borrower undertakes to the Lender to provide the Lender and any such Approved Shipbrokers such information concerning the 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:

(i) the Lender obtaining any valuation of the Vessel referred to in Clause 8.5(b) *(Valuation of Vessel)*; and

(ii) any valuation of any additional security for the purposes of ascertaining the Security Value at any time or necessitated by the Borrower electing to constitute additional security pursuant to Clause 8.5(a)(ii): and

(iii) 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 Borrower.

(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 Vessel)* (whereas the costs shall be borne by the Borrower 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.)*, the Borrower 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 the Vessel:

(i) will not be used by or for the benefit of a Sanctions Restricted Person contrary to Sanctions; and/or

(ii) will not be used in trading in any Sanctions Restricted Jurisdiction or in any manner contrary to Sanctions; and/or

(iii) will not be traded in any manner which would trigger the operation of any sanctions limitation or exclusion clause (or similar) in the Insurances.

(b) The 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.**

The Borrower 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 the 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 (i) above, not employ the 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**

8.9 The 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 (other than the Approved Manager, except where appropriate in its capacity as Approved Manager) and each of them duly and punctually comply, with the covenants in Clauses 8.1 *(General)*, 8.3 *(Undertakings concerning the Vessel)*, 8.4 *(Validity of Securities - Earnings - Taxes etc.)*, 8.5 *(Secured Value to Security Requirement ratio - Valuation of the Vessel)*, 8.6 *(Sanctions)* and 8.7 *(Compliance with laws etc.)* which are applicable to them mutatis mutandis.

8.10 **Know your customer and money laundering compliance**

8.11 The 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 Borrower 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.

8.12 **Financial Covenants**

(a) Financial covenants-Compliance Certificate: the Borrower will ensure that:

(i) for the duration of the Security Period, the Parent Company's consolidated financial position, based on the most recent Accounting Information to comply with the financial covenants set out below:

aa) Corporate Liquidity: maintain an aggregate amount of (a) Cash and (b) Cash Equivalents not less than the higher of:

1. an amount equal to the aggregate of (a) $9,000,000 in respect of the Fleet Vessels owned by members of the Group on the date of this Agreement plus (b) $500,000 per Fleet Vessel (including the Vessel), acquired by a member of the Group after the date of this Agreement, if any; and

2. 7.5% of the Total Debt; and

bb) Working Capital: maintain Working Capital greater than zero Dollars throughout the Security Period; and

cc) Value Adjusted Equity Ratio: maintain a Value Adjusted Equity Ratio at a minimum of 35%.

(ii) Compliance Certificate: a Compliance Certificate for each Accounting Period of the Parent Company, is delivered to the Lender together with each set of financial statements delivered pursuant to sub-paragraph (i) of Clause 8.1(f) (*Financial statements*), duly completed and supported by calculations setting out in reasonable detail the materials underling the statements made in such Compliance Certificate.

(b) Construction: The expressions used in this Clause 8.12 shall be construed in accordance with law and accounting principles internationally accepted as used in the Accounting Information produced in accordance with Clause 8.1(f) *(Financial statements-Compliance Certificate)*.

(c) Definitions: For the purposes of this Agreement:

"***Accounting Information***" means the annual audited consolidated financial statements of the Parent Company, to be provided by the Borrower to the Lender in accordance with Clause 8.1(f) *(Financial Statements - Compliance Certificate)*;

"Accounting Period" means each Financial Year falling during the Security Period for which the Accounting Information is required to be delivered to the Lender pursuant to Clause 8.1(f) *(Financial Statements - Compliance Certificate)*;

*"**Cash**"* means, at any date of determination under this Agreement, the aggregate value of the Parents and its Subsidiaries credit balances on any deposit, savings or current account and cash in hand (including, without limitation, short term cash deposits with the Account Holder) to which the Parents and/or its Subsidiaries (as applicable) have free, immediate and direct access but excluding any such credit balances and cash subject to an Encumbrance (other than Encumbrances in favour of the Lender) at any time;

*"**Cash Equivalents**"* means, at any date of determination under this Agreement and the Guarantee, the aggregate value of the Group's:

(a) certificates of deposit of, or overnight bank deposits with, any Lender or any commercial bank whose short-term securities are rated at least A-2 by Standard and Poor's Rating Group and P-3 by Moody's Investor Services, Inc. having maturities of six (6) months or less from the date of acquisition;

(b) commercial paper of, or money market accounts or funds with or issued by, any Lender or by an issuer rated at least A-2 by Standard & Poor's Ratings Group and P-3 by Moody's Investor Services, Inc. and having an original tenor of six (6) months or less; and

(c) medium term fixed or floating rate notes of any Lender or an issuer rated at least AA- by Standard & Poor's Rating Group and/or Aa3 by Moody's Investor Services, Inc. at the time of acquisition and having a remaining term of six (6) months or less from the date of acquisition,

but excluding any of those assets subject to an Encumbrance (other than Encumbrances in favour of the Lender) at any time,

provided that the Parent and/or its Subsidiaries (as applicable) have free, immediate and direct access.

"Fleet Market Value" in relation to a Fleet Vessel means, as of the date of calculation, the Market Value of that Fleet Vessel as determined in accordance with the provisions *(mutatis-mutandis)* of Clause 8.6(b) *(Valuation of Vessel)* of this Agreement;

"Fleet Vessel" means any vessels (including, but not limited to, the Vessel) from time to time owned by a member of the Group (directly) but excluding, for the avoidance of doubt, any newbuilding vessels not delivered to the relevant member of the Group at the relevant time, which, at the relevant time, are included within the Total Assets of the Parent Company in the balance sheet of the Accounting Information and "***Fleet Vessels***" means any or all of them as the context may require;

"Total Assets" means, in respect of an Accounting Period, the aggregate, on a consolidated basis, value of all assets of the Parent Company included in the Accounting Information as *"current assets"* and the value of all investments and all other tangible and intangible assets of the Parent Company properly included in the Accounting Information as *"fixed assets"* in accordance with IFRS or US GAAP; and

"Total Debt" means, in respect of an Accounting Period, the aggregate amount of the Financial Indebtedness all the members of the Group at that time as shown in the Parent's latest financial statements delivered to the Lender pursuant to RIDER Clause 8.1(f) (*Financial statements*).

"Value Adjusted Equity Ratio" means the amount of the Parent's total shareholders' equity as reflected in the most recent Accounting Information adjusted by the difference between the Fleet Market Value and the book value of the Fleet Vessels divided by market value adjusted total assets, as evidenced by the latest financial statements.

"Working Capital" means the consolidated current assets minus the consolidated current liabilities (next year's instalment on long-term debt and subordinated shareholder loans shall be excluded from the current liabilities).

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) Business Days of demand and other sums due shall be treated as having been paid at the stipulated time if paid within five (5) Business Days of its falling due); or

(b) Breach of Insurance and certain other obligations: the Borrower 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 Borrower or any other person or the Borrower commits any breach of or omit to observe any of the obligations or undertakings expressed to be assumed by them under Clause 8 *(Undertakings)* and, in respect of any such failure, cancellation, disclaim, 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

(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 twenty (20) 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 to an Underlying Document 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:

(i) any Financial Indebtedness of (aa) the Borrower related to an amount exceeding the amount of Five

hundred thousand Dollars ($500,000) and (bb) the Corporate Guarantor related to an amount exceeding the amount of Five million Dollars ($5,000,000) (in each case herein, the **"*Permitted Amount*")** is not paid when due (unless contested in good faith); or

(i) any Financial Indebtedness of any of the Borrower and the Corporate Guarantor relating to an amount exceeding the Permitted Amount (by declaration 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 the relevant Security Party of a voluntary right of prepayment), or

(ii) any creditor of any of the Borrower and the Corporate Guarantor becomes entitled to declare any such Financial Indebtedness relating to an amount exceeding the Permitted Amount due and payable, or

(iii) any facility or commitment available to any of the Borrower and the Corporate Guarantor relating to Financial Indebtedness relating to an amount exceeding the Permitted Amount 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 (as the case may be) ability to pay its debts as they fall due, or

(iv) any guarantee given by any of the Borrower and the Corporate Guarantor in respect of Financial Indebtedness relating to an amount exceeding the Permitted Amount 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 Borrower and the Corporate Guarantor relating to an amount exceeding the Permitted Amount is not stayed or complied with within thirty (30) Business 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 Borrower and the Corporate Guarantor and is not discharged , or bail is lodged in respect thereof, within thirty (30) Business Days; 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 Borrower 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 of the Borrower and the Corporate Guarantor or an order

is made or resolution passed for the winding up of any of the Borrower and the Corporate Guarantor 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 of the Borrower and the Corporate Guarantor or the Lender believes that any such petition or other step is imminent or an administration order is made in relation to any of the Borrower and the Corporate Guarantor; or

(k) Appointment of receivers and managers: any administrative or other receiver is appointed of any of the Borrower and the Corporate Guarantor 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 of the Borrower and the Corporate Guarantor 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 Borrower is 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 reasonable 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 sixth (60) days; or

(p) 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

(q) Unlawfulness: it becomes impossible or unlawful at any time for any Security Party, to fulfil any of the covenants, undertakings 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

(r) 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

(s) 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

(t) Arrest: the Vessel 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 the Borrower and the Borrower shall fail to procure the release of the Vessel within a period of sixty (60) days thereafter; or

(u) Registration: the registration of the Vessel 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 Delivery Date and is not permanently registered under the laws and flag of the Flag State at least thirty (30) days prior to the deadline for completing such permanent registration; or

(v) Unrest: the Flag State of the 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 Borrower has failed within forty five (45) days from receiving notice from the Lender to this effect to (i) delete the Vessel from its Flag State and (ii) re-register the Vessel under another Flag State approved by the Lender in its sole discretion through a relevant Registry, in each case, at the Borrower's cost and expense; or

(w) Environment: any Relevant Party and/or the Approved Manager and/or any of their respective Environmental Affiliates fails to comply with any Environmental Law or any Environmental Approval in respect of the Vessel or any Relevant Ship, or the Vessel 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 non-compliance or incident or the consequences thereof could (in the opinion of the Lender) be expected to have a Material Adverse Change as described hereinbelow under paragraph (ff); or

(x) 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 the Vessel is entered for insurance or insured against protection and indemnity risks (including oil pollution risks) to the effect that any cover in relation to the Vessel (including without limitation, liability for Environmental Claims arising in jurisdictions where the Vessel operates or trades) is or may be liable to cancellation, qualification or exclusion at any time; or

(y) Change of Management: the Vessel ceases to be managed by the Approved Manager (for any reason other than the reason of a Total Loss or sale of the Vessel) without the approval of the Lender (which shall not be unreasonably withheld) and the Borrower fails to appoint another Approved Manager prior to the termination of the mandate with the previous Approved Manager; or

(z) Deviation of Earnings: any Earnings of the Vessel are not paid to the Operating Account for any reason whatsoever (other than with the Lender's prior written consent); or

(aa) 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(r) *(Compliance with ISM Code)* and Clause 8.3(s) *(Compliance with ISPS Code)* are not complied with and the Vessel ceases to comply with the ISM Code or, as the case may be, the ISPS Code; or

(bb) Sanctions: (without prejudice to the generality of sub-

Clause 9.1(c) *(Breach of other obligations)*) for any reason whatsoever the provisions of Clause 8.6 *(Sanctions)* and Clause 8.7 *(Compliance with laws etc.)* are not complied with; or

(cc) Material Adverse Change: there occurs, in the reasonable opinion of the Lender, a Material Adverse Change in the financial condition of any of the Borrower and the Corporate Guarantor as described by the Borrower or any other Security Party to the Lender in the negotiation of this Agreement, which might, in the reasonable opinion of the Lender, materially impair the ability of the above Security Parties (or any of them) to perform their respective obligations under this Agreement and the Finance Documents to which is or is to be a party; or

(dd) 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 Borrower 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 Borrower 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 Borrower; 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 the Vessel, 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 Borrower (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 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 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 Borrower shall on demand (and it is hereby expressly undertaken by the Borrower to) indemnify the Lender, without prejudice to any of the other rights of the Lender under any of the Finance Documents, against any loss (excluding loss of the applicable Margin but including 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 *(Mandatory Prepayment in case of Total Loss or sale or refinancing of the Vessel)*, 8.5(a) *(Security shortfall-Additional Security)*, Clause 12.1 *(Unlawfulness)* or Clause 12.5 *(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 or the relevant part thereof not being advanced for any reason (excluding any default by the Lender and any reason specified in Clauses 3.6 *(Market disruption)*, 4.3(a) *(Total Loss of the 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.

10.2 Expenses

The Borrower shall (and it is hereby expressly undertaken by the Borrower to) pay to the Lender on demand:

(a) Initial and Amendment expenses: all expenses (including legal, printing and out-of-pocket expenses) reasonably incurred by the Lender and properly documented 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 Borrower 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 legal and out-of-pocket expenses) incurred by the Lender and properly documented 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 Vessel or the Finance Documents. The said legal costs shall be supported by relevant invoices and due and payable on the Drawdown Date; and

(d) Other expenses: any and all other Expenses.

10.3 Break Costs

If 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 Lender has or will, with effect from a specified date, incur Break Costs:

(a) the Lender shall promptly notify the Borrower;

(b) the Borrower shall, within five Business Days of the Lender's demand, pay to the Lender the amount of such Break Costs; and

(c) the Lender shall, as soon as reasonably practicable, following a request by the Borrower, provide a certificate confirming the amount of the 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 Borrower.

In this Clause 10.3, ***"Break Costs"*** means, in relation to a Payment the amount (if any) by which:

(i) the interest which the Lender, should have received in accordance with Clause 3 *(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 Lender, would be able to obtain by placing an amount equal to such Payment on deposit with a leading bank 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.

10.4 **Value Added Tax**

All fees and expenses payable pursuant to this Clause 10 shall be paid together with value added tax (if applicable) 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.

10.5 Stamp duty etc.

The Borrower 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 Borrower to pay such stamp taxes or charges.

10.6 Environmental Indemnity

The Borrower 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.

10.7 Currency Indemnity

If any sum due from the Borrower 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 Borrower 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 Borrower shall (and it is hereby expressly undertaken by the Borrower 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.

10.8 Maintenance of the Indemnities

The indemnities contained in this Clause 10 shall apply irrespective of any indulgence granted to the Borrower 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 Borrower 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 costs and MAPI costs

The Borrower 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) 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 Borrower shall pay on demand to the Lender its proportion of premium due in respect of the Vessel 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 Borrower shall (save for manifest error) be conclusive and binding upon the Borrower.

10.10 **Central Bank or European Central Bank reserve requirements indemnity**

The Borrower 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)*.

10.11 Communications Indemnity

It is hereby agreed in connection with communications that:

(a) Express authority is hereby given by the Borrower 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 (as defined in Clause 16.8 *(Meaning of "notice")*, 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 Borrower 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 16.1 *(Notices)* or any other fax or electronic address usually used by it or the Approved Manager 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 Borrower 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 Borrower 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 Borrower, 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 Borrower and the Lender will be indemnified in full pursuant to this Clause save in case of Lender's wilful misconduct.

(f) The Lender shall have the right to ask the Borrower to furnish any information the Lender may require to establish the authority of any person purporting to act on behalf of the Borrower 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 Borrower 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 Borrower or by any of its authorised representative(s).

(g) It is undertaken by the Borrower 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 Borrower 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 Borrower to comply with the obligations under this Clause 10.11.

10.12 Electronic communication

Any communication from the Lender made by electronic means will be sent unsecured and without electronic signature, however, the Borrower 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 Borrower hereby acknowledges and accepts 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 Borrower resulting from such unsecured electronic mail

communication.

(b) If the Borrower 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

(iii) in case electronic communication is sent to recipients with the domain <*@unitizedocean.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.

10.13 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.

10.14 FATCA status

(a) Subject to Clause 10.14(c) below, each party shall, within ten (10) Business Days of a reasonable request by another party:

(i) confirm to that other party whether it is:

(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 10.14(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 10.14(a)(i) above shall not oblige the Lender to do anything which would or might in its 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 its status or to supply forms, documentation or other information requested in accordance with Clause10.14(a) above (including, for the avoidance of doubt, where Clause 10.14(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.

10.15 **Arrangement fee**

(a) Arrangement fee: The Borrower shall pay to the Lender an arrangement fee in an amount of Dollars equal to zero point eight zero per cent. (0.80%) of the amount of the Loan.

(b) Non-refundable: The Arrangement Fee shall be payable by the Borrower to the Lender irrespective of utilisation/cancellation in part or in whole of the Commitment and/or the MOA cancellation or non-Delivery of the Vessel 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 Borrower 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 of the Security Documents as provided in Clause 7 *(Conditions Precedent)*.

11.2 **Maintenance of Securities**

It is hereby undertaken by the Borrower 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 Borrower, 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 10 *(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 other Security Party under any corresponding or similar provision in any other Finance Document);

bb) Secondly, in or towards payment of any default interest then due and payable to the Lender;

cc) 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;

dd) Fourthly, in or towards repayment of the Loan (whether the same is due and payable or not);

(ii) SECOND 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 Business 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 the 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 Borrower:

(i) to apply any credit balance standing upon any account of the 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 Borrower under this Agreement, the General Assignment and/or any of the other Finance Documents;

(ii) in the name of the Borrower 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 the 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 Borrower;

bb) to convert or translate all or any part of a deposit or other credit balance into Dollars, such conversion or translation to be made at the Lender's market rate of exchange in its usual course of business for the purpose of the set-off; 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 Borrower forthwith upon the exercise of any right of set-off giving full details in relation thereto.

12. UNLAWFULNESS, INCREASED COST AND 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 Borrower whereupon the Commitment shall be reduced to zero and the Borrower shall be obliged to prepay the Loan or to determine or charge interest rates based upon Term SOFR 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 Borrower 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 12.6 *(<u>Exception</u>)*):

(i) the Lender shall notify the Borrower in writing of such event promptly upon it becoming aware of the same; and

(ii) the Borrower 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 Borrower 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 Borrower as to the amount of any increased cost or reduction and the method of calculating the same and the Borrower shall be allowed to rebut such evidence by any means of evidence save for witness. A claim under Clause 12.2 *(Increased Cost)* and must be discharged by the Borrower on the next Interest Payment Date or alternatively within seven (7) days of demand by the Lender. It shall not be a defence to a claim by the Lender under this Clause 12.4 that any increased cost or reduction could have been avoided by the Lender. Any amount due from the Borrower 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

(a) Prepayment: If any additional amounts are required to be paid by the Borrower to the Lender by virtue of Clause 12.2 *(Increased Cost)*, the Borrower shall be entitled, on giving the Lender not less than seven (7) 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.

(b) Application of prepayment: Clause 4 *(Repayment-Prepayment)* shall apply in relation to the prepayment.

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 ACCOUNT

13.1 General

The Borrower undertakes with the Lender that it will:

(a) on or before the Drawdown Date open **the** Operating Account; and

(b) ensure and procure that all moneys payable to the Borrower in respect of the Earnings of the Vessel and the Insurances thereon shall, unless and until the Lender directs to the contrary pursuant to the General Assignment, be paid to the 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)*,

provided, always, that any moneys received in a currency other than Dollars, may be converted in Dollars by the Lender at the Lender's spot rate of exchange.

13.2 Application of Earnings

Unless and until an Event of Default shall occur (whereupon the provisions of Clause 11.3 *(Application of receipts)* shall be applicable) and subject to the terms and conditions of the Accounts Pledge Agreement no monies shall be withdrawn from the Operating Account save as hereinafter provided. Subject to no Event of Default having occurred and being continuing, all monies paid to the Operating Account (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:

(a) First: in or towards 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);

(b) Second: in or towards payment of the Operating Expenses; and

(c) Third: any credit balance shall be, subject to the provisions of this Agreement (including dividends restriction, as provided in Clause 8.2(o) *(No dividends or distributions)*) and the Accounts Pledge Agreement, available to the Borrower to be used for any purpose not inconsistent with the Borrower's 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 shall have occurred and is continuing, be released to the Borrower.

13.4 Drawings from Operating Account

After the occurrence of an Event of Default which is continuing the Lender shall not permit the Borrower to make any drawings from their respective Operating Account.

13.5 Authorisation

The Lender shall be entitled (but not obliged) at any time, and to this respect the Lender is hereby authorised by the Borrower from time to time to debit the Operating Account, without notice to the Borrower, 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 10 *(Indemnities - Expenses – Fees)*. The Lender shall notify the Borrower following any such discharge of any amount due and payable to the Lender giving the necessary details in relation thereto.

13.6 Obligations unaffected

Nothing in this Clause 13 contained shall be deemed to affect:

(a) the liability and absolute obligation of the Borrower 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 Borrower or any other Security Party under any Finance Document.

13.7 Relocation of Operating Account

The Borrower, 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 the 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 the Operating Account.

13.8 Application on Event of Default

Upon the occurrence of an Event of Default which is continuing or at any time thereafter (whether or not notice of default has been given to the Borrower) 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 Account and accrued interest (if any) without notice to the Borrower in the manner specified in Clause 11.3 *(Application of Receipts)* (and express and irrevocable authority is hereby given by the Borrower to the Lender so to set off by debiting the Operating Account accordingly by the same and the Borrower shall be released to the extent of such set off and application.

13.9 No Security Interests

The Borrower hereby covenants with the Lender that the Operating Account and any moneys therein shall not be charged, assigned, transferred or pledged nor shall there be granted by the Borrower or suffered to arise any third party rights over or against the whole or any part of the Operating Account other than in favour of the Lender as promised herein and in the General Assignment.

13.10 Operation of Operating Account

The Operating Account shall be operated by the Borrower to the degree permitted by this Agreement and the General Assignment in accordance with the Lender's usual terms and conditions (full knowledge of which the Borrower 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 Borrower).

13.11 Release

Upon payment in full of all the Outstanding Indebtedness in full, any balance then standing to the credit of the Operating Account shall be released and paid to the 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 Borrower and their respective successors and assigns.

14.2 **No Assignment by the Borrower and other Security Parties**

Neither the Borrower 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 Borrower and the other Security Parties but with thirty (30) days prior notice to the Borrower, 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:

(a) another branch, any Subsidiary or Affiliate of, or company controlled by, the Lender,

(b) another first class international bank or financial institution, insurer, social security fund, pension fund, capital investment company, financial intermediary or special purpose vehicle associated to any of them or any other person, or

(c) 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 Borrower and/or of any other Security Party 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 liabilities (actual or contingent) of the Borrower and/or of any other Security Party are increased, neither the Borrower nor any other Security Party shall 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 Borrower 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 Borrower and the other Security Parties, provided that the liabilities of the Borrower 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 Borrower' liabilities (actual or contingent) are increased, the Borrower 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 Borrower, in which case any cost arising therefrom shall be for the account of the Borrower.

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 Borrower undertakes, 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 Borrower 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)*, the Borrower subject to Clause 14.3 *(Assignment by the Lender)* 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 such information about the Borrower as the Lender shall consider appropriate if the Lender first procures that the relevant prospective assignee, substitute or transferee (such person together with any prospective assignee, substitute or transferee being hereinafter described as the *"**Prospective Assignee**"*) shall undertake to the Lender by way of a non disclosure agreement to keep secret and confidential and shall not, without the consent of the Borrower, 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 Borrower.

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 Borrower 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 with notice to the Borrower. The Borrower will assist the Lender as necessary to achieve a successful securitisation (or similar transaction) provided that the Borrower 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 Borrower's 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 Borrower 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 Borrower 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 Borrower, 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 **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.

15.5 **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.

15.6 **Amendments - No modification, waiver etc. unless in writing**

(a) 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.

(b) 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.

15.7 **Severability of provisions**

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 Borrower 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**

The Borrower 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 opinion of the Lender may be necessary or desirable for perfecting the security contemplated or constituted by the Finance Documents.

15.10 **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.

15.11 **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 Borrower acknowledges and accepts that the Lender may be required by law regulation or regulatory requirement or any request of any central bank or any court order to disclose information and deliver documentation relating to the Borrower and the transactions and matters in relation to this Agreement and/or the other Finance Documents to governmental or regulatory agencies and authorities.

(c) The Borrower acknowledges and accepts that in case of occurrence of any of the Events of Default which is continuing the Lender may disclose information and deliver documentation relating to the Borrower 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 Borrower expressly authorises any such disclosure and delivery.

(d) The Borrower acknowledges and accepts that the Lender may be prohibited from disclosing information to the Borrower by reason of law or duties of confidentiality owed or to be owed to other persons.

(e) This Clause 15.11 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.

15.12 **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 or the personal data that have been or will be lawfully received by the Lender in relation to this Agreement and the Finance Documents will be included at the personal data database maintained by the Lender as processing agent *(Υπεύθυνη Επεξεργασίας)* and will be processed by the Lender for the purpose of properly serving, supporting and monitoring their current business relationship.

(b) Process of personal data to Teiresias: The Borrower hereby expressly gives its consent to the communication for process in the meaning of law 2472/97 by the Lender of its personal data contained in this Agreement, the Finance Documents, in the Operating Account for onwards communication thereof to an inter-banking database record called *"Teiresias"* kept and solely used by banks and financial institutions. The Borrower is entitled at any relevant time throughout the Security Period to revoke its consent given hereunder by written notice addressed to the Lender and the Registrar of *"Teiresias A.E."* at 2, Alamanas street, 15125 Maroussi, Athens, Greece.

(c) 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. NOTICES AND COMMUNICATIONS

16.1 **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 Clauses 10.11 *(Communications Indemnity)*, and Clause 10.12 *(Electronic Communication)* and 16.6 *(Effect of 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 UNITIZED OCEAN TRANSPORT LIMITED,
373 Syngrou Ave. & 2-4 Ymittou Str.,
175 64 Palaio Faliro, Athens, Greece
Facsimile No: +30 216 600 2599
Attention: Mr. Andreas Nikolaos Michalopoulos
E-mail:

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:

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.

16.2 **Effective date of notices**

Subject to Clauses 16.3 *(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.

16.3 Service outside business hours

However, if under Clause 16.2 *(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 16.4 *(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.

16.4 Illegible notices

Clauses 16.2 *(Effective date of notices)* and 16.3 *(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.

16.5 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.

16.6 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 (5) Business 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 Business 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 16.6.

16.7 **Language**

Any notice under or in connection with a Finance Document shall be in English.

16.8 **Meaning of "notice"**

In this Clause 16, ***"notice"*** includes any demand, consent, authorisation, approval, instruction, waiver or other communication.

17. LAW AND JURISDICTION

17.1 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 Borrower but the Borrower shall be allowed to rebut such evidence save for witness.

17.2 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**"*). The Borrower 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 17.2 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.

17.3 Process Agent for English Proceedings

Without prejudice to any other mode of service allowed under any relevant law the Borrower irrevocably designates, appoints and empowers Messrs. HILL DICKINSON SERVICES (LONDON) LTD, currently of The Broadgate Tower, 20 Primrose Street, London EC2A 2EW, United Kingdom (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) the Borrower 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, the 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 Borrower's 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 Borrower in accordance with Clause 16.1 *(Notices)*; and

(b) the Borrower hereby agrees that failure by a Process Agent for English Proceedings to notify the Borrower of the process will not invalidate the proceedings concerned.

17.4 **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 the Borrower and it is agreed and undertaken by the Borrower 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 the Borrower agrees that any judgment or order obtained in an English court shall be conclusive and binding on the Borrower and shall be enforceable without review in the courts of any other jurisdiction.

17.5 **Process Agent (*antiklitos*) in Greece**

MRS. AIKATERINI OIKONOMEA, an Attorney-at-Law, currently c/o Unitized Ocean Transport limited, 373 Syngrou Ave. & 2-4 Ymittou Str. 175 64 Palaio Faliro, Athens, Greece (hereinafter called the ***"Process Agent for Greek Proceedings"***) is hereby appointed by the Borrower 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.

17.6 **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.

17.7 **Meaning of "proceedings"**

In this Clause 17 "***proceedings***" means proceedings of any kind, including an application for a provisional or protective measure.

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SCHEDULE 1

Form of Drawdown Notice
(referred to in Clause 2.2)

Schedule 2

Form of Insurance Letter

Schedule 3

Form of COMPLIANCE CERTIFICATE
(referred to in Clauses 8.1(f) and 8.8)

EXECUTION PAGE

IN WITNESS whereof the parties hereto have caused this Agreement to be duly executed on the date first above written.

SIGNED by	)	
Mr. Andreas Nikolaos Michalopoulos	)	
for and on behalf of	)	
GARU SHIPPING COMPANY INC.,	)	
of the Marshall Islands,	)	/s/ Andreas Nikolaos Michalopoulos
in the presence of:	)	Attorney-in-fact

Witness: /s/ Ioannis Kotronias
Name: Ioannis Kotronias
Address: 13 Defteras Merarchias
Piraeus, Greece
Occupation: t. Attorney-at-Law

SIGNED by	)	
Mrs. Aikaterini Damianidou and	)	/s/ Aikaterini Damianidou
Mrs. Chrysanthi Papathanasopoulou	)	Attorney-in-fact
for and on behalf of	)	
ALPHA BANK S.A.,	)	
of Greece,	)	
in the presence of:	)	/s/ Chrysanthi Papathanasopoulou
		Attorney-in-fact

Witness: /s/ Ioannis Kotronias
Name: Ioannis Kotronias
Address: 13 Defteras Merarchias
Piraeus, Greece
Occupation: t. Attorney-at-Law

Exhibit 4.20

$37,400,000

Secured Loan Agreement

Dated 25 November 2022

(1) Toka Shipping Company Inc.
Bock Shipping Company Inc.
(as Borrowers)
(2) Piraeus Bank S.A.
(as Lender)

Stephenson Harwood
Ariston Building. 2nd Floor
Filellinon 2 & Akti Miaouli, 185 36 Piraeus, Greece
T: +30 210 429 5160 | F: +30 210 429 5166
www.shlegal.com

Contents

Loan Agreement

Dated 25 November 2022

Between:

(1) **Toka Shipping Company Inc**., a company incorporated under the law of the Republic of the Marshall Islands with its registered address at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH 96960 ("**Toka**") and **Bock Shipping Company Inc.**, a company incorporated under the law of the Republic of the Marshall Islands with its registered address at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH 96960 ("**Bock**" and together with Toka, the "**Borrowers**" and each a "**Borrower**") jointly and severally; and

(2) **Piraeus Bank S.A.**, with Corporate Registration Number 157660660000 having its registered address at 4 Amerikis Street, 105 64 Athens, Greece, acting through the Facility Office (the "**Lender**").

It is agreed as follows:

Section 1 **Interpretation**

1 **Definitions and Interpretation**

1.1 **Definitions** In this Agreement:

"**Account Holder**" means the Lender acting through its branch at 137-139 Filonos and Filellinon 8, Piraeus, 18536, Athens, Greece or any other bank or financial institution which at any time, with the Lender's prior written consent, holds the Earnings Accounts.

"**ACR Coverage**" has the meaning given to that term in Clause 18.1 (*ACR Coverage*).

"**Account Security Deed**" means a first priority account security deed in respect of all amounts from time to time standing to the credit of the Earnings Accounts.

"**Administration**" has the meaning given to it in paragraph 1.1.3 of the ISM Code.

"**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 (Regulations for the Prevention of Air Pollution from Ships) to the International Convention for the Prevention of Pollution from Ships 1973 (as modified in 1978 and 1997).

"**Approved Classification Society**" means any classification society which is a member of the International Association of Classification Societies, acceptable to the Lender.

"**Approved Insurance Brokers**" means such firms of insurance brokers appointed by a Borrower from time to time approved in writing by the Lender.

"**Approved Insurers**" means such sound and reputable insurance companies, underwriters, protection and indemnity clubs or associations that provide insurance cover for a Vessel during the Facility Period approved in writing by the Lender.

"**Approved Shipbroker**" means each of Intermodal Shipbrokers Co., Golden Destiny S.A., Allied Shipbroking Inc., Seaborne Shipbrokers, Optima Shipping Services S.A., Clarksons, Fearnleys, Braemar, Arrows, Galbraiths Maersk Brokers or any other reputable, independent and first class firm of ship brokers approved in writing by the Lender.

"**Assigned Property**" means the Insurances, the Earnings, the Charter Rights and the Requisition Compensation.

"**Assignments**" means:

(a) first priority deeds of assignment of the Insurances, Earnings, Charter Rights and Requisition Compensation of the Vessels from the Borrowers; and

(b) first priority assignments of the Insurances from the Managers contained in the Managers' Undertakings and from any other co-assured parties under the Insurances.

"**Authorisation**" means an authorisation, consent, approval, resolution, licence, exemption, filing, notarisation or registration.

"**Availability Period**" means the period from and including the date of this Agreement to and including 31 January 2023 or such later date as may be agreed by the Lender.

"**Balloon Amount**" means the amount of fifteen million and four hundred thousand dollars ($15,400,000).

"**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 respect of the Loan or Unpaid Sum, had the principal amount or Unpaid Sum received been paid on the last day of that Interest Period;

exceeds:

(b) the amount which 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 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) a day (other than a Saturday or Sunday) on which banks are open for general business in Athens;

(b) in New York; and

in relation to the fixing of any interest rate which is required to be determined under this Agreement or any Finance Document), a US Government Securities Business Day.

"**Charter Rights**" means the benefit of any relevant Future Charter and any and all Earnings due and/or to become due to the relevant Borrower under or pursuant to any such Future Charter.

"**Code**" means the US Internal Revenue Code of 1986.

"**Compliance Certificate**" means a certificate substantially in the form set out in Schedule 3 (*Form of Compliance Certificate*).

"**Confidential Information**" means all information relating to any Obligor, any other member of the Group, the Finance Documents or the Loan 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 Loan from any Obligor , any other member of the Group or any of its advisers in whatever form, and includes information given orally and any document, electronic file or any other way of representing or recording information which contains or is derived or copied from such information but excludes information that:

(i) is or becomes public information other than as a direct or indirect result of any breach by the Lender of Clause 36 (*Confidentiality*); or

(ii) is identified in writing at the time of delivery as non-confidential by any Obligor ,any other 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 Obligor , any other 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 any Obligor or any other member of 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.

"**Confidentiality Undertaking**" means a confidentiality undertaking substantially in a recommended form of the Loan Market Association at the relevant time.

"**Credit Adjustment Spread**" means in relation to:

(a) an Interest Period of up to one (1) month, zero point one one four four eight per cent (0.11448%) per annum;

(b) an Interest Period of a duration exceeding one (1) month and up to three (3) months, zero point two six one six one per cent (0.26161%) per annum; and

(c) an Interest Period of a duration exceeding three (3) months and up to six (6) months, zero point four two eight two six per cent (0.42826%) per annum.

"**CTA**" means the Corporation Tax Act 2009.

"**Default**" means an Event of Default or any event or circumstance 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.

"**Delegate**" means any delegate, agent or attorney or co-trustee appointed by the Lender as holder of any of the Security Documents.

"**Delivery Date**" means the date of delivery of the New Vessel to Bock by the Seller under the MOA as evidenced by the executed, timed and dated protocol of delivery and acceptance.

"**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

(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.

"**DOC**" means, in relation to the ISM Company, a valid Document of Compliance issued for the ISM Company by the Administration under paragraph 13.2 of the ISM Code.

"**Earnings**" means all hires, freights, passage moneys, pool income and other sums payable to or for the account of a Borrower in respect of a Vessel including (without limitation) all remuneration for salvage and towage services, demurrage and detention moneys, contributions in general average, compensation in respect of any requisition for hire, and damages and other payments (whether awarded by any court or arbitral tribunal or by agreement or otherwise) for breach, termination or variation of any contract for the operation, employment or use of a Vessel.

"**Earnings Accounts**" means:

(a) the bank accounts to be opened in the names of the Borrowers respectively with the Account Holder and each designated an "Earnings Account".";

(b) any other account in the name of a Borrower with the Account Holder which may, with the prior written consent of the Lender, be opened in the place of an account referred to in paragraph (a) above, irrespective of the number or designation of such replacement account; or

(c) any sub-account of any account referred to in paragraphs (a) or (b) above.

"**Encumbrance**" means a mortgage, charge, assignment, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.

"**Environmental Approval**" means any present or future permit, ruling, variance or other Authorisation required under Environmental Laws.

"**Environmental Claim**" means any claim, proceeding, formal notice or investigation by any governmental, judicial or regulatory authority or any other person which arises out of an Environmental Incident or an alleged Environmental Incident or which relates to any Environmental Law and, for this purpose, "claim" includes a claim for damages, compensation, contribution, injury, fines, losses and penalties or any other payment of any kind, including in relation to clean-up and removal, whether or not similar to the foregoing; an order or direction to take, or not to take, certain action or to desist from or suspend certain action; and any form of enforcement or regulatory action, including the arrest or attachment of any asset.

"**Environmental Incident**" means:

(a) any release, emission, spill or discharge into or upon the air, sea, land or soils (including the seabed) or surface water of Environmentally Sensitive Material within or from a Relevant Vessel; or

(b) any incident in which Environmentally Sensitive Material is released, emitted, spilled or discharged into or upon the air, sea, land or soils (including the seabed) or surface water from a vessel other than a Relevant Vessel and which involves a collision between a Relevant Vessel and such other vessel or some other incident of navigation or operation, in either case, in connection with which a Relevant Vessel is actually or potentially liable to be arrested, attached, detained or injuncted and a Relevant Vessel, any Obligor, any operator or manager of a Relevant Vessel or any combination of them 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 Relevant Vessel and in connection with which a Relevant Vessel is actually or potentially liable to be arrested, attached, detained or injuncted and/or where any Obligor, any member of the Group any operator or manager of a Relevant Vessel or any combination of them 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 or regulation relating to pollution or protection of human health or the environment, to conditions in the workplace, to the carriage, generation, handling, storage, use, release or spillage of Environmentally Sensitive Material or to actual or threatened releases of Environmentally Sensitive Material.

"**Environmentally Sensitive Material**" means 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.

"**Escrow Agent**" means Watson Farley & Williams Greece, acting through its office at 348 Syngrou Avenue, Kallithea 176-74

"**Escrow Agreement**" means the agreement dated 4 October 2022 executed by the Escrow Agent and acknowledged by (i) the Seller, (ii) Bock and (iii) the Guarantor.

"**Event of Default**" means any event or circumstance specified as such in Clause 25 (*Events of Default*).

"**Existing Indebtedness**" means any "**Indebtedness**" (as defined in the Existing Loan Agreement) in relation to the Existing Vessel.

"**Existing Tranche A**" means the outstanding principal amount of Tranche A, as defined in the Existing Loan Agreement, in connection with the Existing Vessel.

"**Existing Loan Agreement**" means the loan agreement dated 3 December 2020 made between, among others, the Lender, as lender and Arno Shipping Company Inc., Rongelap Shipping Company Inc. and Toka as joint and several borrowers, as amended, supplemented, restated, novated or replaced from time to time.

"**Existing Vessel**" means the motor vessel "P. KIKUMA" with IMO number 9346744, and everything now or in the future belonging to her on board and ashore, currently registered under the flag of the Marshall Islands in the ownership of Toka.

"**Facility Office**" means the Lender's office at 170 Alexandras Avenue, 11521 Athens 105 64, Greece.

"**Facility Period**" means the period beginning on the date of this Agreement and ending on the date when the whole of the Indebtedness has been paid in full and the Obligors have ceased to be under any further actual or contingent liability to the Lender under or in connection with the Finance Documents.

"**Family**" means the persons identified in the Ownership Side Letter.

"**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 (a); or

(c) any agreement pursuant to the implementation of any treaty, law or regulation referred to in (a) or (b) 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 Documents**" means this Agreement, the Security Documents, any Compliance Certificate, any Utilisation Request, the Ownership Side Letter, any document which is executed for the purpose of establishing any priority or subordination arrangement in relation to the Indebtedness and any other document designated as such by the Lender and the Borrowers.

"**Financial Indebtedness**" means any indebtedness for or in respect of:

(a) moneys borrowed and debit balances at banks or other financial institutions;

(b) any acceptance under any acceptance credit or bill discounting facility (or dematerialised equivalent);

(c) any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;

(d) the amount of any liability in respect of any lease or hire purchase contract, a liability under 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 Treasury Transaction (and, when calculating the value of that Treasury 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 Treasury Transaction, that amount) shall be taken into account);

(g) any counter-indemnity obligation in respect of a guarantee, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution in respect of an underlying liability of an entity which is not an Obligor or a member of the Group which liability would fall within one of the other sections of this definition;

(h) any amount raised by the issue of shares which are redeemable (other than at the option of the issuer) before the end of the Facility Period or are otherwise classified as borrowings under GAAP;

(i) any amount of any liability under an advance or deferred purchase agreement if (i) one of the primary reasons behind entering into the agreement is to raise finance or to finance the acquisition or construction of the asset or service in question or (ii) the agreement is in respect of the supply of assets or services and payment is due more than 30 days after the date of supply;

(j) any amount raised under any other transaction (including any forward sale or purchase, sale and sale back or sale and leaseback agreement) having the commercial effect of a borrowing or otherwise classified as borrowings under GAAP; and

(k) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in (a) to (j).

"**Future Charter**" means any contract for the operation, employment or use of a Vessel which (inclusive of any extension option) is capable of exceeding 12 months and is entered into by a Borrower (as the owner of a Vessel) after the date of this Agreement.

"**GAAP**" means generally accepted accounting principles in the United States of America, including IFRS.

"**Group**" means the Obligors and each of their Subsidiaries at any relevant time and "**member of the Group**" shall be construed accordingly.

"**Guarantee**" means a guarantee and indemnity in respect of the obligations of each other Obligor granted by the Guarantor including negative pledges of all the issued shares of the Borrowers.

"**Guarantor**" means the Parent and/or (where the context permits) any other person who shall at any time during the Facility Period give to the Lender a guarantee and/or indemnity for the payment of all or part of the Indebtedness.

"**Holding Company**" means, in relation to a person, any other person in respect of which it is a Subsidiary.

"**IAPPC**" means a valid international air pollution prevention certificate for a Vessel issued under Annex VI.

"**IFRS**" means international accounting standards within the meaning of the IAS Regulation 1606/2002 to the extent applicable to the relevant financial statements.

"**Indebtedness**" means the aggregate from time to time of: the amount of the Loan outstanding; all accrued and unpaid interest on the Loan; and all other sums of any nature (together with all accrued and unpaid interest on any of those sums) payable to the Lender under all or any of the Finance Documents.

"**Insurances**" means all policies and contracts of insurance (including all entries in protection and indemnity or war risks associations) which are from time to time taken out or entered into in respect of or in connection with a Vessel or her increased value or her Earnings and (where the context permits) all benefits under such contracts and policies, including all claims of any nature and returns of premium.

"**Interest Payment Date**" means each date for the payment of interest in accordance with Clause 8.2 (*Payment of interest*).

"**Interest Period**" means 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 Term SOFR**" means, in relation to any Loan, the rate (rounded to the same number of decimal places as Term SOFR) which results from interpolating on a linear basis between:

(a) the applicable Term SOFR for the longest period (for which Term SOFR is available) which is less than the Interest Period of that Loan; and

(b) the applicable Term SOFR for the shortest period (for which Term SOFR is available) which exceeds the Interest Period of that Loan.

"**ISM Code**" means the International Management Code for the Safe Operation of Ships and for Pollution Prevention.

"**ISM Company**" means, at any given time, the company responsible for a Vessel's compliance with the ISM Code under paragraph 1.1.2 of the ISM Code.

"**ISPS Code**" means the International Ship and Port Facility Security Code.

"**ISSC**" means a valid international ship security certificate for a Vessel issued under the ISPS Code.

"**ITA**" means the Income Tax Act 2007.

"**Joint Venture**" means any joint venture entity, whether a company, unincorporated firm, undertaking, association, joint venture or partnership or any other entity.

"**Legal Opinion**" means any legal opinion delivered to the Lender under Clause 4.1 (*Initial conditions precedent*) or Clause 4.3 (*Conditions subsequent*).

"**Legal Reservations**" means:

(a) the principle that equitable remedies may be granted or refused at the discretion of a court and the limitation of enforcement by laws relating to insolvency, reorganisation and other laws generally affecting the rights of creditors;

(b) the time barring of claims under the Limitation Acts, the possibility that an undertaking to assume liability for or indemnify a person against non-payment of United Kingdom stamp duty may be void and defences of set-off or counterclaim;

(c) similar principles, rights and defences under the laws of any Relevant Jurisdiction; and

(d) any other matters which are set out as qualifications or reservations as to matters of law of general application in the Legal Opinions.

"**Limitation Acts**" means the Limitation Act 1980 and the Foreign Limitation Periods Act 1984.

"**Loan**" means the aggregate amount of the Tranches advanced or to be advanced simultaneously by the Lender to the Borrowers under Clause 2 (*The Loan*) or, where the context permits, the principal amount of the Tranches advanced and for the time being outstanding.

"**LTV Coverage**" has the meaning given to that term in Clause 7.5.2. (*LTV Coverage*)

"**Management Agreements**" means the agreements for the commercial and technical management of the Vessels entered or to be entered into between the Borrowers respectively and the Manager.

"**Managers**" means in relation to the commercial and technical management of the Vessels, UOT or any other company which the Lender may approve from time to time as the commercial or technical manager of a Vessel.

"**Managers' Undertakings**" means written undertakings of the Managers in form and substance acceptable to the Lender.

"**Margin**" means 2.45% (two point forty five per cent) per annum.

"**Market Disruption Rate**" means the percentage rate per annum which is the aggregate of the Reference Rate and the applicable Credit Adjustment Spread.

"**Market Value**" means the value of a Vessel or any other vessel over which additional security has been created or which is being offered as additional security in accordance with Clause 18 (*Additional Security*) conclusively determined by an Approved Shipbroker nominated in writing by the Borrower and reporting to the Lender (at Borrowers' expense) on the basis of a charter-free sale for prompt delivery for cash at arm's length on normal commercial terms as between a willing seller and a willing buyer and evidenced by a valuation of that Vessel or vessel addressed to the Lender certifying a value for that Vessel or vessel.

"**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 any Obligor, any member of the Group or the Group taken 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 Encumbrance granted or purporting to be granted pursuant to any of, the Finance Documents or the rights or remedies of the Lender under any of the Finance Documents.

"**Maximum Loan Amount**" means $37,400,000.

"**MOA**" means the memorandum of agreement dated 28 September 2022 on the terms and subject to the conditions of which the Seller will sell the New Vessel to Bock for a purchase price of $35,000,000, as amended by an addendum no.1 there to dated 24 October 2022 and further amended by an addendum no. 2 there to dated 10 November 2022, in respect of the sale and purchase of the New Vessel along with all amendments, annexes, side letters an further addenda thereto hereinafter.

"**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 (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.

"**Mortgagees' Insurances**" means all policies and contracts of mortgagees' interest insurance, mortgagees' additional perils (oil pollution) insurance and any other insurance from time to time taken out by the Lender in relation to a Vessel.

"**Mortgages**" means first preferred mortgages over the Vessels.

"**New Vessel**" means the vessel "PHOENIX BEACON" (IMO no. 9568172) currently registered under the flag of Panama in the ownership of the Seller and intended to be sold by the Seller to Bock on the terms of the MOA, and everything now or in the future belonging to her on board and ashore, and which vessel is intended to be registered by the Borrower in its name, under the flag of the Republic of the Marshall Islands and under the new name "P. MONTEREY".

"**Obligatory Insurances**" means the insurances and entries referred to in Clause 23.1 (*Maintenance and amounts of Obligatory Insurances*) and, where applicable, those referred to in Clauses 23.4 (*Compliance with terms of Obligatory Insurances*) and/or 24.14.1 (*Restrictions on employment*) in relation to a Vessel.

"**Obligor**" means each Borrower, each Guarantor and the Managers or any other person who may at any time during the Facility Period be liable for, or provide security for, all or any part of the Indebtedness.

"**Original Financial Statements**" means the audited consolidated financial statements of the Parent for the financial year ended 31 December 2021.

"**Original Jurisdiction**" means, in relation to an Obligor, the jurisdiction under whose laws that Obligor is incorporated as at the date of this Agreement.

"**Ownership Side Letter**" means any letter or letters between the Lender, the Borrower and the Parent identifying the members of the Family and the Relevant Executives.

"**Parent**" means Performance Shipping Inc., a company incorporated under the law of the Republic of the Marshall Islands, with its registered address at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH 96960.

"**Party**" means a party to this Agreement.

"**Permitted Disposal**" means any sale, lease, licence, transfer or other disposal:

(a) of assets in exchange for other assets comparable or superior as to type, value and quality (other than an exchange of a non-cash asset for cash);

(b) of obsolete or redundant equipment for cash;

(c) arising as a result of any Permitted Encumbrance; and

(d) of a Vessel made in accordance with this Agreement.

"**Permitted Distribution**" means the payment of a dividend or other distribution by a Borrower to the Parent provided that the payment is made when no Event of Default is continuing or would occur immediately after the making of the payment and as a result thereof.

"**Permitted Encumbrance**" means:

(a) any Transaction Encumbrance;

(b) any Encumbrance which has the prior written approval of the Lender;

(c) any Encumbrance arising by operation of law and in the ordinary course of trading of a Vessel or in the ordinary course of the operation, repair or maintenance of a Vessel and not as a result of any default or omission by an Obligor up to an aggregate amount at any time not exceeding $750,000 for both Vessels;

(d) any Quasi-Security arising as a result of a disposal which is a Permitted Disposal; and

(e) any liens for current crews' wages in accordance with usual maritime practice but not more than one month in arrears) and salvage and liens incurred in the ordinary course of trading a Vessel up to an aggregate amount at any time not exceeding $100,000 per Vessel.

"**Prepayment Date**" has the meaning given to that term in Clause 7.5.1.

"**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.

"**Quasi-Security**" has the meaning given to that term in Clause 22.9 (*Negative pledge*).

"**Quotation Day**" means, in relation to any period for which an interest rate is to be determined (for dollars) two US Government Securities Business Days before the first day of that period, unless market practice differs in the Relevant Market, in which case the Quotation Day will be determined by the Lender in accordance with market practice in the Relevant Market (and if quotations would normally be given on more than one day, the Quotation Day will be the last of those days).

"**Quoted Tenor**" means, in relation to Term SOFR, any period for which that rate is customarily displayed on the relevant page or screen of an information service.

"**Receiver**" means a receiver or receiver and manager or administrative receiver of the whole or any part of the Security Assets.

"**Reference Rate**" means, in relation to the Loan:

(a) the applicable Term SOFR as of the Quotation Day 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, the aggregate of that rate and the Credit Adjustment Spread is less than zero, the Reference Rate shall be deemed to be such a rate that the aggregate of the Reference Rate and the Credit Adjustment Spread is 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 Documents**" means the Finance Documents, the MOA, any Future Charters, the Management Agreements and the Escrow Agreement.

"**Relevant Market**" means the market for overnight cash borrowing collateralised by US Government securities.

"**Relevant Executives**" means the executives of the Parent identified in the Ownership Side Letter

"**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 Jurisdiction**" means, in relation to an Obligor:

(a) its Original Jurisdiction;

(b) any jurisdiction where any asset (other than a Vessel) subject to or intended to be subject to a Security Document to be executed 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 Vessel**" means any Fleet Vessel and any vessel managed by UOT or any other member of the Group.

"**Repayment Date**" means each date for payment of a Repayment Instalment in accordance with Clause 6 (*Repayment*).

"**Repayment Instalment**" means any instalment of the Loan to be repaid by the Borrowers under Clause 6 (*Repayment*).

"**Repeating Representations**" means each of the representations set out in Clause 19.1.1 (*Status*) to Clause 19.1.6 (*Governing law and enforcement*), Clause 19.1.10 (*No default*) to Clause 19.1.19 (*Pari passu ranking*), Clause 19.1.23 (*No immunity*), Clause 19.1.24 (*Money laundering*) and Clause 19.1.26 (*Valuations*).

"**Replacement Reference Rate**" means a reference rate which is:

(a) formally designated, nominated or recommended as the replacement for a Screen Rate by:

(i) the administrator of 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 Reference Rate" will be the replacement under Paragraph (ii) above; or

(b) in the opinion of the Lender and the Borrowers, 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 Borrowers, an appropriate successor or alternative to a Screen Rate.

"**Representative**" means any delegate, agent, manager, administrator, nominee, attorney, trustee or custodian.

"**Requisition Compensation**" means all compensation or other money which may from time to time be payable to a Borrower as a result of a Vessel being requisitioned for title or in any other way compulsorily acquired (other than by way of requisition for hire).

"**Safekeeping Securities Account**" means, in relation to a Shareholder, the account opened or to be opened by the Lender with the Shipping Branch located at 137-139 Filonos Street, Piraeus, Greece Lending Office for the safekeeping of the shares held by the Lender in the issued share capital of that Borrower and which shall be pledged in favour of the Lender pursuant to the relevant Shares Charges.

"**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, whether or not any Obligor, any other member of the Group or any Affiliate is legally bound to comply with the foregoing; or

(b) otherwise imposed by any law or regulation by which any Obligor, any other member of the Group or any Affiliate of any of them is bound or, as regards a regulation, compliance with which is reasonable in the ordinary course of business of any Obligor, any other member of the Group or any Affiliate of any of them.

"**Screen Rate**" means Term SOFR for any Quoted Tenor.

"**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

in the opinion of the Lender and the Borrower, that Screen Rate is otherwise no longer appropriate for the purposes of calculating interest under this Agreement.

"**Secured Parties**" means the Lender and any Receiver or Delegate.

"**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 Encumbrances.

"**Security Documents**" means the Mortgages, the Assignments, each Guarantee, the Account Security Deeds, the Share Charges, the Managers' Undertakings, or (where the context permits) any one or more of them, and any other agreement or document which may at any time be executed by any person as security for the payment of all or any part of the Indebtedness.

"**Seller**" means Phoenix Accord Inc., a company incorporated under the law of the Republic of Panama with its registered office at Edificio Torre Universal, Ave Federico Boyd, Calle 51, Piso No 11/12, Panama.

"Share Charges" means the charges of the issued share capital of the Borrowers.

"**SMC**" means a valid safety management certificate issued for a Vessel by or on behalf of the Administration under paragraph 13.7 of the ISM Code.

"**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).

"**Subsidiary**" means a subsidiary undertaking within the meaning of section 1162 of the Companies Act 2006.

"**Tax**" means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same).

"**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).

"**Termination Date**" means in respect of the Loan, the 5th anniversary of the Utilisation Date.

"**Threshold Amount**" means $750,000 or its equivalent in any other currency.

"**Total Loss**" means:

(a) an actual, constructive, arranged, agreed or compromised total loss of a Vessel; or

(b) the requisition for title or compulsory acquisition of a Vessel by any government or other competent authority (other than by way of requisition for hire); or

(c) the capture, seizure, arrest, detention, hijacking, theft, condemnation as prize, confiscation or forfeiture of a Vessel (not falling within (b)), unless that Vessel is released and returned to the possession of the relevant Borrower or the Charterer within 30 days after the capture, seizure, arrest, detention, hijacking, theft, condemnation as prize, confiscation or forfeiture in question.

"**Total Loss Date**" means, in relation to the Total Loss of 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, arranged, agreed or compromised Total Loss of that Vessel, the earlier of:

(i) the date on which a notice of abandonment is given (or deemed or agreed to be given) to the insurers; and

(ii) the date of any compromise, arrangement or agreement made by or on behalf of the relevant Borrower with that Vessel's insurers in which the insurers agree to treat that Vessel 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 each of Tranche A and Tranche B.

"**Tranche A**" means, in the case of the Existing Vessel, the lesser of (a) $7,784,672 and (b) the Existing Tranche A on the Utilisation Date, advanced or to be advanced to the Borrowers by the Lender in respect of the Existing Vessel or, where the context permits, the aggregate principal amount so advanced and for the time being outstanding.

"**Tranche B**" means, in the case of New Vessel, the lesser of (a) $29,615,328, (b) 85% of the final contract price of the New Vessel as evidenced by the MOA, (c) 85% of the Market Value of the New Vessel (as determined pursuant to the valuation obtained under Clause 4.1 (*Initial conditions precedent*) not earlier that 20 days prior to the proposed Utilisation Date) (d) such amount when added to the drawn amount of Tranche A does not exceed the 45% of the Existing Vessel and the New Vessel aggregate Market Value and (e) such amount when added with the drawn amount of Tranche A does not exceed the 55% of the Existing Vessel Market Value plus the final contract price of the New Vessel as evidenced by the MOA, advanced or to be advanced to the Borrowers by the Lender in respect of the New Vessel, or, where the context permits, the aggregate principal amount so advanced and for the time being outstanding.

"**Transaction Encumbrances**" means the Encumbrances created or evidenced or expressed to be created or evidenced under the Security Documents.

"**Treasury Transactions**" means any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price.

"**UOT**" means Unitized Ocean Transport Limited a company incorporated under the law of the Republic of the Marshall Islands, with its registered address at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH 96960

"**Unpaid Sum**" means any sum due and payable but unpaid by any 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) an Obligor which is resident for tax purposes in the US; or

(b) an Obligor some or all of whose payments under the Finance Documents are from sources within the US for US federal income tax purposes.

"**Utilisation Date**" means the date on which the Loan is advanced under Clause 5 (*Advance*), such date being the same in respect of both Tranches.

"**Utilisation Request**" means a notice substantially in the form set out in Schedule 2 (*Utilisation Request*).

"**VAT**" means:

(a) any value added tax imposed by the Value Added Tax Act 1994;

(b) any tax imposed in compliance with the Council Directive of 28 November 2006 on the common system of value added tax (EC Directive 2006/112); and

(c) any other tax of a similar nature, whether imposed in a member state of the European Union in substitution for, or levied in addition to, such tax referred to in (b), or imposed elsewhere.

"**Vessels**" means the New Vessel and the Existing Vessel.

1.2 **Construction** Unless a contrary indication appears, any reference in this Agreement to:

1.2.1 the "**Lender**", any "**Borrower**", any "**Secured Party**" or any "**Party**" shall be construed so as to include its successors in title, permitted assignees and permitted transferees to, or of, its rights and/or obligations under the Finance Documents;

1.2.2 "**assets**" includes present and future properties, revenues and rights of every description;

1.2.3 the Lender's "**cost of funds**" in relation to its participation in a Tranche 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 for a period equal in length to the Interest Period of the Loan;

1.2.4 a "**Finance Document**", a "**Security Document**", a "**Relevant Document**" or any other agreement or instrument is a reference to that Finance Document, Security Document, Relevant Document or other agreement or instrument as amended, novated, supplemented, extended or restated from time to time;

1.2.5 "**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;

1.2.6 "**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;

1.2.7 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);

1.2.8 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 of any regulatory, self-regulatory or other authority or organisation;

1.2.9 a provision of law is a reference to that provision as amended or re-enacted from time to time;

1.2.10 a time of day (unless otherwise specified) is a reference to Athens time; and

1.2.11 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

1.2.12 a liability which is "**contingent**" means a liability which is not certain to arise and/or the amount of which remains unascertained;

1.2.13 "**control**" or "**controlled**" 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 an Obligor; or

(ii) appoint or remove all, or the majority, of the directors or other equivalent officers of an Obligor; or

(iii) give directions with respect to the operating and financial policies of an Obligor with which the directors or other equivalent officers of that Obligor are obliged to comply; and/or

(b) the holding beneficially of more than 50 per cent. of the issued shares of that Obligor (excluding any part of that issued shares or capital that carries no right to participate beyond a specified amount in a distribution of either profits or capital).

1.2.14 "**document**" includes a deed and also a letter, fax, email or telex;

1.2.15 "**expense**" means any kind of cost, charge or expense (including all legal costs, charges and expenses) and any applicable Tax including VAT;

1.2.16 "**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; and

1.2.17 "**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.

1.3 **Headings** Section, Clause and Schedule headings are for ease of reference only.

1.4 **Defined terms** 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.

1.5 **Default** A Default (other than an Event of Default) is "continuing" if it has not been remedied or waived and an Event of Default is "continuing" if it has not been waived.

1.6 **Currency symbols and definitions** "**$**", "**USD**" and "**dollars**" denote the lawful currency of the United States of America.

1.7 **Third party rights**

1.7.1 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.

1.7.2 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.

1.7.3 Any Receiver or Delegate may, subject to this Clause and the Third Parties Act, rely on any Clause of this Agreement which expressly confers rights on it.

1.8 **Offer letter** This Agreement supersedes the terms and conditions contained in any correspondence relating to the subject matter of this Agreement exchanged between the Lender and the Borrowers or their representatives before the date of this Agreement.

1.9 **Contractual recognition of bail-in**

1.9.1 In this Clause 1.9:

"**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.

"**Bail-In Action**" means the exercise of any Write-down and Conversion Powers.

"**Bail-In Legislation**" means:

(a) in relation to an EEA Member Country which has implemented, or which at any time implements, Article 55 BRRD, the relevant implementing law or regulation as described in the EU Bail-In Legislation Schedule from time to time; and

(b) in relation to any state other than such an EEA Member Country or (to the extent that the United Kingdom is not such an EEA Member Country) the United Kingdom, any analogous law or regulation from time to time which requires contractual recognition of any Write-down and Conversion Powers contained in that law or regulation.

"**EEA Member Country**" means any member state of the European Union, Iceland, Liechtenstein and Norway.

"**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.

"**Resolution Authority**" means any body which has authority to exercise any Write-down and Conversion Powers.

"**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 I of the United Kingdom Banking Act 2009 and any other law or regulation applicable in the United Kingdom relating to the resolution of unsound or failing banks, investment firms or other financial institutions or their affiliates (otherwise than through liquidation, administration or other insolvency proceedings).

"**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:

(iii) 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

(iv) any similar or analogous powers under that UK Bail-In Legislation.

1.9.2 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.

1.10 **Sanctions**

1.10.1 In this Clause 1.10:

"**Sanctions Provisions**" means the representations and warranties given in Clause 19.1.25 (*Sanctions*) and the undertakings given in Clause 22.26 (*Sanctions*).

1.10.2 The Sanctions Provisions shall only be given to the Lender to the extent that the making, the receiving of the benefit of and/or, where applicable, the repetition of these representations and warranties, and the compliance with these undertakings do not result in a violation of or conflict with:

(a) any provision of Council Regulation (EC) 2271/1996 of 22 November 1996 protecting against the effects of the extra-territorial application of legislation adopted by a third country, and actions based thereon or resulting therefrom;

(b) if applicable, section 7 of the German Foreign Trade Regulation (*Außenwirtschaftsverordnung*) (in conjunction with section 4 paragraph 1 of No.3 foreign trade law (AWG) (*Außenwirtschaftsgesetz*)); or

(c) any similar applicable anti-boycott law or regulation.

2 The Loan

Subject to the terms of this Agreement, the Lender agrees to make available to the Borrowers on a joint and several basis a term loan comprising both Tranches and not exceeding in aggregate the Maximum Loan Amount.

3 Purpose

3.1 **Purpose** The Borrowers shall apply:

3.1.1 Tranche A towards assisting Toka to refinance its portion of the Existing Loan; and

3.1.2 Tranche B towards partial finance of the purchase price of the New Vessel under the MOA.

3.2 **Monitoring** The Lender shall not be 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 Lender will only be obliged to comply with Clause 5.3 (*Lender's compliance with a Utilisation Request*) in relation to the advance of a Tranche if on or before the Utilisation Date, the Lender has received all of the documents and other evidence listed in Part I of Schedule 1 (*Conditions Precedent*) in form and substance satisfactory to the Lender and the proposed Utilisation Date in respect of Tranche B falls on or around with the Delivery Date, save that references in Section 2 of that Part I to "the Vessel" or to any person or document relating to a Vessel shall be deemed to relate solely to the Vessel(s) specified in the Utilisation Request or to any person or document relating to that Vessel respectively. The Lender shall notify the Borrowers promptly upon being so satisfied.

4.2 Further conditions precedent

4.2.1 The Lender will only be obliged to advance a Tranche if on the date of the Utilisation Request and on the proposed Utilisation Date:

(a) no Default is continuing or would result from the advance of that Tranche;

(b) there is no material adverse change in the financial condition and operation of any of the Obligors;

(c) the representations made by the Borrowers under Clause 19 (*Representations*) are true;

(d) none of the Vessels relevant to that Tranche has either been sold nor become a Total Loss;

(e) no event or series of events has occurred which is likely to have a Material Adverse Effect; and

(f) no event has occurred which would give rise to the provisions of Clause 10.3 (*Cost of funds*).

4.2.2 The Lender will only be obliged to advance a Tranche if that Tranche will not increase the Loan to a sum in excess of the Maximum Loan Amount nor cause the amount of the relevant Tranche to be exceeded.

4.3 **Conditions subsequent** The Borrowers undertake to deliver or to cause to be delivered to the Lender within 10 days (or such other period as may be specified in Part II of Schedule 1) after the Utilisation Date the additional documents and other evidence listed in Part II of Schedule 1 (*Conditions Subsequent*), save that references in that Part II to "the Vessel" or to any person or document relating to a Vessel shall be deemed to relate solely to the Vessel specified in the Utilisation Request or to any person or document relating to that Vessel respectively.

4.4 **No waiver** If the Lender agrees to advance a Tranche to the Borrowers before all of the documents and evidence required by Clause 4.1 (*Initial conditions precedent*) have been delivered to or to the order of the Lender, the Borrowers undertake to deliver all outstanding documents and evidence to or to the order of the Lender no later than 10 days after the relevant Utilisation Date or such other date specified by the Lender.

The advance of a Tranche under this Clause 4.4 shall not be taken as a waiver of the Lender's right to require production of all the documents and evidence required by Clause 4.1 (*Initial conditions precedent*).

4.5 **Form and content** All documents and evidence delivered to the Lender under this Clause shall:

4.5.1 be in form and substance acceptable to the Lender; and

4.5.2 if required by the Lender, be certified, notarised, legalised or attested in a manner acceptable to the Lender.

Section 3 **Utilisation**

5 Advance

5.1 **Delivery of a Utilisation Request** The Borrowers may request the Loan to be advanced by delivery to the Lender of a duly completed Utilisation Request not more than ten Business Days before the proposed Utilisation Date and not later than 11.00 am (Athens time) two Business Days before the proposed Utilisation Date or such lesser period as the Lender may in its absolute discretion agree.

5.2 **Completion of a Utilisation Request** A Utilisation Request is irrevocable and will not be regarded as having been duly completed unless:

5.2.1 it is signed by an authorised signatory of each Borrower;

5.2.2 the proposed Utilisation Date is a Business Day within the Availability Period;

5.2.3 the proposed Interest Period complies with Clause 9 (*Interest Periods*);

5.2.4 all applicable deductible items have been completed; and

5.2.5 the currency specified in the Utilisation Request is dollars.

5.3 **Lender's compliance with a Utilisation Request** Subject to Clauses 2 (*The Loan*), 3 (*Purpose*) and 4 (*Conditions of Utilisation*), the Lender shall comply with a Utilisation Request by advancing the relevant Tranche through the Facility Office.

5.4 **Cancellation of undrawn amount** The availability of the Loan shall be cancelled at the end of the Availability Period to the extent that it is undrawn at that time.

5.5 **Prepositioning of funds**

The Lender shall, on the Utilisation Date in respect of a Tranche, at the request of the Borrowers and on terms acceptable to the Lender in its absolute discretion, prepay or (as the context shall require) preposition that Tranche or any part thereof by making payment of such amount:

5.5.1 in the case of Tranche A, by making payment of such amount which the Borrowers specify in the Utilisation Request to the Earnings Account of Toka into which such amount shall remain pledged and restricted and shall not be withdrawn until the Lender has received all of the documents and other evidence listed in Part 1 of Schedule 1 (*Conditions Precedent*) and bullet 1 of Part II of Schedule 1 (Conditions Subsequent) in form and substance satisfactory to the Lender or otherwise as stipulated in this Agreement; and

5.5.2 in the case of Tranche B on terms that:

(a) such amounts shall be held to the order of the Lender until such time as the Lender confirms in writing to the Seller's bank or the Escrow Agent (as applicable) or the holder of any other account as specified in the Utilisation Request that the Loan or any part thereof may be released to the Seller or other party respectively in accordance with Clause 5.6 (*Release of prepositioned funds*);

(b) such prepositioning shall constitute the making of the relevant Tranche or any part thereof and the Borrowers shall at that time become indebted, as principal and direct obligor, to the Lender in an amount equal to the Tranche advanced;

(c) the date on which the Loan or any part thereof is prepositioned shall constitute the Utilisation Date;

5.5.3 each Obligor:

(a) agrees to pay interest on the amount of the funds so prepositioned at the rate described in Clause 8.1 (*Calculation of interest*) on the basis of successive interest periods of one day and so that interest shall be paid together with the first payment of interest on the Loan after the Utilisation Date or, if such Utilisation Date does not occur, within three Business Days of demand by the Lender;

(b) shall, without duplication, indemnify the Lender against any costs, loss or liability it may incur in connection with such arrangement; and

(c) irrevocably authorises the Lender to deduct from the proceeds of the Loan any fees then payable to the Lender in accordance with Clause 11 (*Fees*) and any other items listed as deductible items in the Utilisation Request and to apply them in payment of the items to which they relate.

5.6 **Release of prepositioned funds**

The Lender shall, on the Delivery Date (in respect of Tranche B) instruct the Seller's bank or the Escrow Agent (as applicable) (in respect of Tranche B) to release the relevant Tranche or part thereof to the account of the Seller (in respect of Tranche B) or to such other account subject to the provisions of Clause 4.1 (*Initial conditions precedent*) and Clause 4.2 (*Further conditions precedent*) and the Borrowers hereby provide the Lender with unconditional and irrevocable authority to apply funds being pledged in the Earnings Account of Bock to an account of the Lender and be applied against repayment in full to the Lender of the Existing Indebtedness.

5.7 **Mandatory prepayment on failure to acquire the Vessel**

In respect of Tranche B, the event of:

5.7.1 the Lender prepositioning the relevant Tranche or any part thereof with the Seller's bank or the Escrow Agent (as applicable) in advance of the Delivery Date under release instructions or equivalent; and

5.7.2 funds representing Tranche B being returned by the Seller's bank or the Escrow Agent (as applicable) to the Earnings Account in accordance with the said release instructions or equivalent,

the Borrowers shall prepay the relevant Tranche or the part thereof so returned on the day such funds are received in the Earnings Account and, in this regard, the Borrowers hereby provide the Lender with unconditional and irrevocable authority to apply such funds to prepayment of the relevant Tranche or any part thereof pursuant to this clause without further instructions to the Lender from its part. Clause 7.6 (*Restrictions*) will apply to any prepayment under this Clause.

In respect of Tranche A, the event of:

5.7.3 the Lender prepositioning Tranche B or any part thereof with the Seller's bank in advance of the Delivery Date under release instructions or equivalent; and

5.7.4 funds representing Tranche B or any part thereof being returned by the Seller's bank to the Earnings Account in accordance with the said release instructions or equivalent,

the Borrowers shall prepay the relevant Tranche from the funds being deposited in the Earnings Account of Toka and, in this regard, the Borrowers hereby provide the Lender with unconditional and irrevocable authority to apply such funds to prepayment of the relevant Tranche pursuant to this clause without further instructions to the Lender from its part. The Borrowers also undertake to pay any accrued interest and break costs pursuant to Clause 10.5 (Break Costs). Clause 7.6 (*Restrictions*) will apply to any prepayment under this Clause.

6 Repayment

6.1 **Repayment of the Loan** The Borrowers shall repay the Loan by twenty (20) consecutive quarterly instalments, the first four (4) such instalments each in the sum of one million and five hundred thousand dollars (USD1,500,000), the next fifteen (15) such instalments each in the sum of one million dollars (USD1,000,000) and the twentieth and final instalment in the sum of sixteen million and four hundred thousand dollars ($16,400,000)(consisting of an instalment in the sum of one million dollars ($1,000,000) and the Balloon Amount, with the first instalment falling due on the date which is three Months after the Utilisation Date and subsequent instalments falling due at consecutive intervals of three Months thereafter with the final Repayment Instalment for the Loan payable together with the Balloon Amount falling due on the Termination Date.

6.2 **Reduction of Repayment Instalments** If the aggregate amount advanced to the Borrowers in respect of the Loan is less than the Maximum Loan Amount, the amount of each Repayment Instalment and the Balloon Amount in respect of the Loan shall be reduced pro rata to the amount actually advanced.

6.3 **Reborrowing** The Borrowers may not reborrow any part of the Loan which is repaid.

6.4 On the Termination Date the Borrowers, in addition to the Loan, shall pay to the Lender any other sums which comprise the Indebtedness.

7 Illegality, Prepayment and Cancellation

7.1 **Illegality** If in any applicable jurisdiction it becomes unlawful (other than by reason of Sanctions) for the Lender to perform any of its obligations as contemplated by this Agreement or to fund or maintain the Loan or it becomes unlawful for any Affiliate of the Lender for the Lender to do so:

7.1.1 the Lender shall promptly notify the Borrowers upon becoming aware of that event;

7.1.2 upon the Lender notifying the Borrowers, the availability of the Loan will be immediately cancelled; and

7.1.3 the Borrowers shall repay the Loan on the last day of its current Interest Period 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).

7.2 **Voluntary cancellation** The Borrowers may, if they give the Lender not less than 7 days' (or such shorter period as the Lender may agree) prior notice, cancel the whole or any part (being a minimum amount of $100,000) of the undrawn amount of a Tranche.

7.3 **Voluntary prepayment of the Loan** The Borrowers may prepay without penalty or prepayment fee, subject to any Break Costs, the Loan (but, if in part, being an amount that reduces the Loan by an amount which is an integral multiple of $100,000) subject as follows:

7.3.1 they give the Lender not less than 7 days' (or such shorter period as the Lender may agree) prior notice;

7.3.2 the Loan may only be prepaid after the last day of the Availability Period; and

7.3.3 any prepayment under this Clause 7.3 shall be applied in prepayment of the remaining Repayment Instalments and the Balloon Amount in respect of the Loan on a pro rata basis.

7.4 **Right of cancellation and prepayment**

7.4.1 If:

(a) any sum payable to the Lender by the Borrowers is required to be increased under Clause 12.2.3 (*Tax gross-up*); or

(b) the Lender claims indemnification from the Borrowers under Clause 12.3 (*Tax indemnity*) or Clause 13.1 (*Increased costs*),

the Borrowers may, while the circumstance giving rise to the requirement for that increase or indemnification continues, give the Lender notice of cancellation of the Loan and their intention to procure the repayment of the Loan.

7.4.2 On the last day of the Interest Period in respect of the Loan which ends after the Borrowers have given notice under Clause 7.4.1 (or, if earlier, the date specified by the Borrowers in that notice), the Borrowers shall repay the Loan together with all interest and other amounts accrued under the Finance Documents.

7.5 **Mandatory prepayment on sale or Total Loss**

7.5.1 In this Agreement, "**Prepayment Date**" means:

(a) in the case of the sale of a Vessel, the time at and date on which the sale is completed; and

(b) in the case of a Total Loss of a Vessel, the earlier of (i) the date falling 120 days after the Total Loss Date and (ii) the date on which the proceeds of any such Total Loss are realised.

7.5.2 If a Vessel is sold by the relevant Borrower or becomes a Total Loss, the Borrowers shall prepay on the relevant Prepayment Date:

(a) the same proportion of the Loan then outstanding as the Market Value of that Vessel bears to the aggregate of the Market Value of both Vessels (such values to be determined in accordance with Clause 18.1 (*ACR Coverage*)); and

(b) any additional amount that is required to ensure that, after such prepayment, the Loan then outstanding is less than 70% of the Market Value of the remaining Vessel as calculated on the relevant Prepayment Date.

7.5.3 For the purpose of Clauses 7.5.2 and 7.5.3, the determination of the LTV Coverage will be based on:

(a) the last valuations of the Vessels obtained by the Lender pursuant to Clause 18.2 (*Provision of valuations*); or

(b) if such last valuations predate the relevant Prepayment Date by more than twenty days, new valuations to be obtained by the Lender pursuant to Clause 18.2 (*Provision of valuations*) on or before the relevant Prepayment Date.

7.5.4 Any prepayment made in accordance with Clause 7.5.2 shall be applied in prepayment of the remaining Repayment Instalments and Balloon Amount of the Loan pro rata.

7.5.5 If a Default (other than an Event of Default) is continuing on a Prepayment Date, the Borrowers shall, on that Prepayment Date, pay to the Lender any excess sale or Total Loss proceeds remaining after the applications to be effected pursuant to this Clause 7.5 have been made and the Lender shall:

(a) retain such excess sale or Total Loss proceeds blocked in the relevant account or in a suspense account until the Borrowers have remedied such Default to the Lender's satisfaction, after which time the Lender shall return such excess sale or Total Loss proceeds to the Borrowers or to their order; and

(b) if such Default becomes an Event of Default, promptly apply such excess sale or Total Loss proceeds against remaining Repayment Instalments and Balloon Amount in inverse order of maturity.

7.5.6 If an Event of Default is continuing on a Prepayment Date, the Lender shall apply such excess sale or Total Loss proceeds on the relevant Prepayment Date in prepayment of the remaining Repayment Instalments and Balloon Amount in inverse order of maturity, unless the Borrowers have provided the Lender with a written request on or before the Prepayment Date to release to the relevant Borrower or to its order any such excess sale or Total Loss proceeds notwithstanding the occurrence of an Event of Default which is continuing, in which case the Lender will evaluate such request at its sole discretion and will notify the Borrowers if any such surplus can be released to or to the order of the relevant Borrower; if the Lender rejects such request, the Borrowers hereby irrevocably and unconditionally agree and consent to such prepayment being made by the Lender.

7.6 **Restrictions**

7.6.1 Any notice of prepayment or cancellation given under this Clause 7 shall be irrevocable and, unless a contrary indication appears in this Agreement, shall specify the date or dates upon which the relevant prepayment or cancellation is to be made and the amount of that prepayment or cancellation.

7.6.2 Any prepayment under this Agreement shall be made together with accrued interest on the amount prepaid and, subject to any Break Costs, without premium or penalty.

7.6.3 The Borrowers shall not repay, prepay or cancel all or any part of the Loan except at the times and in the manner expressly provided for in this Agreement.

7.6.4 No amount of the Loan cancelled under this Agreement may be subsequently reinstated.

7.6.5 The Borrowers may not reborrow any part of the Loan which is prepaid.

8 Interest

8.1 **Calculation of interest** The rate of interest on the Loan for each Interest Period is the percentage rate per annum which is the aggregate of the applicable:

8.1.1 Margin;

8.1.2 Reference Rate; and

8.1.3 Credit Adjustment Spread.

8.2 **Payment of interest** The Borrowers shall pay accrued interest on the Loan on the last day of each Interest Period (and, if the Interest Period is longer than three Months, on the dates falling at intervals of three Months after the first day of the Interest Period).

8.3 **Default interest** If an Obligor fails to pay any amount payable by it under a Finance Document on its due date, interest shall accrue on the overdue amount from the due date up to the date of actual payment (both before and after judgment) at a rate which is two per cent per annum (2%) higher than the rate which would have been payable if the overdue amount had, during the period of non-payment, constituted the Loan in the currency of the overdue amount for successive Interest Periods, each of a duration selected by the Lender. Any interest accruing under this Clause 8.3 shall be immediately payable by the Obligors on demand by the Lender.

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:

(a) 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

(b) the rate of interest applying to that Unpaid Sum during that first Interest Period shall be two per cent per annum (2%) higher than the rate which would have applied if that Unpaid Sum had not become due.

Default interest (if unpaid) arising on an overdue amount will be compounded with the overdue amount at the end of each Interest Period applicable to that overdue amount but will remain immediately due and payable.

8.4 **Notification of rates of interest** The 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** The Borrowers may select in a written notice to the Lender the duration of an Interest Period for the Loan subject as follows:

9.1.1 each notice is irrevocable and must be delivered to the Lender by the Borrowers not later than 14.45 a.m. (Athens time) on the Quotation Day;

9.1.2 if the Borrowers fail to give a notice in accordance with Clause 9.1.1, the relevant Interest Period will, subject to Clauses 1.1 (*Interest Periods to meet Repayment Dates*) and 9.3 (*Non-Business Days*), be three Months;

9.1.3 subject to this Clause 9, the Borrowers may select an Interest Period of one, three or six Months or any other period acceptable to the Lender;

9.1.4 an Interest Period shall not extend beyond the Termination Date; and

9.1.5

(a) the first Interest Period in respect of the Loan shall start on the Utilisation Date in respect of both Tranches and end on the date which numerically corresponds to that Utilisation Date; and

(b) each subsequent Interest Period for the Loan shall start on the last day of the preceding Interest Period and end on the date which numerically corresponds to that commencement date,

except that, if there is no numerically corresponding date in that Month, the Interest Period shall end on the last Business Day in that Month, subject to Clause 1.1 (*Interest Periods to meet Repayment Dates*).

9.2 **Interest Periods to meet Repayment Dates** If an Interest Period will expire after the next Repayment Date in respect of the Loan, there shall be a separate Interest Period for a part of the Loan equal to the Repayment Instalment due on that next Repayment Date and that separate Interest Period shall expire on that next Repayment Date.

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**

10.1.1 If no 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 Term SOFR for a period equal in length to the Interest Period of the Loan or that part of the Loan.

10.1.2 If Clause 10.1.1. applies but it is not possible to calculate the Interpolated Term SOFR, there shall be no 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 Athens on the Quotation Day for the relevant Interest Period, the Lender determines (in its sole discretion) that its cost of funds relating to the Loan would be in excess of the Market Disruption Rate, then Clause 10.3 (*Cost of funds*) shall apply to the Loan for the relevant Interest Period.

10.3 **Cost of funds**

10.3.1 If this Clause 10.3 applies for any Interest Period, then the rate of interest on the Loan or the relevant part of the Loan for that Interest Period shall be the percentage rate per annum which is the sum of:

(a) the Margin; and

(b) the rate notified to the Borrowers by the Lender as soon as practicable, and in any event by close of business on the date falling three Business Days after the Quotation Day (or, if earlier, on the date falling three Business Days prior to the date on which 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 relevant Tranche from whatever source it may reasonably select.

10.3.2 If this Clause 10.3 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 ten days) with a view to agreeing a substitute basis for determining the rate of interest (as the case may be) an alternative basis for funding.

10.3.3 Any substitute or alternative basis agreed pursuant to Clause 10.3.2 shall, with the prior consent of the Lender and the Borrowers, be binding on all Parties.

10.3.4 If any rate notified to the Lender under Clause 10.3.1 (b) above is less than zero, the relevant rate shall be deemed to be zero.

10.3.5 If a substitute or an alternative basis is not agreed pursuant to Clause 10.3.2, the Borrower may give the Lender not less than five (5) days' notice of its intention to prepay the Loan at the end of the Interest Period set by the Lender.

10.3.6 A notice under Clause 10.3.5 above, shall be irrevocable, and on the last Business Day of the Interest Period set by the Lender, the Borrower shall prepay (without premium or penalty) the Loan, together with accrued interest thereon at the applicable interest rate and the balance of the to date outstanding indebtedness.

10.3.7 The provisions of Clauses 6 (*Repayment*) and 7 (*Illegality, Prepayment and Cancellation*) shall apply in relation to the prepayment made hereunder.

10.4 **Changes to Screen Rate**

If a Screen Rate Replacement Event has occurred in relation to the Screen Rate for Dollars, any amendment or waiver which relates to:

(a) providing for the use of a Replacement Reference Rate in relation to that currency in place of that Screen Rate; and

(b)

(i) aligning any provision of any Finance Document to the use of that Replacement Reference Rate;

(ii) 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);

(iii) implementing market conventions applicable to that Replacement Reference Rate;

(iv) providing for appropriate fallback (and market disruption) provisions for that Replacement Reference Rate; or

(v) 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 Lender and the Borrowers.

10.5 **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 Unpaid Sum being paid by the Borrowers on a day other than the last day of an Interest Period for the Loan or Unpaid Sum.

The Lender shall, as soon as reasonably practicable after a demand by the Borrowers, provide a certificate confirming the amount of its Break Costs for any Interest Period in which they accrue.

11 Fees

The Borrowers shall pay to the Lender, on the Utilisation Date of the Loan, an arrangement fee in the amount of 0.65% of the amount of each Tranche drawn.

12 Tax Gross Up and Indemnities

12.1 **Definitions** In this Agreement:

"**Borrower DTTP Filing**" means an HM Revenue & Customs' Form DTTP2 duly completed and filed by the relevant Borrower in relation to the Lender where the Lender is a Treaty Lender, which form contains the scheme reference number and jurisdiction of tax residence in respect of the Lender and is filed with HM Revenue & Customs within 30 days of the date of this Agreement.

"**Protected Party**" means the Lender if it 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.

"**Qualifying Lender**" means the Lender if it is beneficially entitled to interest payable to it in respect of an advance under a Finance Document and:

(a) is a bank (as defined for the purpose of section 879 of the ITA) making an advance under a Finance Document and is within the charge to United Kingdom corporation tax as respects any payments of interest made in respect of that advance or would be within such charge as respects such payments apart from section 18A of the CTA; or in respect of an advance made under a Finance Document by a person that was a bank (as defined for the purpose of section 879 of the ITA) at the time that that advance was made and within the charge to United Kingdom corporation tax as respects any payments of interest made in respect of that advance; or

(b) is:

(i) a company resident in the United Kingdom for United Kingdom tax purposes;

(ii) a partnership each member of which is:

(A) a company so resident in the United Kingdom; or

(B) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account in computing its chargeable profits (within the meaning of section 19 of the CTA) the whole of any share of interest payable in respect of that advance that falls to it by reason of Part 17 of the CTA; or

(iii) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account interest payable in respect of that advance in computing the chargeable profits (within the meaning of section 19 of the CTA) of that company; or

(c) is a Treaty Lender.

"**Tax Confirmation**" means a confirmation by the Lender that the person beneficially entitled to interest payable to the Lender in respect of an advance under a Finance Document is either:

(a) a company resident in the United Kingdom for United Kingdom tax purposes;

(b) a partnership each member of which is:

(i) a company so resident in the United Kingdom; or

(ii) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account in computing its chargeable profits (within the meaning of section 19 of the CTA) the whole of any share of interest payable in respect of that advance that falls to it by reason of Part 17 of the CTA; or

(c) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account interest payable in respect of that advance in computing the chargeable profits (within the meaning of section 19 of the CTA) of that company.

"**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*).

"**Treaty Lender**" means the Lender if it:

(a) is treated as a resident of a Treaty State for the purposes of the Treaty;

(b) does not carry on a business in the United Kingdom through a permanent establishment with which the Loan is effectively connected.

"**Treaty State**" means a jurisdiction having a double taxation agreement (a "**Treaty**") with the United Kingdom which makes provision for full exemption from tax imposed by the United Kingdom on interest.

12.2 **Tax gross-up**

12.2.1 Each Borrower shall (and shall procure that each other Obligor will) make all payments to be made by it without any Tax Deduction, unless a Tax Deduction is required by law.

12.2.2 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.

12.2.3 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.

12.2.4 A payment shall not be increased under Clause 12.2.3 by reason of a Tax Deduction on account of Tax imposed by the United Kingdom, if on the date on which the payment falls due:

(a) the payment could have been made to the Lender without a Tax Deduction if the Lender had been a Qualifying Lender, but on that date the Lender is not or has ceased to be a Qualifying Lender other than as a result of any change after the date it became a Lender under this Agreement in (or in the interpretation, administration, or application of) any law or Treaty or any published practice or published concession of any relevant taxing authority; or

(b) the Lender is a Qualifying Lender solely by virtue of (b) of the definition of Qualifying Lender and:

(i) an officer of H.M. Revenue & Customs has given (and not revoked) a direction (a "**Direction**") under section 931 of the ITA which relates to the payment and the Lender has received from the Obligor making the payment a certified copy of that Direction; and

(ii) the payment could have been made to the Lender without any Tax Deduction if that Direction had not been made; or

(c) the Lender is a Qualifying Lender solely by virtue of (b) of the definition of Qualifying Lender and:

(i) the Lender has not given a Tax Confirmation to the Borrowers; and

(ii) the payment could have been made to the Lender without any Tax Deduction if the Lender had given a Tax Confirmation to the Borrowers, on the basis that the Tax Confirmation would have enabled the Borrowers to have formed a reasonable belief that the payment was an "excepted payment" for the purpose of section 930 of the ITA; or

(d) the Lender is a Treaty Lender and the Obligor making the payment is able to demonstrate that the payment could have been made to the Lender without the Tax Deduction had the Lender complied with its obligations under Clause 12.2.7 or Clause 12.2.8 (as applicable).

12.2.5 If an Obligor is required to make a Tax Deduction, the relevant Borrower shall (and, in the case of any other Obligor, the Borrowers shall procure that such other Obligor will) 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.

12.2.6 Within 30 days of making either a Tax Deduction or any payment required in connection with that Tax Deduction, the Borrower making that Tax Deduction shall (and, in the case of any other Obligor, the Borrowers shall procure that such other Obligor will) deliver to the Lender a statement under section 975 of the ITA or other 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.

12.2.7 (a) Subject to (b), if the Lender is a Treaty Lender, the Lender and each Borrower which makes a payment to which the Lender is entitled shall co-operate in completing any procedural formalities necessary for that Borrower to obtain authorisation to make that payment without a Tax Deduction.

(b) If the Lender is a Treaty Lender which holds a passport under the HMRC DT Treaty Passport scheme, and which wishes that scheme to apply to this Agreement, the Lender shall confirm its scheme reference number and its jurisdiction of tax residence to the Borrowers, and, having done so, the Lender shall be under no obligation pursuant to (a).

12.2.8 If the Lender has confirmed its scheme reference number and its jurisdiction of tax residence in accordance with Clause 12.2.7(b) and:

(a) a Borrower making a payment to the Lender has not made a Borrower DTTP Filing in respect of the Lender; or

(b) a Borrower making a payment to the Lender has made a Borrower DTTP Filing in respect of the Lender but:

(i) that Borrower DTTP Filing has been rejected by HM Revenue & Customs;

(ii) HM Revenue & Customs has not given that Borrower authority to make payments to the Lender without a Tax Deduction within 60 days of the date of the Borrower DTTP Filing; or

(iii) HM Revenue & Customs has given that Borrower authority to make payments to the Lender without a Tax Deduction but such authority has subsequently been revoked or expired,

and in each case, that Borrower has notified the Lender in writing, the Lender and that Borrower shall co-operate in completing any additional procedural formalities necessary for that Borrower to obtain authorisation to make that payment without a Tax Deduction.

12.2.9 If the Lender has not confirmed its scheme reference number and jurisdiction of tax residence in accordance with Clause 12.2.7(b), no Borrower shall make a Borrower DTTP Filing or file any other form relating to the HMRC DT Treaty Passport scheme in respect of the Lender unless the Lender otherwise agrees.

12.2.10 A Borrower shall, promptly on making a Borrower DTTP Filing, deliver a copy of that Borrower DTTP Filing to the Lender.

12.3 **Tax indemnity**

12.3.1 Each Borrower shall (within three Business Days of demand by the Lender) pay to the Lender, if the Lender is a Protected Party, 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.

12.3.2 Clause 12.3.1 shall not apply:

(a) with respect to any Tax assessed on the Lender:

(i) 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

(ii) under the law of the jurisdiction in which the 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

(b) to the extent a loss, liability or cost:

(i) is compensated for by an increased payment under Clause 12.2 (*Tax gross-up*);

(ii) would have been compensated for by an increased payment under Clause 12.2 (*Tax gross-up*) but was not so compensated solely because one of the exclusions in Clause 12.2.4 (*Tax gross-up*) applied; or

(iii) relates to a FATCA Deduction required to be made by a Party.

12.3.3 If the Lender makes or intends to make a claim under Clause 12.3.1 as a Protected Party, the Lender shall promptly notify the Borrowers 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:

12.4.1 a Tax Credit is attributable to an increased payment of which that Tax Payment forms part, to that Tax Payment or to a Tax Deduction in consequence of which that Tax Payment was required; and

12.4.2 the Lender has obtained and utilised that Tax Credit,

the Lender shall pay an amount to the relevant 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 made.

12.5 **Stamp taxes** The Borrowers shall pay and, within three Business Days of demand, indemnify the Lender against any cost, loss or liability the Lender incurs in relation to all stamp duty, registration and other similar Taxes payable in respect of any Finance Document.

12.6 **VAT**

12.6.1 All amounts expressed to be payable under a Finance Document by any Obligor 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 Obligor under a Finance Document and the Lender is required to account to the relevant tax authority for the VAT, the relevant Borrower shall (and, in the case of any other Obligor, the Borrowers shall procure that such other Obligor will) 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 the recipient of such supply).

12.6.2 Where a Finance Document requires any Obligor to reimburse or indemnify the Lender for any cost or expense, the relevant Borrower shall (and, in the case of any other Obligor, the Borrowers shall procure that such other Obligor will) reimburse or indemnify (as the case may be) the Lender for the full amount of such cost or expense, including such part thereof 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.

12.6.3 Any reference in this Clause 12.6 to any Obligor shall, at any time when such Obligor is treated as a member of a group for VAT purposes, include (where appropriate and unless the context otherwise requires) a reference to the representative member of such group at such time (the term "representative member" to have the same meaning as in the Value Added Tax Act 1994) or any equivalent person in any jurisdiction other than the United Kingdom.

12.6.4 In relation to any supply made by the Lender to any Obligor under a Finance Document, if reasonably requested by the Lender, the relevant Borrower shall (and, in the case of any other Obligor, the Borrowers shall procure that such other Obligor will) promptly provide the Lender with details of that Obligor'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**

12.7.1 Subject to Clause 12.7.3, each Party shall, within ten Business Days of a reasonable request by another Party:

(a) confirm to that other Party whether it is:

(i) a FATCA Exempt Party; or

(ii) not a FATCA Exempt Party;

(b) 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

(c) 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.

12.7.2 If a Party confirms to another Party pursuant to Clause 12.7.1(a)(i) 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.

12.7.3 Clause 12.7.1 shall not oblige the Lender to do anything, and Clause 12.7.1(c) shall not oblige any other Party to do anything, which would or might in its reasonable opinion constitute a breach of:

(a) any law or regulation;

(b) any fiduciary duty; or

(c) any duty of confidentiality.

12.7.4 If a Party fails to confirm whether or not it is a FATCA Exempt Party or to supply forms, documentation or other information requested in accordance with Clause 12.7.1(a) or 12.7.1(b) (including, for the avoidance of doubt, where Clause 12.7.3 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.

12.7.5 If a Borrower is a US Tax Obligor or the Lender reasonably believes that its obligations under FATCA or any other applicable law or regulation require it, the Lender shall, within ten Business Days of:

(a) where a Borrower is a US Tax Obligor, the date of this Agreement; or

(b) where a Borrower is not a US Tax Obligor, the date of a request from a Borrower,

supply to the Borrowers:

(i) a withholding certificate on Form W-8 or Form W-9 or any other relevant form; or

(ii) any withholding statement or other document, authorisation or waiver as the Borrowers may require to certify or establish the status of the Lender under FATCA or that other law or regulation.

12.7.6 If any withholding certificate, withholding statement, document, authorisation or waiver provided to the Borrowers by the Lender pursuant to Clause 12.7.5 is or becomes materially inaccurate or incomplete, the Lender shall promptly update it and provide such updated withholding certificate, withholding statement, document, authorisation or waiver to the Borrowers unless it is unlawful for the Lender to do so (in which case the Lender shall promptly notify the Borrowers).

12.8 **FATCA Deduction**

12.8.1 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.

12.8.2 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** Subject to Clause 13.3 (*Exceptions*) the Borrowers shall, within three Business Days of a demand by the Lender, pay to 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 after the date of this Agreement or (iii) the implementation or application of or compliance with Basel III or CRD IV or any other law or regulation which implements Basel III or CRD IV (whether such implementation, application or compliance is by a government, regulator, the Lender or any of the Lender's Affiliates).

In this Agreement:

(a) "**Basel III**" means:

(i) the agreements on capital requirements, a leverage ratio and liquidity standards contained in "Basel III: A global regulatory framework for more resilient banks and banking systems", "Basel III: International framework for liquidity risk measurement, standards and monitoring" and "Guidance for national authorities operating the countercyclical capital buffer" published by the Basel Committee on Banking Supervision in December 2010, each as amended, supplemented or restated;

(ii) the rules for global systemically important banks contained in "Global systemically important banks: assessment methodology and the additional loss absorbency requirement – Rules text" published by the Basel Committee on Banking Supervision in November 2011, as amended, supplemented or restated; and

(iii) any further guidance or standards published by the Basel Committee on Banking Supervision relating to "Basel III".

(b) "**CRD IV**" means:

(i) 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, supplemented or restated;

(ii) 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, supplemented or restated; and

(iii) any other law or regulation which implements Basel III.

(c) "**Increased Costs**" means:

(i) a reduction in the rate of return from the Loan or on the Lender's (or its Affiliate's) overall capital;

(ii) an additional or increased cost; or

(iii) a reduction of any amount due and payable under any Finance Document,

which is incurred or suffered by the Lender or any of its Affiliates to the extent that it is attributable to the Lender having entered into any Finance Document or funding or performing its obligations under any Finance Document.

13.2 **Increased cost claims**

13.2.1 If the Lender intends to make a claim pursuant to Clause 13.1 (*Increased costs*) the Lender shall promptly notify the Borrowers of the event giving rise to the claim.

13.2.2 The Lender shall, as soon as practicable after a demand by the Borrowers, provide a certificate confirming the amount of its Increased Costs.

13.3 **Exceptions** Clause 13.1 (*Increased costs*) does not apply to the extent any Increased Cost is:

13.3.1 attributable to a Tax Deduction required by law to be made by a Borrower;

13.3.2 attributable to a FATCA Deduction required to be made by a Party;

13.3.3 compensated for by Clause 12.3 (*Tax indemnity*) (or would have been compensated for under Clause 12.3 but was not so compensated solely because any of the exclusions in Clause 12.3 applied); or

13.3.4 attributable to the wilful breach by the Lender or its Affiliates of any law or regulation.

In this Clause 13.3, a reference to a "**Tax Deduction**" has the same meaning given to the term in Clause 12.1 (*Definitions*).

14 Other Indemnities

14.1 **Currency indemnity** If any sum due from a Borrower 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:

14.1.1 making or filing a claim or proof against that Borrower; or

14.1.2 obtaining or enforcing an order, judgment or award in relation to any litigation or arbitration proceedings,

that Borrower shall as an independent obligation, within three Business Days of 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 the Lender at the time of its receipt of that Sum.

Each Borrower 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**

14.2.1 The Borrowers shall, within three Business Days of demand, indemnify the Lender against any cost, loss or liability incurred by the Lender as a result of:

(a) the occurrence of any Event of Default;

(b) a failure by an Obligor to pay any amount due under a Finance Document on its due date;

(c) funding, or making arrangements to fund, a Tranche requested by the Borrowers in a Utilisation Request but not made by reason of the operation of any one or more of the provisions of this Agreement (other than by reason of default or negligence by 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.

14.2.2 The Borrowers shall promptly indemnify the Lender, each Affiliate of the Lender and each officer or employee of the Lender or its Affiliate (each such person for the purposes of this Clause 14.2 an "**Indemnified Person**") against any cost, loss or liability incurred by that Indemnified Person pursuant to or in connection with any litigation, arbitration or administrative proceedings or regulatory enquiry, in connection with or arising out of the entry into and the transactions contemplated by the Finance Documents, having the benefit of any Encumbrance constituted by the Finance Documents or which relates to the condition or operation of, or any incident occurring in relation to, a Vessel, unless such cost, loss or liability is caused by the gross negligence or wilful misconduct of that Indemnified Person. Any Affiliate or any officer or employee of the Lender or its Affiliate may rely on this Clause 14.2 subject to Clause 1.7 (*Third party rights*) and the provisions of the Third Parties Act.

14.2.3 Subject to any limitations set out in Clause 14.2.2, the indemnity in that Clause shall cover any cost, loss or liability incurred by each Indemnified Person in any jurisdiction:

(a) 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

(b) in connection with any Environmental Claim.

14.2.4 The Borrowers shall promptly indemnify the Lender against any cost, loss or liability incurred by the Lender (acting reasonably) as a result of:

(a) investigating any event which it reasonably believes is a Default; or

(b) acting or relying on any notice, request or instruction which it reasonably believes to be genuine, correct and appropriately authorised; or

(c) instructing lawyers, accountants, tax advisers, surveyors or other professional advisers or experts as permitted under this Agreement.

14.2.5 The Borrowers shall promptly indemnify the Lender as holder of any of the Security Documents and every Receiver and Delegate against any cost, loss or liability incurred by any of them 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 Security Documents;

(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 Obligor in the performance of any of the obligations expressed to be assumed by it in the Finance Documents; or

(f) acting as holder of any of the Security Documents, Receiver or Delegate or otherwise relating to any of the Security Assets (otherwise, in each case, than by reason of the relevant Lender's, Receiver's or Delegate's gross negligence or wilful misconduct).

14.3 **Indemnity survival** The indemnities contained in this Agreement shall survive repayment of the Loan.

15 Mitigation by the Lender

15.1 **Mitigation** The Lender shall, in consultation with the Borrowers, take all reasonable steps to mitigate any circumstances which arise and which would result in any Tranche ceasing to be available or any amount becoming payable under or pursuant to any of Clause 7.1 (*Illegality*), Clause 12 (*Tax Gross Up and Indemnities*) or Clause 13 (*Increased Costs*) including (but not limited to) transferring its rights and obligations under the Finance Documents to another Affiliate or Facility Office. The above does not in any way limit the obligations of any Obligor under the Finance Documents.

15.2 **Limitation of liability** The Borrowers shall promptly 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*). The Lender is not obliged to take any steps under Clause 15.1 if, in its opinion (acting reasonably), to do so might be prejudicial to it.

16 Costs and Expenses

16.1 **Transaction expenses** The Borrowers shall promptly on demand pay the Lender and any Receiver or Delegate the amount of all costs and expenses (including legal fees) incurred by any of them in connection with:

16.1.1 the negotiation, preparation, printing, execution, syndication and perfection of this Agreement and any other documents referred to in this Agreement;

16.1.2 the negotiation, preparation, printing, execution and perfection of any other Finance Documents executed after the date of this Agreement;

16.1.3 any other document which may at any time be required by the Lender to give effect to any Finance Document or which the Lender is entitled to call for or obtain under any Finance Document; and

16.1.4 any discharge, release or reassignment of any of the Security Documents.

16.2 **Amendment costs** If (a) an Obligor requests an amendment, waiver or consent or (b) an amendment is required pursuant to Clause 30.6 (*Change of currency*), the Borrowers shall, within three Business Days of demand, reimburse the Lender for the amount of all costs and expenses (including legal fees) incurred by the Lender and any Receiver or Delegate in responding to, evaluating, negotiating or complying with that request or requirement.

16.3 **Enforcement and preservation costs** The Borrowers shall, within three Business Days of demand, pay to each Secured Party the amount of all costs and expenses (including legal fees) incurred by that Secured Party in connection with the enforcement of, or the preservation of any rights under, any Finance Document or the Transaction Encumbrances and any proceedings instituted by or against the Secured Party as a consequence of entering into a Finance Document, taking or holding the Transaction Encumbrances or enforcing those rights including (without limitation) any losses, costs and expenses which that Secured Party may from time to time sustain, incur or become liable for by reason of that Secured Party being mortgagee of a Vessel and/or a lender to a Borrower, or by reason of that Secured Party being deemed by any court or authority to be an operator or controller, or in any way concerned in the operation or control, of a Vessel.

16.4 **Other costs** The Borrowers shall, within three Business Days of demand, pay to each Secured Party the amount of all sums which that Secured Party may pay or become actually or contingently liable for on account of a Borrower in connection with a Vessel (whether alone or jointly or jointly and severally with any other person) including (without limitation) all sums which that Secured Party may pay or guarantees which it may give in respect of the Insurances, any expenses incurred by that Secured Party in connection with the maintenance or repair of a Vessel or in discharging any lien, bond or other claim relating in any way to a Vessel, and any sums which that Secured Party may pay or guarantees which it may give to procure the release of a Vessel from arrest or detention.

17 Earnings Accounts

17.1 Earnings Accounts

17.1.1 The Borrowers shall maintain the Earnings Accounts with the Account Holder for the duration of the Facility Period free of Encumbrances and rights of set off other than those created by or under the Finance Documents.

17.1.2 No Borrower shall open any bank account except for the Earnings Accounts.

17.2 **Earnings** Each Borrower shall procure that all Earnings in respect of its Vessel and any Requisition Compensation in respect of its Vessel are credited to its Earnings Account.

17.3 Withdrawals

17.3.1 During the Facility Period, sums may be withdrawn from the Earnings Accounts without the prior written consent of the Lender, provided that no Default has occurred and is continuing.

17.3.2 The Earnings Accounts shall not be overdrawn as a result of a withdrawal made in accordance with this Clause 17.3.

17.4 **Application of Earnings Accounts** The Borrowers shall transfer or cause to be transferred from the Earnings Accounts to the Lender:

17.4.1 on each Repayment Date in respect of the Loan, the amount of the Repayment Instalment then due; and

17.4.2 on each Interest Payment Date in respect of the Loan, the amount of interest then due,

and the Borrowers irrevocably authorise the Lender to instruct the Account Holder to make those transfers if the Borrowers fail to do so on the relevant date, and to apply the transferred amounts in payment of the relevant Repayment Instalment, interest amount or other amount due.

17.5 **Borrowers' obligations not affected** If for any reason the amount standing to the credit of the Earnings Accounts is insufficient to pay any Repayment Instalment or to make any payment of interest when due, the Borrowers' obligation to pay that Repayment Instalment or to make that payment of interest shall not be affected.

17.6 **Relocation of Earnings Accounts** On and at any time after the occurrence of a Default which is continuing, the Lender may without the consent of the Borrowers instruct the Account Holder to relocate any Earnings Account to any other branch of the Account Holder, without prejudice to the continued application of this Clause 17 and the rights of the Secured Parties under the Finance Documents.

17.7 **Access to information** The Lender (and its nominees) may from time to time during the Facility Period review the records held by the Account Holder (whether in written or electronic form) in relation to the Earnings Accounts, and the Borrowers irrevocably waive any right of confidentiality which may exist in relation to those records.

17.8 **Statements** Without prejudice to the rights of the Lender under Clause 17.7 (*Access to information*), the Borrowers shall procure that the Account Holder provides to the Lender, no less frequently than each calendar month during the Facility Period, statements of account (in written or electronic form) showing all entries made to the credit and debit of each of the Earnings Accounts during the immediately preceding calendar month.

18 Additional Security

18.1 ACR Coverage

18.1.1 If at any time the aggregate of (a) the Market Value of the Vessels and (b) the value of any additional security (such value to be (i) the face amount of the deposit (in the case of cash), (ii) determined conclusively by appropriate advisers appointed by the Lender (in the case of other charged assets other than a vessel), (iii) the Market Value of a vessel (in the case of a vessel), and (iv) determined by the Lender (in all other cases)) for the time being provided to the Lender under this Clause 18 is less than 125% of the amount of the Loan then outstanding (the "**ACR Coverage**"), the Borrowers shall, within 30 days of the Lender's request, at the Borrowers' option:

(a) pay to the Lender or to its nominee a cash deposit in the amount of the shortfall to be secured in favour of the Lender as additional security for the payment of the Indebtedness; or

(b) give to the Lender other additional security in amount and form acceptable to the Lender for a value determined in accordance with the first part of this Clause 18.1.1; or

(c) prepay the Loan in the amount of the shortfall.

18.1.2 Clauses 6.3 (*Reborrowing*) and 7.6 (*Restrictions*) shall apply, *mutatis mutandis*, to any prepayment made under this Clause 18.1. Any prepayment under this Clause 18.1 shall be applied in prepayment of the remaining Repayment Instalments and the Balloon Amount in respect of the Loan pro rata.

18.1.3 If, at any time after the Borrowers have provided additional security in accordance with the Lender's request under this Clause 18.1, the Lender, following the Borrower's request, shall determine when testing compliance with the ACR Coverage that all or any part of that additional security may be released without resulting in a shortfall in the ACR Coverage, then, provided that no Default is continuing, the Lender shall release all or any part of that additional security at the cost of the Borrowers, but this shall be without prejudice to the Lender's right to make a further request under this Clause 18.1 should the value of the remaining security subsequently merit it.

18.2 Provision of valuations

18.2.1 The Lender shall be entitled to obtain a valuation in evidence of a Market Value for the purpose of testing compliance with Clause 18.1 (*ACR Coverage*):

(a) twice per calendar year of a Vessel (in the case of that Vessel);

(b) twice per calendar year from the date a vessel (other than a Vessel) is provided as additional security (in the case of a vessel other than a Vessel);

(c) on or about the Prepayment Date, if the last valuation obtained by the Lender before the Prepayment Date pursuant to this Clause 18.2.1 predates the Prepayment Date by more than twenty days; and

(d) at any time if requested by the Borrowers.

18.2.2 Additionally, the Lender shall be entitled to obtain a valuation in evidence of a Market Value:

(a) for the purpose of Clause 18.1 (*ACR Coverage*) at any time and each such valuation obtained shall be at the expense of the Lender except where such valuation shows that the Borrowers are not in compliance with the ACR Coverage;

(b) for the purpose of Clause 4.1 (*Initial conditions precedent*).

18.2.3 The Lender may at any time after an Event of Default has occurred and is continuing obtain a valuation in evidence of a Market Value.

18.2.4 All valuations referred to in this Clause 18.2 (other than as provided in 18.2.2 (a)) and all valuations to be obtained pursuant to Clause 4 (*Conditions of Utilisation*) shall be obtained at the cost and expense of the Borrowers and the Borrowers shall within three Business Days of demand by the Lender pay to the Lender the amount of all such costs and expenses.

19 Representations

19.1 **Representations** Each Borrower makes the representations and warranties set out in this Clause 19 to the Lender.

19.1.1 **Status** Each of the Obligors:

(a) is a limited liability corporation, duly incorporated and validly existing under the law of its Original Jurisdiction; and

(b) has the power to own its assets and carry on its business as it is being conducted.

19.1.2 **Binding obligations**

(a) The obligations expressed to be assumed by each of the Obligors in each of the Relevant Documents to which it is a party are legal, valid, binding and enforceable obligations; and

(b) Without limiting the generality of Clause 19.1.2(a), each Security Document creates the security interests which that Security Document purports to create and those security interests are valid and effective.

19.1.3 **Non-conflict with other obligations** The entry into and performance by each of the Obligors of, and the transactions contemplated by, the Relevant Documents and the granting of the Transaction Encumbrances do not and will not conflict with:

(a) any law or regulation applicable to such Obligor;

(b) the constitutional documents of such Obligor; or

(c) any agreement or instrument binding upon such Obligor or any of such Obligor's assets or constitute a default or termination event (however described) under any such agreement or instrument.

19.1.4 **Power and authority**

(a) Each of the Obligors has the power to enter into, perform and deliver, and has taken all necessary action to authorise its entry into, performance and delivery of, the Relevant Documents to which it is or will be a party and the transactions contemplated by those Relevant Documents.

(b) No limit on the powers of any Obligor will be exceeded as a result of the borrowing, grant of security or giving of guarantees or indemnities contemplated by the Relevant Documents to which it is a party.

19.1.5 **Validity and admissibility in evidence** All Authorisations required or desirable:

(a) to enable each of the Obligors lawfully to enter into, exercise its rights and comply with its obligations in the Relevant Documents to which it is a party or to enable the Lender to enforce and exercise all its rights under the Relevant Documents; and

(b) to make the Relevant Documents to which any Obligor is a party admissible in evidence in its Relevant Jurisdictions,

have been obtained or effected and are in full force and effect, with the exception only of the registrations referred to in Part II of Schedule 1 (*Conditions Subsequent*).

19.1.6 **Governing law and enforcement**

(a) The choice of governing law of any Finance Document will be recognised and enforced in the Relevant Jurisdictions of each relevant Obligor.

(b) Any judgment obtained in relation to any Finance Document in the jurisdiction of the governing law of that Finance Document will be recognised and enforced in the Relevant Jurisdictions of each relevant Obligor.

19.1.7 **Insolvency** No corporate action, legal proceeding or other procedure or step described in Clause 25.1.7 (*Insolvency proceedings*) or creditors' process described in Clause 25.1.8 (*Creditors' process*) has been taken or, to the knowledge of any Borrower, threatened in relation to an Obligor; and none of the circumstances described in Clause 25.1.6 (*Insolvency*) applies to an Obligor.

19.1.8 **No filing or stamp taxes** Under the laws of the Relevant Jurisdictions of each relevant Obligor it is not necessary that the Finance Documents be filed, recorded or enrolled with any court or other authority in any of those jurisdictions or that any stamp, registration, notarial or similar Taxes or fees be paid on or in relation to the Finance Documents or the transactions contemplated by the Finance Documents except registration of each Mortgage at the Ships Registry where title to the relevant Vessel is registered in the ownership of the relevant Borrower and payment of associated fees, which registrations, filings, taxes and fees will be made and paid promptly after the date of the relevant Finance Document.

19.1.9 **Deduction of Tax** None of the Obligors is required to make any deduction for or on account of Tax from any payment it may make under any Finance Document to a Lender which is:

(a) a Qualifying Lender falling within (a) of the definition of Qualifying Lender; or, except where a Direction has been given under section 931 of the ITA in relation to the payment concerned, a Qualifying Lender falling within (b) of the definition of Qualifying Lender; or

(b) a Treaty Lender and the payment is one specified in a direction given by the Commissioners of Revenue & Customs under Regulation 2 of the Double Taxation Relief (Taxes on Income) (General) Regulations 1970 (SI 1970/488).

19.1.10 **No default**

(a) No Event of Default and, on the date of this Agreement and each Utilisation Date, no Default is continuing or is likely to result from the advance of any Tranche or the entry into, the performance of, or any transaction contemplated by, any of the Relevant Documents.

(b) No other event or circumstance is outstanding which constitutes (or, with the expiry of a grace period, the giving of notice, the making of any determination or any combination of any of the foregoing, would constitute) a default or termination event (however described) under any other agreement or instrument which is binding on any of the Obligors or to which its assets are subject which has or is likely to have a Material Adverse Effect.

19.1.11 **No misleading information** Save as disclosed in writing to the Lender prior to the date of this Agreement:

(a) all material information provided to the Lender by or on behalf of any of the Obligors on or before the date of this Agreement and not superseded before that date is accurate and not misleading in any material respect and all projections provided to the Lender on or before the date of this Agreement have been prepared in good faith on the basis of assumptions which were reasonable at the time at which they were prepared and supplied; and

(b) all other written information provided by any of the Obligors (including its advisers) to the Lender was true, complete and accurate in all material respects as at the date it was provided and is not misleading in any respect.

19.1.12 **Financial statements**

(a) The Original Financial Statements were prepared in accordance with GAAP consistently applied.

(b) The audited Original Financial Statements fairly present the Group's financial condition and results of operations during the relevant financial year.

(c) There has been no material adverse change in the Group's assets, business or consolidated financial condition since the date of the Original Financial Statements.

(d) Each Obligor's most recent financial statements delivered pursuant to Clause 20.1 (*Financial statements*):

(i) have been prepared in accordance with GAAP as applied to the Original Financial Statements; and

(ii) fairly present its consolidated financial condition as at the end of, and its consolidated results of operations for, the period to which they relate.

(e) Since the date of the most recent financial statements delivered pursuant to Clause 20.1 (*Financial statements*) there has been no material adverse change in the assets, business or financial condition of any of the Group.

19.1.13 **No proceedings**

(a) No litigation, arbitration or administrative proceedings or investigation of or before any court, arbitral body, arbitral tribunal or agency which, if adversely determined, are reasonably likely to have a Material Adverse Effect have (to the best of its knowledge and belief (having made due and careful enquiry)) been started or threatened against any of the Obligors.

(b) No judgment or order of a court, arbitral body, arbitral tribunal or agency or any order or sanction of any governmental or other regulatory body which is reasonably likely to have a Material Adverse Effect has (to the best of its knowledge and belief (having made due and careful enquiry)) been made against any of the Obligors.

19.1.14 **No breach of laws** None of the Obligors has breached any law or regulation which breach has or is reasonably likely to have a Material Adverse Effect.

19.1.15 **Environmental laws**

(a) Each of the Obligors and each other member of the Group is in compliance with Clause 22.3 (*Environmental compliance*) and to the best of its knowledge and belief (having made due and careful enquiry) no circumstances have occurred which would prevent such compliance in a manner or to an extent which has or is reasonably likely to have a Material Adverse Effect.

(b) No Environmental Claim has been commenced or (to the best of its knowledge and belief (having made due and careful enquiry)) is threatened against any of the Obligors or any other member of the Group where that claim has or is reasonably likely, if determined against that Obligor or other member of the Group, to have a Material Adverse Effect.

19.1.16 **Taxation**

(a) None of the Obligors is materially overdue in the filing of any Tax returns or is overdue in the payment of any amount in respect of Tax.

(b) No claims or investigations are being, or are reasonably likely to be, made or conducted against any of the Obligors with respect to Taxes.

(c) Each of the Obligors is resident for Tax purposes only in its Original Jurisdiction.

19.1.17 **Anti-corruption law** Each of the Obligors and each other member of the Group and each Affiliate of any of them has conducted its businesses in compliance with applicable anti-corruption laws and has instituted and maintained policies and procedures designed to promote and achieve compliance with such laws.

19.1.18 **No Encumbrance or Financial Indebtedness**

(a) No Encumbrance or Quasi-Security exists over all or any of the present or future assets of any of the Borrowers other than as permitted by the Finance Documents.

(b) None of the Borrowers has any Financial Indebtedness outstanding other than as permitted by this Agreement.

19.1.19 **Pari passu ranking** The payment obligations of each of the Obligors under the Finance Documents to which it is a party rank at least pari passu with the claims of all its other unsecured and unsubordinated creditors, except for obligations mandatorily preferred by law applying to companies generally.

19.1.20 **No adverse consequences**

(a) It is not necessary under the laws of the Relevant Jurisdictions of any of the Obligors:

(i) in order to enable the Lender to enforce its rights under any Finance Document; or

(ii) by reason of the execution of any Finance Document or the performance by it of its obligations under any Finance Document,

that the Lender should be licensed, qualified or otherwise entitled to carry on business in any of the Relevant Jurisdictions of any of the Obligors.

(b) The Lender is not and will not be deemed to be resident, domiciled or carrying on business in any of the Relevant Jurisdictions of any of the Obligors by reason only of the execution, performance and/or enforcement of any Finance Document.

19.1.21 **Disclosure of material facts** No Borrower is aware of any material facts or circumstances which have not been disclosed to the Lender and which might, if disclosed, have changed the decision of a person willing to make loan facilities of the nature contemplated by this Agreement available to the Borrowers.

19.1.22 **Completeness of Relevant Documents**

(a) The copies of any Relevant Documents provided or to be provided by the Borrowers to the Lender in accordance with Clause 4 (*Conditions of Utilisation*) are, or will be, true and accurate copies of the originals and represent, or will represent, the full agreement between the parties to those Relevant Documents and the Deed of Release in relation to the subject matter of those Relevant Documents and the Deed of Release.

(b) There are no commissions, rebates, premiums or other payments due or to become due in connection with the subject matter of the Relevant Documents other than in the ordinary course of business or as disclosed to, and approved in writing by, the Lender.

(c) There is no dispute under any of the Relevant Documents as between the parties to any such document.

(d) No any rights under the Finance Documents have been waived.

19.1.23 **No immunity** No Obligor or any of its assets is immune to any legal action or proceeding.

19.1.24 **Money laundering** Any borrowing by a Borrower under this Agreement, and the performance of its obligations under this Agreement and under the other Finance Documents, will be for its own account and will not involve any breach by it of any law or regulatory measure relating to "**money laundering**" as defined in Article 1 of the Directive ((EU) 2015/849) of the European Parliament and of the Council of the European Communities.

19.1.25 **Sanctions**

(a) None of the Obligors, any other member of the Group or any Affiliate of any of them is a Prohibited Person or is owned or controlled by, or acting directly or indirectly on behalf of or for the benefit of, a Prohibited Person and none of such persons owns or controls a Prohibited Person.

(b) No proceeds of the Loan shall be made available, directly or indirectly, to or for the benefit of a Prohibited Person or otherwise shall be, directly or indirectly, applied in a manner or for a purpose prohibited by Sanctions.

(c) Each of the Obligors, each other member of the Group and each Affiliate of any of them is in compliance with all Sanctions.

19.1.26 **Valuations**

(a) All information supplied by an Obligor or (with an Obligor's knowledge) on its behalf to an Approved Shipbroker for the purposes of a valuation in evidence of a Market Value 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) No Obligor has omitted to supply any information to an Approved Shipbroker in its possession or knowledge which, if disclosed, would adversely affect any such valuation.

(c) To the best of each Obligor's knowledge, there has been no change to the factual information supplied in relation to any such valuation between the date such information was supplied and the date of that valuation which renders that information untrue or misleading in any material respect.

19.1.27 **Existing Vessel acquisition** Toka has acquired its Existing Vessel exclusively through bank loan proceeds, cash on hand and equity contributions by the relevant Toka's shareholders, or a combination thereof.

19.1.28 **DAC6** No transaction contemplated by the Relevant Documents nor any transaction to be carried out in connection with any transaction contemplated by the Relevant Documents meets any hallmark set out in Annex IV of Council Directive 2011/16/EU (as amended by the Council Directive of 25 May 2018 (2018/822/EU)).

19.1.29 **US Tax Obligor** No Obligor is a US Tax Obligor.

19.2 **Repetition** Each Repeating Representation is deemed to be made by each Borrower by reference to the facts and circumstances then existing on the date of the Utilisation Request, on the Utilisation Date, on the first day of the Interest Period and, in the case of those contained in Clauses 19.1.12(c) and 19.1.12(e) (*Financial statements*) and for the duration of the Facility Period, on each day.

20 Information Undertakings

The undertakings in this Clause 20 remain in force for the duration of the Facility Period.

20.1 **Financial statements** The Borrowers shall supply to the Lender:

20.1.1 as soon as the same become available, but in any event within 180 days after the end of each of the Parent's financial years the audited consolidated financial statements of the Parent for that financial year; and

20.1.2 as soon as the same become available, but in any event within 90 days after the end of each quarter during each of the Parent's financial years, the Parent's unaudited quarterly consolidated financial statements for that quarter.

20.2 **Compliance Certificate**

20.2.1 The Borrower shall procure that the Parent supplies to the Lender, with each set of its annual financial statements delivered pursuant to Clause 20.1.1 (*Financial statements*) and each set of its quarterly financial statements delivered pursuant to Clause 20.1.2 (*Financial statements*), a Compliance Certificate setting out (in reasonable detail) computations as to compliance with Clause 21 (*Financial Covenants*) as at the date as at which those financial statements were drawn up.

20.2.2 Each Compliance Certificate shall be signed by the chief executive officer or the chief financial officer of the Parent.

20.3 **Requirements as to financial statements**

Each set of financial statements delivered by a Borrower under Clause 20.1 (*Financial statements*):

20.3.1 shall be certified by a director of the relevant company as fairly presenting its financial condition as at the date as at which those financial statements were drawn up;

20.3.2 shall evidence compliance with Clauses 19.1.27 (*Existing Vessel acquisition*) and 22.29 (*New Vessel acquisition*);

20.3.3 shall be in the form as they were published in the relevant press release provided that such form is compliant with the requirements of the US Securities and Exchange Commission; and

20.3.4 shall be prepared using GAAP, accounting practices and financial reference periods consistent with those applied in the preparation of the Original Financial Statements unless, in relation to any set of financial statements, it notifies the Lender that there has been a change in GAAP, the accounting practices or reference periods and its auditors deliver to the Lender:

(a) a description of any change necessary for those financial statements to reflect the GAAP, accounting practices and reference periods upon which the Original Financial Statements were prepared; and

(b) sufficient information, in form and substance as may be reasonably required by the Lender, to enable the Lender to determine whether Clause 21 (*Financial Covenants*) has been complied with and make an accurate comparison between the financial position indicated in those financial statements and the Original Financial Statements.

Any reference in this Agreement to those financial statements shall be construed as a reference to those financial statements as adjusted to reflect the basis upon which the Original Financial Statements were prepared.

20.4 **Information: miscellaneous** Each Borrower shall supply to the Lender:

20.4.1 at the same time as they are dispatched, copies of all documents dispatched by that Borrower or any other Obligor to its shareholders generally (or any class of them) or dispatched by that Borrower or any other Obligor to its creditors generally (or any class of them);

20.4.2 promptly upon becoming aware of them, the details of any litigation, arbitration or administrative proceedings which are current, threatened or pending:

(a) against any Obligor and which, if adversely determined, are likely to have a Material Adverse Effect; or

(b) involving a Vessel where the amount claimed by any party (ignoring any counterclaim or defence of set-off) exceeds or may be expected to exceed the Threshold Amount;

20.4.3 promptly upon becoming aware of them, the details of any judgment or order of a court, arbitral body, arbitral tribunal or agency or any order or sanction of any governmental or other regulatory body which is made against any Obligor and which is likely to have a Material Adverse Effect;

20.4.4 promptly, such information and documents as the Lender may require about the Security Assets and compliance of the Obligors with the terms of any Security Documents (including without limitation cash flow analyses and details of the operating costs of any Vessel); and

20.4.5 promptly on request, such further information regarding the financial condition, assets and operations of any Obligor or any other member of the Group (including any requested amplification or explanation of any item in the financial statements, budgets or other material provided by any Obligor under this Agreement, any changes to management of the Group and an up to date copy of its shareholders' register (or equivalent in its Original Jurisdiction)) as the Lender may reasonably request.

20.5 **Notification of default**

20.5.1 Each Borrower shall notify the Lender of any Default (and the steps, if any, being taken to remedy it) promptly upon becoming aware of its occurrence.

20.5.2 Promptly upon a request by the Lender, each Borrower shall supply to the Lender a certificate signed by two of its directors or senior officers on its behalf certifying that no Default is continuing (or if a Default is continuing, specifying the Default and the steps, if any, being taken to remedy it).

20.6 **"Know your customer" checks** If:

20.6.1 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;

20.6.2 any change in the status of an Obligor (or of a Holding Company of an Obligor) or the composition of the shareholders of an Obligor (or of a Holding Company of an Obligor) after the date of this Agreement; or

20.6.3 a proposed assignment or transfer by the Lender of any of its rights and obligations under this Agreement,

obliges the Lender (or, in the case of Clause 20.6.3, 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 Borrower shall 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 Clause 20.6.3, on behalf of any prospective new Lender) in order for the Lender or, in the case of the event described in Clause 20.6.3, 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.

21 Financial Covenants

21.1 At all times during the Facility Period the Borrowers shall procure that the Parent shall:

21.1.1 maintain an aggregate amount of (a) Cash and (b) Cash Equivalents not less than the higher of:

(a) an amount equal to the aggregate of (a) $9,000,000 for a total of five (5) fleet tanker vessels owned by members of the Group plus (b) additional $500,000 per Fleet Vessel (over and above the five fleet tanker vessels) already acquired or to be acquired in the future by a member of the Group; and

(b) 7.5% of the Total Debt; and

21.1.2 maintain Working Capital greater than zero dollars throughout the Facility Period; and

21.1.3 shall maintain a Value Adjusted Equity Ratio at a minimum of 35%.

21.2 The Borrowers shall and shall procure that the Parent will promptly notify the Lender of the terms of any financial covenants given from time to time by the Guarantor or any of its Subsidiaries to their banks or other financiers, and if the Lender considers that those terms are more favourable to those banks or financiers than those set out in Clause 21.1, then the Borrowers shall procure that the Guarantor shall provide amended financial covenants on equivalent terms to those deemed by the Lender to be more favourable and acceptable to the Lender

21.3 The Borrowers shall or shall procure that the Parent or the Manager will, maintain with the Lender in the name of the Borrowers or the Parent or the Manager (as applicable) cash deposits free from Encumbrances (other than in favour of the Lender) in an amount equal to an amount not less than 5% of the outstanding amount of the Loan (the liquidity), the average amount of such deposits in respect of the average outstanding of the Loan to be calculated in arrears for the previous 6 Month period, commencing on 30 June 2023 and every subsequent period commencing at six-Monthly intervals thereafter.

21.4 For the Purpose of the Finance Documents:

"**Accounting Information**" means the quarterly unaudited financial statements and/or the annual audited consolidated financial statements and/or other information to be provided by the Parent to the Lender in accordance with Clause 20.1 (*Financial Statements*).

"**Cash**" means, at any date of determination under this Agreement, the aggregate value of the Parents and its Subsidiaries credit balances on any deposit, savings or current account and cash in hand (including, without limitation, short term cash deposits with the Account Holder) to which the Parents and/or its Subsidiaries (as applicable) have free, immediate and direct access but excluding any such credit balances and cash subject to an Encumbrance (other than Encumbrances in favour of the Lender) at any time.

"**Cash Equivalents**" means, at any date of determination under this Agreement and the Guarantee, the aggregate value of the Group's:

(a) certificates of deposit of, or overnight bank deposits with, any Lender or any commercial bank whose short-term securities are rated at least A-2 by Standard and Poor's Rating Group and P-3 by Moody's Investor Services, Inc. having maturities of six (6) months or less from the date of acquisition;

(b) commercial paper of, or money market accounts or funds with or issued by, any Lender or by an issuer rated at least A-2 by Standard & Poor's Ratings Group and P-3 by Moody's Investor Services, Inc. and having an original tenor of six (6) months or less; and

(c) medium term fixed or floating rate notes of any Lender or an issuer rated at least AA- by Standard & Poor's Rating Group and/or Aa3 by Moody's Investor Services, Inc. at the time of acquisition and having a remaining term of six (6) months or less from the date of acquisition,

but excluding any of those assets subject to an Encumbrance (other than Encumbrances in favour of the Lender) at any time,

provided that the Parent and/or its Subsidiaries (as applicable) have free, immediate and direct access.

"**Fleet Market Value**" means in relation to a Fleet Vessel, the market value of such Fleet Vessel determined by a valuation to be provided by the Borrowers and acceptable to the Lender on the basis of a charter-free sale for prompt delivery for cash at arm's length on normal commercial terms as between a willing seller and a willing buyer and at the cost of the Borrowers.

"**Fleet Vessel**" means any vessel (including, but not limited to, the Vessels) from time to time wholly owned by a member of the Group (directly or indirectly) including chartered-in vessels for which a member of the Group has a purchase obligation but excluding, for the avoidance of doubt, any newbuilding vessels not delivered to the relevant member of the Group at the relevant time, and "**Fleet Vessels**" means more than one of them).

"**Total Debt**" means, at any time during the Facility Period, the aggregate amount of the Financial Indebtedness all the members of the Group at that time as shown in the Parent's latest financial statements delivered to the Lender pursuant to Clause 20.1 (*Financial statements*).

"**Value Adjusted Equity Ratio**" means the amount of the Parent's total shareholders' equity as reflected in the most recent Accounting Information adjusted by the difference between the Fleet Market Value and the book value of the Fleet Vessels divided by market value adjusted total assets, as evidenced by the latest financial statements.

"**Working Capital**" means the consolidated current assets minus the consolidated current liabilities (next year's instalment on long-term debt and subordinated shareholder loans shall be excluded from the current liabilities).

22 General Undertakings

The undertakings in this Clause 22 remain in force for the duration of the Facility Period.

22.1 **Authorisations** Each Borrower shall promptly:

22.1.1 obtain, comply with and do all that is necessary to maintain in full force and effect; and

22.1.2 supply certified copies to the Lender of,

any Authorisation required under any law or regulation of a Relevant Jurisdiction to:

(a) enable any Obligor to perform its obligations under the Finance Documents to which it is a party;

(b) ensure the legality, validity, enforceability or admissibility in evidence of any Finance Document; and

(c) enable any Obligor to carry on its business where failure to do so has or is reasonably likely to have a Material Adverse Effect.

22.2 **Compliance with laws**

22.2.1 Each Borrower shall comply (and shall procure that each other Obligor, each other member of the Group and each Affiliate of any of them will comply), in all respects with all laws to which it may be subject, if (except as regards Sanctions, to which Clause 22.2.2 applies, and anti-corruption laws, to which Clause 22.5 applies) failure so to comply has or is reasonably likely to have a Material Adverse Effect.

22.2.2 Each Borrower shall comply (and shall procure that each other Obligor, each other member of the Group and each Affiliate of any of them will comply) in all respects with all Sanctions.

22.3 **Environmental compliance**

Each Borrower shall and shall procure that each Obligor and member of the Group will:

22.3.1 comply with all Environmental Laws;

22.3.2 obtain, maintain and ensure compliance with all requisite Environmental Approvals; and

22.3.3 implement procedures to monitor compliance with and to prevent liability under any Environmental Law,

where failure to do so has or is reasonably likely to have a Material Adverse Effect.

22.4 **Environmental Claims**

Each Borrower shall promptly upon becoming aware of the same, inform the Lender in writing of:

22.4.1 any Environmental Claim against any of the Obligors or any other member of the Group or any Vessel which is current, pending or threatened; and

22.4.2 any facts or circumstances which are reasonably likely to result in any Environmental Claim being commenced or threatened against any of the Obligors or any other member of the Group or any Vessel,

where the claim, if determined against that Obligor or other member of the Group or Vessel, has or is reasonably likely to have a Material Adverse Effect.

22.5 **Anti-corruption law**

22.5.1 Each Borrower shall not (and shall procure that no other Obligor or other member of the Group will) directly or indirectly use the proceeds of the Loan for any purpose which would breach the Bribery Act 2010, the United States Foreign Corrupt Practices Act of 1977 or other similar legislation in other jurisdictions.

22.5.2 Each Borrower shall (and shall procure that each other Obligor and each other member of the Group will):

(a) conduct its businesses in compliance with applicable anti-corruption laws; and

(b) maintain policies and procedures designed to promote and achieve compliance with such laws.

22.6 **Taxation**

22.6.1 Each Borrower shall (and shall procure that each other Obligor) 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:

(a) such payment is being contested in good faith;

(b) adequate reserves are being maintained for those Taxes and the costs required to contest them which have been disclosed in its latest financial statements delivered to the Lender under Clause 20.1 (*Financial statements*); and

(c) such payment can be lawfully withheld and failure to pay those Taxes does not have or is not reasonably likely to have a Material Adverse Effect.

22.6.2 No Borrower may (and no other Obligor may) change its residence for Tax purposes.

22.7 **Evidence of good standing** Each Borrower will from time to time, if applicable and if requested by the Lender, provide the Lender with evidence in form and substance satisfactory to the Lender that each Obligor and each corporate shareholder of an Obligor remains in good standing.

22.8 **Pari passu ranking** Each Borrower shall 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.

22.9 **Negative pledge**

In this Clause 22.9 "**Quasi-Security**" means an arrangement or transaction described in Clause 22.9.2.

Except as permitted under Clause 22.9.3:

22.9.1 No Borrower shall create or permit to subsist any Encumbrance over any of its assets.

22.9.2 No Borrower shall:

(a) sell, transfer or otherwise dispose of any of its assets on terms whereby they are or may be leased to or re-acquired by an Obligor or any other member of the Group;

(b) sell, transfer or otherwise dispose of any of its receivables on recourse terms;

(c) enter into any arrangement under which money or the benefit of a bank or other account may be applied, set-off or made subject to a combination of accounts; or

(d) enter into any other preferential arrangement having a similar effect,

in circumstances where the arrangement or transaction is entered into primarily as a method of raising Financial Indebtedness or of financing the acquisition of an asset.

22.9.3 Clauses 22.9.1 and 22.9.2 do not apply to any Encumbrance or (as the case may be) Quasi-Security, which is a Permitted Encumbrance.

22.9.4 Each Borrower shall hold the legal title to, and own the entire beneficial interest in the relevant Vessel, the Earnings and the Insurances.

22.9.5 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 Encumbrance created or intended to be created by that Obligor.

22.10 **Disposals**

22.10.1 Except as permitted under Clause 22.10.2, no Borrower shall and the Guarantor shall not (in relation to the Borrowers or their assets) 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.

22.10.2 Clause 22.10.1 does not apply to any sale, lease, transfer or other disposal which is a Permitted Disposal.

22.11 **Arm's length basis**

22.11.1 Except as permitted under Clause 22.11.2, no Borrower shall enter into any transaction with any person except on arm's length terms and for full market value.

22.11.2 Any fees, costs and expenses payable under the Relevant Documents in the amounts set out in the Relevant Documents delivered to the Lender under Clause 4.1 (*Initial conditions precedent*) or agreed by the Lender shall not be a breach of this Clause 22.11.

22.12 **Merger** No Borrower shall enter into any amalgamation, demerger, merger, consolidation or corporate reconstruction.

22.13 **Change of business** No Borrower shall and shall procure that the Manager shall not make any substantial change to the general nature of its business from that carried on at the date of this Agreement and no Borrower or Manager shall be engaged in business other than business which is acceptable to the Lender.

22.14 **No other business** No Borrower shall engage in any business other than the ownership, operation, chartering and management of the relevant Vessel.

22.15 **No acquisitions** No Borrower shall acquire a company or any shares or securities or a business or undertaking (or, in each case, any interest in any of them) or incorporate a company.

22.16 **No Joint Ventures** No Borrower shall):

22.16.1 enter into, invest in or acquire (or agree to acquire) any shares, stocks, securities or other interest in any Joint Venture; or

22.16.2 transfer any assets or lend to or guarantee or give an indemnity for or give security for the obligations of a Joint Venture or maintain the solvency of or provide working capital to any Joint Venture (or agree to do any of the foregoing).

22.17 **No borrowings** No Borrower shall incur or allow to remain outstanding any Financial Indebtedness (except for the Loan and normal (in the opinion of the Lender) trade debt in the ordinary course of business and on arm's length terms up to an aggregate amount of $750,000).

22.18 **No substantial liabilities** Except in the ordinary course of business and/or trading, operation, repair and maintenance of the Vessel, no Borrower shall incur any liability to any third party which is in the Lender's reasonable opinion of a substantial nature.

22.19 **No loans or credit** No Borrower shall be a creditor in respect of any Financial Indebtedness.

22.20 **No guarantees or indemnities** No Borrower shall incur or allow to remain outstanding any guarantee in respect of any obligation of any person except for guarantees or indemnities from time to time required in the ordinary course of its business and/or trading, operation, repair and maintenance of the Vessel 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 which may remain outstanding for such period acceptable to the Lender.

22.21 **No dividends**

22.21.1 No Borrower shall, except as permitted under Clause 22.21.2:

(a) declare, make or pay any dividend, charge, fee or other distribution (or interest on any unpaid dividend, charge, fee or other distribution) (whether in cash or in kind) on or in respect of its share capital (or any class of its share capital);

(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 the shareholders of the Parent;

(d) redeem, repurchase, defease, retire or repay any of its share capital or resolve to do so; or

(e) issue any new shares in its share capital or resolve to do so.

22.21.2 Clause 22.21.1 does not apply to a Permitted Distribution.

22.22 **People with significant control regime** Each Borrower shall (and shall procure that each other Obligor will):

22.22.1 within the relevant timeframe, comply with any notice it receives pursuant to Part 21A of the Companies Act 2006 from any company incorporated in the United Kingdom whose shares are the subject of any Transaction Encumbrance; and

22.22.2 promptly provide the Lender with a copy of that notice.

22.23 **Inspection of records** Each Borrower will permit the inspection of its financial records and accounts from time to time by the Lender or its nominee.

22.24 **No change in Relevant Documents**

22.24.1 No Borrower shall (and the Borrowers shall procure that no other Obligor will) amend, vary, novate, supplement, supersede, waive or terminate any term of, any of the Relevant Documents which are not Finance Documents, or any other document delivered to the Lender pursuant to Clause 4.1 (*Initial conditions precedent*) or Clause 4.2 (*Further conditions precedent*) or Clause 4.3 (*Conditions subsequent*).

22.24.2 Clause 22.24.1 shall not apply with regards to the documents provided to the Lender under bullet 1(a) of Part I of Schedule 1 in respect of the Parent, provided that the Parent complies with its obligations and undertakings under the Loan Agreement and the Guarantee.

22.25 **Further assurance**

22.25.1 Each Borrower shall (and shall procure that each other Obligor will) promptly do all such acts or execute all such documents (including assignments, transfers, mortgages, charges, notices and instructions) as the Lender may reasonably specify (and in such form as the Lender may reasonably require in favour of the Lender or its nominee(s)):

(a) to perfect any Encumbrance created or intended to be created under or evidenced by the Security Documents (which may include the execution of a mortgage, charge, assignment or other Encumbrance over all or any of the assets which are, or are intended to be, the subject of the Security Documents) or for the exercise of any rights, powers and remedies of the Lender or the Secured Parties provided by or pursuant to the Finance Documents or by law;

(b) to confer on the Lender or confer on the Secured Parties an Encumbrance over any property and assets of that Borrower (or that other Obligor as the case may be) located in any jurisdiction equivalent or similar to the Encumbrance intended to be conferred by or pursuant to the Security Documents; and/or

(c) to facilitate the realisation of the assets which are, or are intended to be, the subject of the Security Documents.

22.25.2 Each Borrower shall (and shall procure that each other 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 Encumbrance conferred or intended to be conferred on the Lender or the Secured Parties by or pursuant to the Finance Documents.

22.26 **Sanctions**

22.26.1 No Borrower shall (and the Borrowers shall procure that (no other Obligor or other member of the Group and) no Affiliate of any of them will) (i) become a Prohibited Person, or (ii) be owned or controlled by a Prohibited Person, or (iii) act directly or indirectly on behalf of or for the benefit of a Prohibited Person, or (iv) own or control a Prohibited Person.

22.26.2 The Borrowers shall procure that no proceeds of any Tranche shall be made available, directly or indirectly, to or for the benefit of a Prohibited Person or otherwise shall be, directly or indirectly, applied in a manner or for a purpose prohibited by Sanctions.

22.26.3 Each Borrower shall (and shall procure that (each other Obligor and each other member of the Group and) each Affiliate of any of them will) comply with all Sanctions.

22.27 **Place of business** The Borrowers shall:

22.27.1 procure that no Obligor has a place of business in any country against which Sanctions are directed; and

22.27.2 give prior written notice to the Lender if the address of the head office functions of any Obligor changes from the one advised to the Lender on the date of this Agreement.

22.28 **Change of control**

The Borrowers shall procure that throughout the Facility Period:-

22.28.1 the Guarantor shall remain listed in the NASDAQ Capital Market;

22.28.2 a member of the Family shall:

(a) control, directly or indirectly at least 15% of the Parent's common share capital; or

(b) maintain voting rights (either directly or indirectly) of at least 51% in the Parent

22.28.3 no other person or group of persons acting in concert, other than any member of the Family and any entity controlled directly or indirectly by a member of the Family, shall have the right to control directly or indirectly, the affairs or composition of the majority of the board of directors of the Parent;

22.28.4 each of the Borrowers and the Manager shall remain wholly owned and controlled Subsidiaries of the Guarantor;

22.28.5 the Guarantor shall remain holding company of shipowning and ship management companies, all being engaged in activities acceptable to the Lender; and

22.28.6 each of the Relevant Executives holds such executive position within the management structure of the Parent as more particularly described in the Ownership Side Letter.

22.29 **New Vessel acquisition** The Borrowers shall procure that the New Borrower shall acquire the New Vessel exclusively through the Loan, cash in hand and equity contributions by the New Borrower's shareholders, or a combination thereof.

22.30 **Use of proceeds** The Borrowers shall ensure that no part of the proceeds of the Loan shall be used for the purposes of acquiring shares in the Lender or other banks and/or financial institutions or acquiring hybrid capital debentures of the Lender or other banks and/or financial institutions.

22.31 **Marshall Islands Economic Substance Regulations 2018** The Borrowers shall (and shall procure that each of the Obligors will) comply with the Marshall Islands Economic Substance Regulations 2018 (as the same may be amended from time to time).

23 Insurance Undertakings

23.1 Maintenance and amounts of Obligatory Insurances

23.1.1 Each Borrower covenants to ensure that from the Utilisation Date relating to its Vessel and throughout the remainder of the Facility Period its Vessel shall be and shall remain insured at its expense against:

(a) fire and all usual marine risks (including hull and machinery and excess risks) and war risks on an agreed value basis for an amount which is the greater from time to time of:

(i) her Market Value; and

(ii) an amount which (when aggregated with the amounts for which the other Vessels and any other vessels which are the subject of Transaction Encumbrances for the Loan are insured for such risks) equals 125% of the amount of the Loan then outstanding; and

(b) protection and indemnity risks and liabilities (including, without limitation, protection and indemnity war risks) for the highest amount from time to time available in the international marine insurance market for vessels of a similar age, size and type to that Vessel; and

(c) oil pollution caused by that Vessel for such amounts as the Lender may from time to time approve unless that risk is covered to the satisfaction of the Lender by the Vessel's protection and indemnity entry or insurance.

23.1.2 The Lender agrees that, if and for so long as a Vessel may be laid up with the approval of the Lender, the relevant Borrower may at its own expense take out port risk insurance on such Vessel in place of hull and machinery insurance.

23.2 Further terms

23.2.1 Each Borrower undertakes, in respect of its Vessel, to place the Obligatory Insurances with Approved Insurance Brokers and Approved Insurers and in such markets, in such currency and on such terms and conditions as the Lender shall have previously approved in writing.

23.2.2 No Borrower shall alter the terms of any of the Obligatory Insurances or waive any right relating to any of the Obligatory Insurances.

23.2.3 No Borrower shall allow any person to be co-assured under any of the Obligatory Insurances without the prior written consent of the Lender, except for the Managers and any crewing agents (each a "**Permitted Co-Assured**"). The Borrowers shall procure that any Permitted Co-Assured shall, if so required by the Lender:

(a) assign its rights under the Insurances in favour of the Lender; or

(b) sign a letter of subordination in favour of the Lender in a form acceptable to the Lender and agree to a policy endorsement stating that it shall have no claim in respect of the loss or damage of the relevant Vessel.

23.2.4 Each Borrower will supply the Lender from time to time on request with such information as the Lender may require with regard to the Obligatory Insurances, the Approved Insurance Brokers and the Approved Insurers through or with which the Obligatory Insurances are placed.

23.2.5 Each Borrower shall reimburse the Lender on demand for all costs and expenses incurred by the Lender in obtaining from time to time a report on the adequacy of the Obligatory Insurances from an insurance adviser instructed by the Lender.

23.3 **Payment of premiums; Protection and indemnity guarantees**

23.3.1 Each Borrower undertakes, in respect of its Vessel:

(a) duly and punctually to pay all premiums, calls and contributions, and all other sums at any time payable in connection with the Obligatory Insurances; and

(b) at its own expense, to arrange and provide any guarantees from time to time required by any protection and indemnity or war risks association.

23.3.2 From time to time at the Lender's request, each Borrower will, in respect of its Vessel, provide the Lender with evidence satisfactory to the Lender that:

(a) such premiums, calls, contributions and other sums have been duly and punctually paid;

(b) any such guarantees have been duly given; and

(c) all declarations and notices required by the terms of any of the Obligatory Insurances to be made or given by or on behalf of that Borrower to brokers, underwriters or associations have been duly and punctually made or given.

23.4 **Compliance with terms of Obligatory Insurances**

23.4.1 Each Borrower will comply in all respects with all terms and conditions of the Obligatory Insurances relating to its Vessel and will make all such declarations to brokers, underwriters and associations as may be required to enable its Vessel to operate in accordance with the terms and conditions of the Obligatory Insurances.

23.4.2 No Borrower will do, nor permit to be done, any act, nor make, nor permit to be made, any omission, as a result of which any of the Obligatory Insurances relating to its Vessel may become liable to be suspended, cancelled or avoided, or may become unenforceable, or as a result of which any sums payable under or in connection with any of the Obligatory Insurances relating to its Vessel may be reduced or become liable to be repaid in whole or in part or may cease to be payable in whole or in part.

23.4.3 No Borrower will permit its Vessel to be employed other than in conformity with the Obligatory Insurances relating to its Vessel without first taking out additional insurance cover in respect of that employment in all respects to the satisfaction of the Lender.

23.5 **Renewal of Obligatory Insurances** Each Borrower will, in respect of its Vessel and no later than 30 days (or, in the case of war risks, no later than seven days) before the expiry of any of the Obligatory Insurances relating to its Vessel, renew them and shall immediately give the Lender such details of those renewals as the Lender may require.

23.6 **Mortgagees' Insurances**

23.6.1 The Lender shall be at liberty to take out Mortgagees' Insurances in relation to a Vessel for 110% of the amount of the Loan then outstanding and on such terms and conditions, through such insurers and generally in such manner as the Lender may from time to time decide.

23.6.2 The Borrowers shall from time to time on demand reimburse the Lender for all costs, premiums and expenses paid or incurred by the Lender in connection with any Mortgagees' Insurances.

23.7 **Copies of policies, certificates of entry and letters of undertaking**

23.7.1 Each Borrower shall deliver to the Lender copies of all policies, certificates of entry and other documents relating to the Insurances relating to its Vessel (including, without limitation, receipts for premiums, calls or contributions).

23.7.2 Each Borrower shall ensure that all policies relating to the Insurances effected by it are deposited with the Approved Insurance Brokers through which the Insurances are effected or renewed.

23.7.3 Each Borrower shall procure that letters of undertaking in such forms as the Lender may approve (having regard to general insurance market practice and law at the time of issue of such letters of undertaking) shall be issued to the Lender by the Approved Insurance Brokers through which it has placed such Insurances (or, in the case of protection and indemnity or war risks associations, by their managers).

23.7.4 If a Vessel is at any time during the Facility Period insured under any form of fleet cover, the relevant Borrower shall procure that the relevant letters of undertaking contain confirmations that:

(a) the brokers, underwriters or association (as the case may be) will not set off claims relating to that Vessel against premiums, calls or contributions in respect of any other vessel or other insurance; and

(b) the insurance cover of that Vessel will not be cancelled by reason of non-payment of premiums, calls or contributions relating to any other vessel or other insurance.

Failing receipt of those confirmations, the relevant Borrower will instruct the brokers, underwriters or association concerned to issue a separate policy or certificate for its Vessel in the sole name of that Borrower or of that Borrower's Approved Insurance Brokers as agents for that Borrower.

23.8 **Notification of certain insurance-related events** Each Borrower shall promptly notify the Lender of:

23.8.1 any new requirement imposed by any broker, underwriter or association in relation to any of the Obligatory Insurances relating to its Vessel;

23.8.2 any casualty or other accident or damage to its Vessel the cost of which to repair may exceed the Threshold Amount (and shall promptly provide the Lender with full information regarding such casualty or other accident or damage); and

23.8.3 any occurrence as a result of which its Vessel has become or is, by the passing of time or otherwise, likely to become a Total Loss.

23.9 **Security Lender's powers**

23.9.1 Each Borrower agrees that, on and at any time after the occurrence of an Event of Default which is continuing, the Lender shall be entitled to:

(a) collect, sue for, recover and give a good discharge for all claims in respect of any of the Insurances;

(b) pay collecting brokers the customary commission on all sums collected in respect of those claims;

(c) compromise all such claims or refer them to arbitration or any other form of judicial or non-judicial determination; and

(d) otherwise deal with such claims in such manner as the Lender shall think fit.

23.9.2 In the event of any claim in respect of any of the Insurances (other than in respect of a Total Loss), if a Borrower shall fail to reach agreement with any of the brokers, underwriters or associations for the immediate restoration of its Vessel, or for payment to third parties, within such time as the Lender may stipulate, the Lender shall be entitled to require payment to itself.

23.9.3 In the event of any dispute arising between a Borrower and any broker, underwriter or association with respect to any obligation to make any payment to that Borrower or to the Lender under or in connection with any of the Insurances, or with respect to the amount of any such payment, the Lender shall be entitled to settle that dispute directly with the broker, underwriter or association concerned. Any such settlement shall be binding on the Borrowers.

23.9.4 If a Borrower fails to effect or keep in force the Obligatory Insurances in respect of its Vessel, the Lender may (but shall not be obliged to) effect and/or keep in force such insurances on that Vessel and such entries in protection and indemnity or war risks associations as the Lender considers desirable, and the Lender may (but shall not be obliged to) pay any unpaid premiums, calls or contributions. The Borrowers will reimburse the Lender from time to time on demand for all such premiums, calls or contributions paid by the Lender, together with interest at the rate calculated in accordance with Clause 8.3 (*Default interest*) from the date of payment by the Lender until the date of reimbursement.

23.10 **Application of insurance proceeds** Whether or not an Event of Default shall have occurred or be continuing, the proceeds of any claim under any of the Insurances in respect of a Total Loss shall be paid to the Lender or as instructed by the Lender and applied in accordance with Clause 28 (*Application of proceeds*) or Clause 7.5 (*Mandatory prepayment on sale or Total Loss*), as the case may be.

23.11 **No settlement of claims** No Borrower shall settle, compromise or abandon any claim under or in connection with any of the Insurances (other than a claim of less than the Threshold Amount arising other than from a Total Loss) without the prior written consent of the Lender.

23.12 **Compliance with the United States Oil Pollution Act 1990** Each Borrower shall comply strictly with the requirements of any legislation relating to pollution or protection of the environment which may from time to time be applicable to its Vessel in any jurisdiction in which its Vessel shall trade and in particular each Borrower shall comply strictly with the requirements of the United States Oil Pollution Act 1990 (the "**Act**") if its Vessel is to trade in the United States of America and Exclusive Economic Zone (as defined in the Act). Before any such trade is commenced and during the entire period during which such trade is carried on, the relevant Borrower shall:

23.12.1 pay any additional premiums required to maintain protection and indemnity cover for oil pollution up to the limit available to that Borrower for its Vessel in the market; and

23.12.2 make all such quarterly or other voyage declarations as may from time to time be required by its Vessel's protection and indemnity association in order to maintain such cover, and promptly deliver to the Lender copies of such declarations; and

23.12.3 submit its Vessel to such additional periodic, classification, structural or other surveys which may be required by that Vessel's protection and indemnity insurers to maintain cover for such trade and promptly deliver to the Lender copies of reports made in respect of such surveys; and

23.12.4 implement any recommendations contained in the reports issued following the surveys referred to in Clause 23.12.3 within the relevant time limits, and provide evidence satisfactory to the Lender that the protection and indemnity insurers are satisfied that this has been done; and

23.12.5 in addition to the foregoing (if such trade is in the United States of America and Exclusive Economic Zone):

(a) obtain and retain a certificate of financial responsibility under the Act in form and substance satisfactory to the United States Coast Guard and provide the Lender with evidence of the same; and

(b) procure that the protection and indemnity insurances do not contain a US Trading Exclusion Clause or any other analogous provision and provide the Lender with evidence that this is so; and

(c) comply strictly with any operational or structural regulations issued from time to time by any relevant authorities under the Act so that at all times its Vessel falls within the provisions which limit strict liability under the Act for oil pollution.

24 Vessel Undertakings

Each Borrower covenants as follows from the Utilisation Date in connection with its Vessel (unless a contrary indication appears) and throughout the remainder of the Facility Period.

24.1 **Seaworthiness** Each Borrower shall keep its Vessel seaworthy and in a state of complete repair.

24.2 **Registration** Each Borrower covenants:

24.2.1 to maintain the registration of its Vessel under her current flag;

24.2.2 to effect and maintain registration of the relevant Mortgage at its Vessel's Ship Registry;

24.2.3 not to cause nor permit to be done any act or omission as a result of which either of those registrations might be suspended, defeated or imperilled; and

24.2.4 not to enter into any dual flagging arrangements in respect of its Vessel without the prior written consent of the Lender.

24.3 **Classification and compliance with class**

24.3.1 Each Borrower shall maintain its Vessel in a condition entitling that Vessel to the highest class applicable to vessels of her type with an Approved Classification Society free of overdue recommendations and qualifications.

24.3.2 No Borrower shall make any changes relating to the classification or Approved Classification Society of its Vessel.

24.3.3 Each Borrower shall:

(a) comply with all requirements from time to time of its Vessel's Approved Classification Society; and

(b) give to the Lender from time to time during the Facility Period on request copies of all classification certificates of its Vessel and reports of surveys required by its Vessel's Approved Classification Society (each Borrower, by its execution of this Agreement, irrevocably authorising the Lender to obtain such information and documents from its Vessel's Approved Classification Society as the Lender may from time to time require).

24.4 **Modifications** No Borrower shall, without the prior written consent of the Lender, make, nor permit nor cause to be made, any material change in the structure, type or performance characteristics of its Vessel.

24.5 **Repairs and replacement or new parts**

24.5.1 Each Borrower shall procure that all repairs to its Vessel or replacements or installations of parts or equipment of its Vessel are effected:

(a) in such a way as not to diminish the value of that Vessel; and

(b) with replacement or new parts or equipment which are the property of that Borrower and free of all Encumbrances (other than the relevant Mortgage).

24.5.2 No Borrower shall install equipment owned by a third party on its Vessel if such equipment cannot be removed without any risk of damage to that Vessel.

24.5.3 No Borrower shall, without the prior written consent of the Lender, put its Vessel into the possession of any person for the purpose of work or repairs (except for repairs the cost of which is recoverable under the Insurances and in respect of which the insurers have agreed to make payment in accordance with any applicable loss payable clause) unless that person shall have given an undertaking to the Lender in such terms as the Lender shall require not to exercise a lien on that Vessel for the cost of the work or repairs.

24.6 **Inspection**

24.6.1 Each Borrower shall permit the Lender and all persons appointed by the Lender to board its Vessel whenever the Lender deems necessary during the Facility Period (provided that such inspection shall not interfere, on a best effort basis, with the operation of that Vessel) to inspect that Vessel's state and condition and, if that Vessel shall not be in a state and condition which complies with the requirements of this Agreement, to effect such repairs as shall in the opinion of the Lender be desirable to ensure such compliance, without prejudice to the Lender's other rights under or pursuant to the relevant Mortgage.

24.6.2 The Borrowers shall be liable for the cost of all inspections deemed necessary by the Lender.

24.7 **Release of arrest** Each Borrower shall cause its Vessel to be released from arrest or detention as quickly as possible, and in any event within 30 days from the date of arrest or detention.

24.8 **No claims of master and crew** Each Borrower shall, from time to time on request of the Lender, produce to the Lender written evidence satisfactory to the Lender confirming that the master and crew of its Vessel have no claims for wages beyond the ordinary arrears and that the master has no claim for disbursements other than those properly incurred by him in the ordinary course of trading of that Vessel on the voyage then in progress.

24.9 **Sale** Save as may be permitted under this Agreement, no Borrower shall, during the Facility Period, sell, agree to sell, or otherwise dispose of, or agree to dispose of, its Vessel or any share or interest in it without the prior written consent of the Lender.

24.10 **Change of name** No Borrower shall, during the Facility Period, change the name of its Vessel without the prior written consent of the Lender.

24.11 **Laying-up** No Borrower shall, during the Facility Period, lay-up its Vessel without the prior written consent of the Lender.

24.12 **Requisition or seizure** In the event of any requisition or seizure of its Vessel, the relevant Borrower shall take all lawful steps to recover possession of that Vessel as soon as it is entitled to do so.

24.13 **Provision of information** Each Borrower shall provide to the Lender from time to time during the Facility Period on request:

24.13.1 such information as the Lender may require with regard to its Vessel's employment, position and state of repair;

24.13.2 copies of all charterparties and other contracts of employment relating to its Vessel; and

24.13.3 copies of its Vessel's deck and engine logs.

24.14 **Restrictions on employment**

24.14.1 No Borrower shall, during hostilities (whether or not a state of war shall formally have been declared and including, without limitation, any civil war):

(a) permit its Vessel to be employed in carrying any goods which may be declared to be contraband of war or which may render that Vessel liable to confiscation, seizure, detention or destruction; nor

(b) permit its Vessel to enter any area which is declared a war zone by any governmental authority or by that Vessel's insurers

unless that employment or voyage is either (i) consented to in advance and in writing by the underwriters of its Vessel's war risks insurances and fully covered by those insurances or (ii) (to the extent not covered by those insurances) covered by additional insurance taken out by that Borrower at its expense, which additional insurance shall be deemed to be part of the Insurances and of the Assigned Property.

24.14.2 No Borrower shall:

(a) without the prior written consent of the Lender, let its Vessel on any demise charter or on any time charter, consecutive voyage charter or other contract of employment which (inclusive of any extension option) is capable of exceeding 12 months nor to employ its Vessel in any way which might impair the security created by the Finance Documents;

(b) after the occurrence of an Event of Default which is continuing, let its Vessel on charter or renew or extend any charter or other contract of employment of its Vessel, nor agree to do so, without the prior written consent of the Lender; or

(c) charter-in any vessel.

24.14.3 No Borrower shall, without the prior written consent of the Lender, enter into any agreement or arrangement for sharing the Earnings.

24.14.4 Each Borrower shall duly perform (unless prevented by force majeure), and take all necessary steps to enforce the performance by charterers and shippers of, all charterparties and other contracts of employment and all bills of lading and other contracts relating to its Vessel.

24.15 **Taxes, etc.** Each Borrower shall pay and discharge when due from time to time all taxes, levies, duties, fines and penalties imposed on its Vessel or her Earnings, or on that Borrower, its income, profits, capital gains or any of its property.

24.16 **Notification of certain operational events** Each Borrower shall notify the Lender immediately in writing of:

24.16.1 any intended dry docking of its Vessel;

24.16.2 any requirement or recommendation imposed by its Vessel's classification society or any competent authority which is not immediately complied with or within the period prescribed by the Vessel's classification society or the competent authority;

24.16.3 any actual or threatened withdrawal, suspension, cancellation or modification of:

(a) the SMC of its Vessel;

(b) the DOC of the ISM Company;

(c) the ISSC of its Vessel; or

(d) the IAPPC of its Vessel;

24.16.4 any claim for breach of the ISM Code or the ISPS Code being made against that Borrower, the ISM Company, a Manager or otherwise in connection with its Vessel;

24.16.5 any arrest or detention of its Vessel, and the release of its Vessel following such arrest or detention;

24.16.6 any exercise or purported exercise of any lien on its Vessel or her Earnings; and

24.16.7 any requisition or seizure of its Vessel.

24.17 **Books of account** Each Borrower shall keep proper books of account in respect of its Vessel and her Earnings and, as and when required by the Lender, shall make such books available for inspection on behalf of the Lender.

24.18 **Management** No Borrower shall, without the prior written consent of the Lender, appoint anyone other than the Managers as commercial or technical managers of its Vessel, nor terminate nor materially vary the arrangements for the commercial or technical management of its Vessel, nor permit the commercial or technical management of its Vessel to be sub-contracted or delegated to any third party.

24.19 **Compliance with laws, anti-drug legislation, ISM Code and ISPS Code**

24.19.1 Without prejudice to Clause 22.2.1 (*Compliance with laws*) and Clause 22.3 (*Environmental compliance*), each Borrower shall comply with all laws, conventions and regulations applicable to its Vessel or to that Borrower in relation to its Vessel and each Borrower shall carry on board its Vessel all certificates and other documents which may from time to time be required to evidence such compliance.

24.19.2 Each Borrower shall take all reasonable precautions to prevent any infringements of any anti-drug legislation in any jurisdiction in which its Vessel shall trade and in particular (if its Vessel is to trade in the United States of America) to take all reasonable precautions to prevent any infringements of the Anti-Drug Abuse Act of 1986 of the United States of America.

24.19.3 Each Borrower shall comply, or procure that the operator of its Vessel will comply, with the ISM Code or any replacement of the ISM Code and shall in particular, without limitation:

(a) procure that its Vessel is and remains for the duration of the Facility Period subject to a safety management system developed and implemented in accordance with the ISM Code; and

(b) maintain for its Vessel throughout the Facility Period a valid and current SMC and provide a copy to the Lender; and

(c) procure that the ISM Company maintains throughout the Facility Period a valid and current DOC and provide a copy to the Lender.

24.19.4 Each Borrower shall comply, in relation to its Vessel, with the ISPS Code or any replacement of the ISPS Code and shall in particular, without limitation:

(a) procure that its Vessel and the company responsible for its Vessel’s compliance with the ISPS Code comply with the ISPS Code; and

(b) maintain for its Vessel throughout the Facility Period a valid and current ISSC and provide a copy to the Lender.

24.19.5 Each Borrower shall, in respect of its Vessel, comply with Annex VI or any replacement of Annex VI and shall in particular, without limitation:

(a) procure that its Vessel's master and crew are familiar with, and that its Vessel complies with, Annex VI; and

(b) maintain for its Vessel throughout the Facility Period a valid and current IAPPC and provide a copy to the Lender.

25 Events of Default

25.1 **Events of Default** Each of the events or circumstances set out in this Clause 25.1 is an Event of Default.

25.1.1 **Non-payment** An Obligor does not pay on the due date any amount payable by it under 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 two Business Days of its due date.

25.1.2 **Other specific obligations**

(a) Any requirement of Clause 21 (*Financial Covenants*) is not satisfied.

(b) Any requirement of Clause 22.28 (*Change of Control*) is not satisfied.

(c) An Obligor does not comply with any obligation in a Finance Document relating to the Insurances or with Clause 18 (*Additional Security*).

25.1.3 **Other obligations**

(a) An Obligor does not comply with any provision of a Finance Document (other than those referred to in Clause 25.1.1 (*Non-payment*) and Clause 25.1.2 (*Other specific obligations*).

(b) No Event of Default under this Clause 25.1.3 will occur if the failure to comply is capable of remedy and is remedied within ten Business Days of the earlier of (i) the Lender giving notice to the Borrowers and (ii) the Borrowers becoming aware of the failure to comply.

25.1.4 **Misrepresentation** Any representation or statement made or deemed to be made by an Obligor in any Finance Document or any other document delivered by or on behalf of an 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.

25.1.5 **Cross default**

(a) Any Financial Indebtedness of an Obligor is not paid when due nor within any originally applicable grace period.

(b) Any Financial Indebtedness of an 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 an Obligor is cancelled or suspended by a creditor of an Obligor as a result of an event of default (however described).

(d) Any creditor of an Obligor becomes entitled to declare any Financial Indebtedness of an Obligor due and payable prior to its specified maturity as a result of an event of default (however described).

25.1.6 **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 with a view to rescheduling any of its indebtedness.

(b) The value of the assets of an Obligor is less than its liabilities (taking into account contingent and prospective liabilities).

(c) A moratorium is declared in respect of any indebtedness of an Obligor. If a moratorium occurs, the ending of the moratorium will not remedy any Event of Default caused by that moratorium.

25.1.7 **Insolvency proceedings** Any corporate action, legal proceedings or other procedure or step is taken in relation to:

(a) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration, bankruptcy or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of an Obligor;

(b) a composition, compromise, assignment or arrangement with any creditor of an Obligor;

(c) the appointment of a liquidator, receiver, administrative receiver, administrator, compulsory manager, trustee or other similar officer in respect of an Obligor or any of its assets; or

(d) enforcement of any Encumbrance over any assets of an Obligor,

or any analogous procedure or step is taken in any jurisdiction.

This Clause 25.1.7 shall not apply to (i) any winding-up petition which is frivolous or vexatious and is discharged, stayed or dismissed within 30 days of commencement or (ii) any arrest or detention of a Vessel from which that Vessel is released within 30 days from the date of that arrest or detention.

25.1.8 **Creditors' process** Any expropriation, attachment, sequestration, distress or execution (or any analogous process in any jurisdiction) affects any asset or assets of an Obligor and is not discharged within 30 days.

25.1.9 **Unlawfulness and invalidity**

(a) It is or becomes unlawful for an Obligor to perform any of its obligations under the Finance Documents or any Transaction Encumbrance ceases to be effective.

(b) Any obligation or obligations of any Obligor under any Finance Documents are not (subject to the Legal Reservations) or cease to be legal, valid, binding or enforceable and the cessation individually or cumulatively materially and adversely affects the interests of the Lender under the Finance Documents.

(c) Any Finance Document ceases to be in full force and effect or any Transaction Encumbrance ceases to be legal, valid, binding, enforceable or effective or is alleged by a party to it (other than the Lender) to be ineffective or is in any way imperilled or in jeopardy.

25.1.10 **Cessation of business** An Obligor ceases, or threatens to cease, to carry on all or a substantial part of its business except as a result of a Permitted Disposal.

25.1.11 **Arrest** Any arrest of a Vessel 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 Borrower within 30 days of such arrest or detention.

25.1.12 **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.

25.1.13 **Repudiation and rescission of agreements**

(a) An Obligor rescinds or purports to rescind or repudiates or purports to repudiate a Finance Document or any of the Transaction Encumbrances or evidences an intention to rescind or repudiate a Finance Document or any of the Transaction Encumbrances.

(b) Subject to Clause 25.1.13(c), any party to any of the Relevant Documents that is not a Finance Document rescinds or purports to rescind or repudiates or purports to repudiate that Relevant Document in whole or in part where to do so has or is, in the reasonable opinion of the Lender, likely to have a material adverse effect on the interests of the Lender under the Finance Documents.

(c) Any of the Management Agreements is terminated, cancelled or otherwise ceases to remain in full force and effect at any time prior to its contractual expiry date and is not immediately replaced by a similar agreement in form and substance satisfactory to the Lender.

25.1.14 **Conditions subsequent** Any of the conditions referred to in Clause 4.3 (*Conditions subsequent*) to Clause 4.4 (*No waiver*) is not satisfied within the specified time.

25.1.15 **Revocation or modification of Authorisation** Any Authorisation of any governmental, judicial or other public body or authority which is now, or which at any time during the Facility Period becomes, necessary to enable any of the Obligors or any other person (except the Lender) to comply with any of their obligations under any Relevant Document is not obtained, is revoked, suspended, withdrawn or withheld, or is modified in a manner which the Lender considers is, or may be, prejudicial to the interests of the Lender, or ceases to remain in full force and effect.

25.1.16 **Reduction of capital** A Borrower reduces its authorised or issued or subscribed capital.

25.1.17 **Challenge to registration** The registration of a Vessel or a Mortgage is contested or becomes void or voidable or liable to cancellation or termination, or the validity or priority of a Mortgage is contested.

25.1.18 **War** The country of registration of a Vessel becomes involved in war (whether or not declared) or civil war or is occupied by any other power and the Lender considers that, as a result, the security conferred by any of the Security Documents is materially prejudiced.

25.1.19 **Notice of determination** A Guarantor gives notice to the Lender to determine any obligations under the relevant Guarantee.

25.1.20 **Litigation** Any litigation, arbitration or administrative proceedings or investigations of, or before, any court, arbitral body, arbitral tribunal or agency are started or threatened, or any judgment or order of a court, arbitral body, arbitral tribunal, agency or other tribunal or any order or sanction of any governmental or other regulatory body is made, in relation to the Relevant Documents or the transactions contemplated in the Relevant Documents or against an Obligor or any other member of the Group or its assets which have, or has, or are, or is, reasonably likely to have a Material Adverse Effect.

25.1.21 **Material adverse change** Any event or circumstance occurs which the Lender believes has or is likely to have a Material Adverse Effect.

25.1.22 **Sanctions**

(a) Any of the Obligors, any other member of the Group or any Affiliate of any of them becomes a Prohibited Person or becomes owned or controlled by, or acts directly or indirectly on behalf of, a Prohibited Person or any of such persons becomes the owner or controller of a Prohibited Person.

(b) Any proceeds of the Loan are made available, directly or indirectly, to or for the benefit of a Prohibited Person or otherwise is, directly or indirectly, applied in a manner or for a purpose prohibited by Sanctions.

(c) Any of the Obligors, any other member of the Group or any Affiliate of any of them is not in compliance with all Sanctions.

25.2 **Acceleration** On and at any time after the occurrence of an Event of Default the Lender may:

25.2.1 by notice to the Borrowers:

(a) cancel the availability of the Loan, at which time 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, at which time they shall become immediately due and payable; and/or

(c) declare that all or part of the Loan be payable on demand, at which time it shall immediately become payable on demand by the Lender; and/or

25.2.2 exercise any or all of its rights, remedies, powers or discretions under the Finance Documents.

25.2.3 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 25.2 (*Acceleration*), the Lender is entitled to take under any Finance Document or any applicable law or regulation.

26 Changes to the Lender

26.1 **Assignments and transfers by the Lender** Subject to this Clause 26, the Lender may:

26.1.1 assign any of its rights; or

26.1.2 transfer by novation any of its rights and obligations,

under any Finance Document 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**") provided such bank, financial institution, trust, fund or other entity is not related to any of the Obligors.

26.2 **Conditions of assignment or transfer**

26.2.1 The consent of the Borrowers is required for an assignment or transfer by the Lender, unless the assignment or transfer is:

(a) to an Affiliate of the Lender;

(b) to a fund which is a Related Fund of the Lender; or

(c) made at a time when an Event of Default is continuing; or

(d) to any entity to which it transfers and/or assigns, or which assumes all or substantially all of its banking business pursuant to a solvent reorganisation of any of the Lender or any of its Affiliates (a "**PB Transferee**") provided that the PB Transferee signs and delivers to the other Parties a deed of accession in the form attached as Schedule 4.

The consent of the Borrowers to an assignment or transfer must not be unreasonably withheld or delayed. The Borrowers will be deemed to have given their consent five Business Days after the Lender has requested it unless consent is expressly refused by the Borrowers within that time.

26.2.2 If:

(a) the Lender assigns or transfers any of its rights or obligations under the Finance Documents or changes its Facility Office; and

(b) as a result of circumstances existing at the date the assignment, transfer or change occurs, a Borrower would be obliged to make a payment to the New Lender or the Lender acting through its new Facility Office under Clause 12 (*Tax Gross Up and Indemnities*) or Clause 13 (*Increased Costs*),

then the New Lender or the Lender acting through its new Facility Office is only entitled to receive payment under those Clauses to the same extent as the Lender or the Lender acting through its previous Facility Office would have been if the assignment, transfer or change had not occurred.

26.2.3 The Lender may change the Facility Office at any time during the Facility Period without the consent of any of the Obligors.

26.2.4 With effect from the date of such deed referred to 26.2.1 (d):

(a) each Party agrees that (i) the PB Transferee shall accede to the Finance Documents to which the Lender was originally party in substitution of the Lender as if the PB Transferee were the original party to such agreements, (ii) the PB Transferee shall enjoy all the rights and benefits of the Lender and (iii) the Lender shall be released from its obligations under the Transaction Documents;

(b) the Borrowers also accept and confirm that all guarantees, indemnities and Encumbrances granted by either of them under the Finance Documents will, notwithstanding any such assignment and/or transfer continue and be preserved for the benefit of the PB Transferee and any other Secured Party in accordance with the terms of the Finance Documents; and

(c) the Lender assigns and transfers, and the PB Transferee agrees to assume, all the rights and obligations of the Lender under the Finance Documents, and the PB Transferee agrees to be bound by the terms of the Finance Documents as if the PB Transferee were the original party to such agreements.

26.3 **Limitation of responsibility of Lender**

26.3.1 Unless expressly agreed to the contrary, the Lender makes no representation or warranty and assumes no responsibility to a New Lender for:

(a) the legality, validity, effectiveness, adequacy or enforceability of the Relevant Documents or any other documents;

(b) the financial condition of any Obligor;

(c) the performance and observance by any Obligor of its obligations under the Relevant Documents or any other documents; or

(d) the accuracy of any statements (whether written or oral) made in or in connection with any of the Relevant Documents or any other document,

and any representations or warranties implied by law are excluded.

26.3.2 Each New Lender confirms to the Lender and the Secured Parties that it:

(a) has made (and shall continue to make) its own independent investigation and assessment of the financial condition and affairs of each Obligor and each other member of the Group 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 Lender in connection with any of the Relevant Documents; and

(b) will continue to make its own independent appraisal of the creditworthiness of each Obligor and each other member of the Group and its related entities for the duration of the Facility Period.

26.3.3 Nothing in any Finance Document obliges the Lender to:

(a) accept a re-transfer or re-assignment from a New Lender of any of the rights and obligations assigned or transferred under this Clause 26; or

(b) 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 Relevant Documents or otherwise.

26.4 **Security over Lender's rights** In addition to the other rights provided to the Lender under this Clause 26, the Lender may without consulting with or obtaining consent from any Obligor, at any time charge, assign or otherwise create Encumbrances 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:

26.4.1 any charge, assignment or other Encumbrance to secure obligations to a federal reserve or central bank; and

26.4.2 any charge, assignment or other Encumbrance 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 Encumbrance shall:

(a) release the Lender from any of its obligations under the Finance Documents or substitute the beneficiary of the relevant charge, assignment or Encumbrance for the Lender as a party to any of the Finance Documents; or

(b) 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 Lender under the Finance Documents.

27 Changes to the Obligors

27.1 **No 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.

Section 10 **Application of Proceeds and the Lender's Business**

28 Application of Proceeds

28.1 **Order of application** Subject to Clause 28.2 (Prospective liabilities), all amounts from time to time received or recovered by the Lender pursuant to the terms of any Finance Document or in connection with the realisation or enforcement of all or any of the Transaction Encumbrances (for the purposes of this Clause 28, the "**Recoveries**") shall be held by the Lender on trust to apply them at any time as the Lender (in its discretion) sees fit, to the extent permitted by applicable law (and subject to the provisions of this Clause 28), in the following order:

28.1.1 in discharging any sums owing to the Lender or any Secured Party;

28.1.2 in payment of all costs and expenses incurred by Lender or any Secured Party in connection with any realisation or enforcement of any Transaction Encumbrance taken in accordance with the terms of this Agreement; and

28.1.3 in payment to the Lender for application in accordance with Clause 30.2 (*Partial payments).*

28.2 **Prospective liabilities** Following enforcement of any Transaction Encumbrance the Lender may, in its discretion, hold any amount of the Recoveries in a suspense or impersonal account(s) in the name of the Lender with such financial institution (including itself) and for so long as the Lender shall think fit for later application under Clause 28.1 (*Order of application*) in respect of:

28.2.1 any sum to the Lender or any Secured Party; and

28.2.2 any part of the Indebtedness,

that the Lender reasonably considers, in each case, might become due or owing at any time in the future.

28.3 **Investment of proceeds** Prior to the application of the proceeds of the Recoveries in accordance with Clause 28.1 (*Order of application*) the Lender may, in its discretion, hold all or part of those proceeds in a suspense or impersonal account(s) in the name of the Lender with such financial institution (including itself) and for so long as the Lender shall think fit pending the application from time to time of those moneys in the Lender's discretion in accordance with the provisions of this Clause 28.

28.4 **Currency conversion**

28.4.1 For the purpose of, or pending the discharge of, any part of the Indebtedness the Lender may convert any moneys received or recovered by the Lender from one currency to another, at a market rate of exchange.

28.4.2 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.

28.5 **Permitted deductions** The Lender shall be entitled, in its discretion:

28.5.1 to 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

28.5.2 to pay all Taxes which may be assessed against it in respect of any of the Security Assets, or as a consequence of performing its duties, or by virtue of its capacity as Lender under any of the Finance Documents or otherwise.

29 Conduct of Business by the Lender

No provision of this Agreement will:

29.1 interfere with the right of the Lender to arrange its affairs (tax or otherwise) in whatever manner it thinks fit;

29.2 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

29.3 oblige the Lender to disclose any information relating to its affairs (tax or otherwise) or any computations in respect of Tax.

30 Payment Mechanics

30.1 **Payments to the Lender** On each date on which an Obligor is required to make a payment under a Finance Document, that Obligor shall make the same available to the Lender 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.

Payment shall be made to such account in the principal financial centre of the country of that currency and with such bank as the Lender, in each case, specifies.

30.2 **Partial payments**

30.2.1 Provided that no acceleration has occurred under Clause 25.2 (*Acceleration*), 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 shall apply that payment towards the obligations of that Obligor under the Finance Documents in the following order:

(a) **first**, in or towards payment pro rata of any unpaid fees, costs and expenses of the Lender, any Receiver or any Delegate under the Finance Documents;

(b) **secondly**, in or towards payment of any accrued interest, fee or commission due but unpaid under this Agreement;

(c) **thirdly**, in or towards payment of any principal due but unpaid under this Agreement; and

(d) **fourthly**, in or towards payment of any other sum due but unpaid under the Finance Documents.

30.2.2 The Lender may vary the order set out in Clause 30.2.1. Any such variation may include the re-ordering of obligations set out in that Clause.

30.2.3 Clauses 30.2.1 and 30.2.2 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** 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).

During any extension of the due date for payment of any principal or Unpaid Sum under this Agreement interest is payable on the principal or Unpaid Sum at the rate payable on the original due date.

30.5 **Currency of account**

30.5.1 Subject to Clauses 30.5.2 to 30.5.5, dollars is the currency of account and payment for any sum due from an Obligor under any Finance Document.

30.5.2 A repayment or payment of all or part of a Tranche or an Unpaid Sum shall be made in the currency in which that Tranche or Unpaid Sum is denominated, pursuant to this Agreement, on its due date.

30.5.3 Each payment of interest shall be made in the currency in which the sum in respect of which the interest is payable was denominated, pursuant to this Agreement, when that interest accrued.

30.5.4 Each payment in respect of costs, expenses or Taxes shall be made in the currency in which the costs, expenses or Taxes are incurred.

30.5.5 Any amount expressed to be payable in a currency other than dollars shall be paid in that other currency.

30.6 **Change of currency**

30.6.1 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:

(a) 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

(b) 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).

30.6.2 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 Market and otherwise to reflect the change in currency.

30.7 **Disruption to payment systems etc.** If either the Lender determines that a Disruption Event has occurred or the Lender is notified by the Borrowers that a Disruption Event has occurred:

30.7.1 the Lender may, and shall if requested to do so by the Borrowers, consult with the Borrowers with a view to agreeing with the Borrowers such changes to the operation or administration of the Loan as the Lender may deem necessary in the circumstances;

30.7.2 the Lender shall not be obliged to consult with the Borrowers in relation to any changes mentioned in Clause 30.7.1 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 any such changes;

30.7.3 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 as an amendment to (or, as the case may be, waiver of) the terms of the Finance Documents; and

30.7.4 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 30.7.

31 Set-Off

31.1 **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 Notices

32.1 **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.

32.2 **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 is:

32.2.1 in the case of each Borrower, that identified with its name below; and

32.2.2 in the case of the Lender, that identified with its name below,

or any substitute address, fax number, or department or officer as the Party may notify to the other by not less than five Business Days' notice.

32.3 **Delivery** Any communication or document made or delivered by one person to another under or in connection with the Finance Documents will only be effective:

32.3.1 if by way of fax, when received in legible form; or

32.3.2 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 32.2 (*Addresses*), if addressed to that department or officer.

Any communication or document to be made or delivered to the Lender will be effective only when actually received by the Lender and then only if it is expressly marked for the attention of the department or officer identified with the Lender's signature below (or any substitute department or officer as the Lender shall specify for this purpose).

Any communication or document which becomes effective, in accordance with this Clause 32.3, after 5.00 p.m. in the place of receipt shall be deemed only to become effective on the following day.

32.4 **Electronic communication**

32.4.1 Any communication or document to be made or 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:

(a) 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

(b) 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.

32.4.2 Any such electronic communication or delivery as specified in Clause 32.4.1 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 form of communication or delivery.

32.4.3 Any such electronic communication or document 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.

32.4.4 Any electronic communication or document which becomes effective, in accordance with Clause 32.4.3, 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.

32.4.5 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 32.4.

32.5 **English language** Any notice given under or in connection with any Finance Document must be in English. All other documents provided under or in connection with any Finance Document must be:

32.5.1 in English; or

32.5.2 if not in English, and if so required by the Lender, accompanied by a certified English translation and, in this case, the English translation will prevail unless the document is a constitutional, statutory or other official document.

33 Calculations and Certificates

33.1 **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.

33.2 **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.

33.3 **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 Market differs, in accordance with that market practice.

34 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 nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will in any way be affected or impaired.

35 Remedies and Waivers

No failure to exercise, nor any delay in exercising, on the part of the Lender or 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 the Lender or any 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.

36 Confidentiality

36.1 **Confidential Information** The Lender agrees to keep all Confidential Information confidential and not to disclose it to anyone, save to the extent permitted by Clause 36.2 (*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.

36.2 **Disclosure of Confidential Information** The Lender may disclose:

36.2.1 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 the Lender shall consider appropriate if any person to whom the Confidential Information is to be given pursuant to this Clause 36.2.1 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;

36.2.2 to any person:

(a) 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 and to any of that person's Affiliates, Related Funds, Representatives and professional advisers;

(b) 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;

(c) appointed by the Lender or by a person to whom Clause 36.2.2(a) or 36.2.2(b) applies to receive communications, notices, information or documents delivered pursuant to the Finance Documents on its behalf;

(d) who invests in or otherwise finances (or may potentially invest in or otherwise finance), directly or indirectly, any transaction referred to in Clause 36.2.2(a) or 36.2.2(b);

(e) 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;

(f) 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;

(g) to whom or for whose benefit the Lender charges, assigns or otherwise creates Encumbrances (or may do so) pursuant to Clause 26.4 (*Security over Lender's rights*);

(h) who is a Party; or

(i) with the consent of the Borrowers;

in each case, such Confidential Information as the Lender shall consider appropriate if:

(i) in relation to Clauses 36.2.2(a), 36.2.2(b) and 36.2.2(c), 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;

(ii) in relation to Clause 36.2.2(d), 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;

(iii) in relation to Clauses 36.2.2(e), 36.2.2(f) and 36.2.2(g), 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; and

36.2.3 to any person appointed by the Lender or by a person to whom Clause 36.2.2(a) or 36.2.2(b) 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 Clause 36.2.3 if the service provider to whom the Confidential Information is to be given has entered into a Confidentiality Undertaking; and

36.2.4 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.

36.2.5 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 (as amended by the Council Directive of 25 May 2018 (2018/822/EU)).

36.3 **Entire agreement** This Clause 36 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.

36.4 **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.

36.5 **Notification of disclosure** The Lender agrees (to the extent permitted by law and regulation) to inform the Borrowers:

36.5.1 of the circumstances of any disclosure of Confidential Information made pursuant to Clause 36.2.2(e) (*Disclosure of Confidential Information*) except where such disclosure is made to any of the persons referred to in that Clause during the ordinary course of its supervisory or regulatory function; and

36.5.2 upon becoming aware that Confidential Information has been disclosed in breach of this Clause 36.

36.6 **Continuing obligations** The obligations in this Clause 36 are continuing and, in particular, shall survive and remain binding on the Lender for a period of 12 months from the earlier of:

36.6.1 the date on which all amounts payable by the Obligors under or in connection with the Finance Documents have been paid in full and the Loan has been cancelled or otherwise ceases to be available; and

36.6.2 the date on which the Lender otherwise ceases to be the Lender.

37 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.

38 Joint and Several Liability

38.1 **Nature of liability** The representations, warranties, covenants, obligations and undertakings of the Borrowers contained in this Agreement shall be joint and several so that each Borrower shall be jointly and severally liable with all the Borrowers for all of the same and such liability shall not in any way be discharged, impaired or otherwise affected by:

38.1.1 any forbearance (whether as to payment or otherwise) or any time or other indulgence granted to any other Borrower or any other Obligor under or in connection with any Finance Document;

38.1.2 any amendment, variation, novation or replacement of any other Finance Document;

38.1.3 any failure of any Finance Document to be legal valid binding and enforceable in relation to any other Borrower or any other Obligor for any reason;

38.1.4 the winding-up or dissolution of any other Borrower or any other Obligor;

38.1.5 the release (whether in whole or in part) of, or the entering into of any compromise or composition with, any other Borrower or any other Obligor; or

38.1.6 any other act, omission, thing or circumstance which would or might, but for this provision, operate to discharge, impair or otherwise affect such liability.

38.2 **No rights as surety** Until the Indebtedness has been unconditionally and irrevocably paid and discharged in full, each Borrower agrees that it shall not, by virtue of any payment made under this Agreement on account of the Indebtedness or by virtue of any enforcement by the Lender of its rights under this Agreement or by virtue of any relationship between, or transaction involving, the relevant Borrower and any other Borrower or any other Obligor:

38.2.1 exercise any rights of subrogation in relation to any rights, security or moneys held or received or receivable by the Lender or any other person; or

38.2.2 exercise any right of contribution from any other Borrower or any other Obligor under any Finance Document; or

38.2.3 exercise any right of set-off or counterclaim against any other Borrower or any other Obligor; or

38.2.4 receive, claim or have the benefit of any payment, distribution, security or indemnity from any other Borrower or any other Obligor; or

38.2.5 unless so directed by the Lender (when the relevant Borrower will prove in accordance with such directions), claim as a creditor of any other Borrower or any other Obligor in competition with the Lender

and each Borrower shall hold in trust for the Lender and forthwith pay or transfer (as appropriate) to the Lender any such payment (including an amount equal to any such set-off), distribution or benefit of such security, indemnity or claim in fact received by it.

39 Governing Law

This Agreement and any non-contractual obligations arising out of or in connection with it are governed by English law.

40 Enforcement

40.1 Jurisdiction of English courts

40.1.1 The courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with this Agreement (including a dispute relating to the existence, validity or termination of this Agreement or any non-contractual obligation arising out of or in connection with this Agreement) (a "**Dispute**").

40.1.2 Notwithstanding Clause 40.1.1, 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.

40.2 Service of process

40.2.1 Without prejudice to any other mode of service allowed under any relevant law, each Borrower:

(a) irrevocably appoints Hill Dickinson Services (London) Ltd, The Broadgate Tower, 20 Primrose Street, London EC2A 2EW as its agent for service of process in relation to any proceedings before the English courts in connection with any Finance Document; and

(b) agrees that failure by a process agent to notify that Borrower of the process will not invalidate the proceedings concerned.

40.2.2 If any person appointed as an agent for service of process is unable for any reason to act as agent for service of process or terminates its appointment as agent for service of process, the relevant Borrower must immediately (and in any event within five 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

Schedule 2

Utilisation Request

Schedule 3

Form of Compliance Certificate

Schedule 4

Form of Accession Deed

Signatures

The Borrowers

Toka Shipping Company Inc.	)
	)
By: Andreas Nikolaos Michalopoulos	) /s/ Andreas Nikolaos Michalopoulos
	)
Address: c/o Unitized Ocean Transport	)
Limited	)
Syngrou 373, 17564 Palaio Faliro	)
Athens, Greece	)
Fax no.: +30 216 6002599	)
Email:	)
Officer: Mr Andreas Michalopoulos	)
Bock Shipping Company Inc.	)
	)
By: Andreas Nikolaos Michalopoulos	) /s/ Andreas Nikolaos Michalopoulos
	)
Address: c/o Unitized Ocean Transport	)
Limited	)
Syngrou 373, 17564 Palaio Faliro	)
Athens, Greece	)
Fax no.: +30 216 6002599	)
Email:	)
Officer: Mr Andreas Michalopoulos	)

The Lender

Piraeus Bank S.A.	)
	)
By: Konstantinos Kontopoulos	
Athanasios Doudoulas	) /s/ Konstantinos Kontopoulos
	) /s/ Athanasios Doudoulas
Address: 170 Alexandras Avenue, 11521	)
Athens 105 64, Greece	)
Greece	)
Fax no.: +30 210 3739783	)
Email:	)
Officer: Katerina Riga	)
	)

Exhibit 4.21

Dated: 7th December, 2022

ALPHA BANK S.A.
(as Lender)

- and -

ARBAR SHIPPING COMPANY INC.
(as Borrower)

LOAN AGREEMENT
for a secured floating interest rate loan facility of up to US$22,000,000

THEO V. SIOUFAS & CO.
LAW OFFICES
Piraeus

TABLE OF CONTENTS

THIS AGREEMENT is dated the 7th day of December, 2022 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) **ARBAR SHIPPING COMPANY INC.**, a corporation duly incorporated in the Republic of the Marshall Islands, whose registered address is at Trust Company Complex, Ajeltake Road, Ajeltake Island, Majuro, Marshall Islands MH 96960 (the ***"Borrower"***, which expression shall include its successors)

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 Borrower a secured term loan facility in the amount of up to the lesser of (a) Twenty two million Dollars ($22,000,000) and (b) 50% of the Purchase Price (as hereinafter defined) of the Vessel, such loan facility to be made by one (1) Advance.

(b) Purpose: The proceeds of the Loan shall be used for the purpose of partly financing the acquisition cost of the Vessel pursuant to the terms of the MOA.

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 Borrower and the Lender for the creation of a pledge over the Operating Account 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 the Commitment by the Borrower 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;

"Approved Auditor" means Ernst & Young, KPMG, PwC, Deloitte, Moore Stephens and any other independent and reputable auditor having requisite experience acceptable to the Lender;

"Approved Manager" means for the time being **UNITIZED OCEAN TRANSPORT LIMITED**, a corporation lawfully incorporated in, and validly existing under the laws of, the Republic of the Marshall Islands, and having a licensed 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 373 Syngrou Avenue, 17564, Palaio Faliro, Athens, Greece or, in either case, any other person appointed by the Borrower with the consent of the Lender (such consent not to be unreasonably withheld, as the commercial and/or technical manager of the Vessel, and includes its successors in title;

"Approved Manager's Undertaking" means a first priority letter of undertaking and subordination to be executed by the Approved Manager, as manager of the Vessel, 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;

"Approved Shipbroker" means Intermodal Shipbrokers Co., Golden Destiny S.A., Allied Shipbroking Inc., Optima Shipping Services S.A., Clarksons, Fearnleys, Braemar, Arrows, Maersk Broker,www.vesselsvalue.com or any other first-class independent firm of internationally known shipbrokers, acceptable to the Lender, and includes their respective successors in title and ***"Approved Shipbrokers"*** 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 Charterparty" means any bareboat charterparty (irrespective of the duration of such bareboat charterparty), or any time or consecutive voyage charter or contract of affreightment or related document in respect of the employment of the Vessel having a fixed duration of more than 12 months (excluding any optional extensions) whether now existing or hereinafter entered or to be entered into by the Borrower 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 the Lender)*;

"Availability Period" means the period starting on the date hereof and ending on:

(a) the 31st day of December, 2022 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 Borrower, or (ii) on which the Commitment is reduced to zero pursuant to Clauses 3.6 *(Market disruption)*, 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)*;

"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 July 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 (including the relevant provisions of CRD IV and CRR) to the extent only such law or regulation re-enacts and/or implements the requirement of the Basel II Accord but excluding any provision of such law or regulation implementing the Basel III Accord or (b) any Basel II Approach adopted by the Lender(s);

"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;

"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;

"Borrower" means the Borrower as specified at the beginning of this Agreement;

"Break Costs" has the meaning given in Clause 10.3 *(Break Costs)*;

"Business Day" means:

(a) a day (other than a Saturday or Sunday) on which banks are open for general business in Athens and Piraeus;

(b) in New York; and

(in relation to the fixing of any interest rate which is required to be determined under this Agreement or any Finance Document), a US Government Securities Business Day;

"Charterparty Assignment" means an assignment of the rights of the Borrower under any Assignable Charterparty executed or to be executed by the Borrower in favour of the Lender and the acknowledgement of notice of the assignment in respect of such Assignable Charterparty to be obtained only in case of an Event of Default which has occurred and is continuing 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" 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 Borrower, 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 Borrower, 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 Borrower under Clause 2.1 *(Commitment to Lend)* as reduced by any relevant term of this Agreement;

"Commitment Letter" means the Commitment Letter dated 15th September, 2022 and endorsed by the Borrower on 16th September, 2022, addressed by the Lender to the Borrower and accepted by them on the same date, and shall include any amendments or addenda thereto;

"Compliance Certificate" means a certificate substantially in the form set out in Schedule 3 (*Form of Compliance Certificate*) signed by the chief executive officer (***"CEO"***) of the Parent Company or, if the CEO is not available, the chief financial officer of the Parent Company;

"Compulsory Acquisition" means requisition for title or other compulsory acquisition, requisition, appropriation, expropriation, deprivation, forfeiture or confiscation for any reason of the 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 other competent authority, by any person or persons claiming to be or to represent any Government Entity, whether de jure or de facto, but shall exclude requisition for use or hire not involving requisition of title;

"Corporate Guarantee" means an irrevocable and unconditional guarantee given or, as the context may require, to be given by the Parent Company in form and substance satisfactory to the Lender as security for the Outstanding Indebtedness and any and all other obligations of the Borrower under this Agreement and the Security Documents, as the same may from time to time be amended and/or supplemented;

"Corporate Guarantor" means the Parent Company and/or (where the context permits) any other person nominated by the Borrower and acceptable to the Lender who may give a Corporate Guarantee, and includes its successors in title;

"CRD IV" means:

(a) 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, supplemented or restated; and

(b) any other law or regulation which implements Basel III;

"CRR" means 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, supplemented or restated;

"Default" means any Event of Default or any event or circumstance which with the giving of notice or expiry of any grace period 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)*;

"Delivery" means the delivery of the Vessel from the Seller to, and the acceptance of the Vessel by, the Borrower pursuant to the MOA;

"Delivery Date" means the date upon which the Delivery of the Vessel occurs;

"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 Business Day, requested by the Borrower for the Loan to be made available, or (as the context requires) the date on which the Loan is actually borrowed;

"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" means all moneys whatsoever which are now, or later become, payable (actually or contingently) to the Borrower and which arise out of the use or operation of the Vessel, including (but not limited to) all freight, hire and passage moneys, compensation payable to the Borrower in the event of requisition of the 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 the Vessel and any other earnings whatsoever due or to become due to the Borrower in respect of the Vessel and all sums recoverable under the Insurances in respect of loss of Earnings and includes, if and whenever the 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 the Vessel;

"EEA Member Country" means any member state of the European Union, Iceland, Liechtenstein and Norway;

"Environmental Affiliate" means any agent or employee of the Borrower or any other Relevant Party or any person having a contractual relationship with the Borrower 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,

in each case being for an amount in excess of $500,000 (or the equivalent in any other currency), 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 (i) any release of Material of Environmental Concern from the Vessel, (ii) any incident in which Material of Environmental Concern is released from a vessel other than the Vessel and which involves collision between the Vessel and such other vessel or some other incident of navigation or operation, in either case, where a Vessel, the Borrower or the Approved Manager is 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 Vessel and where the Vessel is actually or potentially liable to be arrested as a result and/or where the Borrower or the Approved Manager is 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 Borrower 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 Borrower 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) but always absent manifest error;

"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 fifth (5th) anniversary of the Drawdown Date;

"Finance Documents" means, together, this Agreement, the Security Documents, the Insurance Letters, any Compliance Certificate, any Drawdown Notice, the Side Letter, any document which is executed for the purpose of establishing any priority or subordination arrangement in relation to the Outstanding Indebtedness and any other document designated as such by the Lender and the Borrower;

"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 each of the Borrower and the Parent Company, 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 the Republic of the Marshall Islands or such other state or territory proposed in writing by the Borrower to the Lender and approved by the Lender (such approval not to be unreasonably withheld, especially when requested for trading purposes), as being the *"Flag State"* of the Vessel for the purposes of the Security Documents;

"General Assignment" means the first priority assignment of the Earnings, Insurances and Requisition Compensation collateral to the Mortgage, executed or (as the context may require) to be executed by the Borrower 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;

"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, together, the Borrower, the Parent Company and its Subsidiaries, and *"**Group Member**"* means any member of the Group;

"Historic Term SOFR" means, in relation to the Loan or any part of the Loan, the most recent applicable Term SOFR for a period equal in length to the Interest Period of the Loan or that part of the Loan and which is as of a day which is no more than three US Government Securities Business Days before the Quotation Day;

"Insurance Letter" means a letter from the Borrower in the form of Schedule 2 (*Form of Insurance Letter*), and ***"Insurance Letters"*** means any or all of them, as the context may require;

"Insurances" means:

(a) all policies and contracts of insurance and reinsurance, policies or contracts, including entries of the Vessel in any protection and indemnity or war risks association, effected in respect of the Vessel, 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 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 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 Business Day the Borrower shall pay the accrued interest on the first Business 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 Business 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)*;

"Interpolated Historic Term SOFR" means, in relation to the Loan or any 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 most recent applicable Term SOFR (as of a day which is not more than three US Government Securities Business Days before the Quotation Day) for the longest period (for which 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 five US Government Securities Business Days (and no less than two 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 US Government Securities 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 any 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 Quotation Date) 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 (2) US Government Securities Business Days before the Quotation Day; and

(b) the applicable Term SOFR (as of the Quotation Date) for the shortest period (for which Term SOFR is available) which exceeds the Interest Period of the Loan or that part of the Loan;

"ISM Code" means in relation to its application to the Borrower, the Vessel and her 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 Vessel 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 the Vessel's or the Borrower'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" means an International Ship Security Certificate issued in respect of the 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 Borrower;

"Loan" means the aggregate principal amount borrowed by the Borrower in respect of the Commitment or (as the context may require) the principal amount thereof owing to the Lender under this Agreement at any relevant time;

"Major Casualty" means any casualty to the 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 Five hundred thousand Dollars ($500.000) or the equivalent in any other currency;

"Management Agreement" means the agreement made between the Borrower and the Approved Manager providing *(inter alia)* for the Approved Manager to manage the Vessel, as amended and/or supplemented from time to time;

"MAPI" has the meaning given in Clause 10.9 *(MII and MAPI costs)*;

"Margin" means two point three five per centum (2.35%) per annum;

"Market Disruption Rate" means the Reference Rate;

"Market Value" means the market value of the Vessel as determined in accordance with Clause 8.5(b) *(Valuation of Vessel)*;

"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 reasonable 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 financial condition of the Borrower and/or any other Security Party taken as a whole;

(b) the ability of the Borrower and/or any other 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;

Provided that the Total Loss of the Vessel shall not be considered as an event having a Material Adverse Effect on (a), (b) or (c) hereinabove so long as the Borrower comply with Clause 4.3 *(Mandatory Prepayment in case of Total Loss or sale or refinancing of the Vessel)*;

"MII" has the meaning given in Clause 10.9 *(MII and MAPI costs)*;

"MOA" means the Memorandum of Agreement dated 17th November, 2022 entered into between the Sellers, as *'Sellers'* and the Borrower, as *'Buyers'* in respect of the sale by the Sellers and the purchase by the Borrower of the Vessel, and includes any and all addenda, side letters, supplements, annexes thereto;

"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 Business Day in a calendar month or if there is no such numerically corresponding day, it shall end on the last Business Day in such next calendar month and (ii) if such numerically corresponding day is not a Business Day, the period shall end on the next following Business Day in the same calendar month but if there is no such Business Day it shall end on the preceding Business Day and ***"months"*** and ***"monthly"*** shall be construed accordingly;

"Mortgage" means the first preferred ship mortgage on the Vessel to be executed by Borrower in favour of the Lender in form and substance satisfactory to the Lender, as the same may from time to time be amended and/or supplemented;

"Operating Account" means the account to be opened and maintained in the name of Borrower 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 Account)* 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 Borrower, to which (inter alia) all Earnings of the Vessel and/or any other moneys are to be paid in accordance with the provisions of this Agreement and/or the General Assignment and/or any of the other Finance Documents;

"Operating Expenses" means the voyage and operating expenses of the Vessel, including, but not limited to, the expenses for operating, crewing, victualing, insuring, maintaining, repairing and generally trading the Vessel *(and if applicable, voyage expenses)*, the expenses for spares, administration and management of the Vessel (inclusive of the management fees) as well as the reserves that the Borrower, acting reasonably, consider necessary for the commercial operation of the Vessel and the costs of intermediate and special surveys and dry docking of the Vessel and any other relevant expenses necessary for the Vessels' commercial operation and/or in accordance with any international/ environmental regulations which are reasonably incurred for ships of the size and type of the Vessel;

"Operator" means any person who is from time to time during the Security Period concerned in the operation of the Vessel 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 Borrower 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 Borrower of any of the Finance Documents and (e) any damages or other sums payable as a result of any of the obligations of the Borrower 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;

"Parent Company" means PERFORMANCE SHIPPING INC., a corporation incorporated 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 MH 96960;

"Party" means a party to this Agreement, and ***"Parties"*** means any or all of them, as the context may require;

"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 the 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 the 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, if the Vessel is put in the possession of any person for the purpose of work being done upon her in an amount not exceeding or likely to exceed the Major Casualty Amount or in an amount exceeding or likely to exceed the Major Casualty Amount provided in the latter case 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 the 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 Borrower 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);*

"Purchase Price" in relation to the Vessel means the price to be paid by the Borrower to the Seller thereof pursuant to the terms of the MOA (i.e. $43,750,000) or such other sum as is determined in accordance with the terms and conditions of the MOA;

"Quotation Day" means, in relation to any period for which an interest rate is to be determined, two US Government Securities Business before the first day of that period unless market practice differs in the relevant syndicated loan market in which case the Quotation Date will be determined by the Lender in accordance with market practice (and if quotations would normally be given on more than one day, the Quotation Date will be the last of those days);

*"**Reference Rate**"* means, in relation to the Loan or any part of the Loan:

(a) the applicable Term SOFR as of the Quotation Day 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 3.8 (*Unavailability of Term SOFR*),

and if, in either case, that rate is less than zero, the Reference Rate shall be deemed to be zero;

"Registry" means the offices of such registrar, commissioner or representative of the relevant Flag State who is duly authorised to register the Vessel, the Borrower's title thereto and the Mortgage over the 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 company which is a Subsidiary of the Borrower and any Subsidiary of any such company (together, the ***"Related Companies"***);

"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 Market**"* means the market for overnight cash borrowing collateralised by US Government Securities;

"Relevant Nominating Body" means any applicable central bank, regulator or other supervisory authority or a group of them, or any working group or committee sponsored or chaired by, or constituted at the request of, any of them or the Financial Stability Board;

"Relevant Party" means the Borrower each Borrower's Related Companies, the other corporate Security Parties and their respective Related Companies, and ***"Relevant Parties"*** means any or all of them, as the context may require;

"Relevant Ship" means each of the Vessel 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, and ***"Relevant Ships"*** means any or all of them, as the context may require;

"Repayment Date" means each of the dates specified in Clause 4.1 *(Repayment)* on which the Repayment Instalments shall be payable by the Borrower to the Lender, and ***"Repayment Dates"*** means any or all of them, as the context may require;

"Repayment Instalment" means each instalment of the Loan which becomes due for repayment by the Borrower to the Lender on a Repayment Date pursuant to Clause 4.1 *(Repayment)* (together, the ***"Repayment Instalments"***);

"Requisition Compensation" means all sums of money or other compensation from time to time payable during the Security Period by reason of the Compulsory Acquisition of the Vessel;

"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 to which the Borrower, 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 subject of country-wide or territory-wide Sanctions;

"Sanctions Restricted Person" means a person 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;

"Security Cover Ratio" means, at any relevant time, the aggregate of the Security Value expressed as a percentage of the outstanding principal amount of the Loan at the relevant time;

"Security Documents" means:

(a) the Accounts Pledge Agreement;

(a) the Approved Manager's Undertaking;

(b) the General Assignment;

(c) the Mortgage;

(d) the Charterparty Assignment in respect of any Assignable Charterparty;

(e) the Corporate Guarantee; and

(g) 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 Borrower to the Lender pursuant to this Agreement and any other moneys from time to time owing or payable by the Borrower 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:

(a) a mortgage, charge (whether fixed or floating), pledge, hypothecation, assignment or any maritime or other lien or any other security interest of any kind;

(b) the security rights of a plaintiff under an action *in rem*; and

(c) any 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 judgementarrangements having a similar effect);

"Security Party" means the Borrower, the Corporate Guarantor and any other person (other than the Lender, a third-party Approved Manager and any charterer) 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 the Drawdown Date and ending on the date on which:

(a) all amounts which have become due for payment by the Borrower or any other 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; and

(c) neither the Borrower nor any other Security Party has any future or contingent liability under Clauses 11 *(Indemnities-Expenses-Fees)* or 5 *(Payments, Taxes and Computation)* or any other provision of this Agreement or another Finance Document;

"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 Borrower) which is at any relevant time equal to one hundred and twenty five (125%) of the Loan outstanding at the relevant time;

"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 Borrower) which, at any relevant time is the aggregate of (i) the Market Value of the Vessel as most recently determined in accordance with Clause 8.5(b) *(Valuation of Vessel)*, (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.

"Seller" means the person specified as *"Sellers"* in the MOA;

"Side Letter" means a letter to be executed by the persons referred to therein and addressed to the Lender, setting out the Borrower's and the Guarantor's shareholding structure, in form and substance satisfactory to the Lender;

"SMC" means a safety management certificate issued in respect of the Vessel in accordance with rule 13 of the ISM Code;

"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);

"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;

"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);

"Total Loss" means:

(a) actual, constructive, compromised or arranged total loss of the Vessel; or

(b) the Compulsory Acquisition of the Vessel unless it is within sixty (60) days from the date of such occurrence redelivered to the full control of the Borrower; or

(c) the condemnation, capture, seizure, confiscation, arrest or detention of the Vessel (other than where the same amounts to the Compulsory Acquisition of the Vessel) by any Government Entity, or by persons acting on behalf of any Government Entity, unless the Vessel be released and restored to the Borrower from such condemnation, capture, seizure, confiscation arrest or detention within one hundred and twenty (120) days after the occurrence thereof; and

(d) the hijacking, capture, seizure or confiscation of the Vessel arising as a result of a piracy or related incident unless the Vessel be released and restored to the Borrower from such hijacking, capture, seizure or confiscation within one hundred fifty (150) days after the occurrence thereof;

"Total Loss Date" means:

(a) in the case of an actual loss of the Vessel, the date on which it occurred or, if that is unknown, the date when the Vessel was last heard of;

(b) in the case of a constructive, compromised, agreed or arranged total loss of the 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 Borrower with the Vessel's insurers in which the insurers agree to treat the Vessel as a total loss;

(c) in the case of the Compulsory Acquisition of the Vessel, on the date upon which the relevant requisition of title or other compulsory acquisition occurs;

(d) in the case of, any condemnation, capture, seizure, confiscation, arrest, or detention of the Vessel (other than where the same amounts to Compulsory Acquisition of the Vessel) by any Government Entity, or by persons acting on behalf of any Government Entity, which deprives Borrower of the use of the Vessel for more than ninety (90) days, upon the expiry of the period of ninety (90) days after the date upon which the relevant, condemnation, capture, seizure or confiscation, arrest or detention occurred; and

(e) in the case of hijacking, capture, seizure or confiscation of the Vessel arising as a result of a piracy or related incident upon the expiry of the period of one hundred fifty (150) days after the occurrence thereof;

"Transferee" has the meaning ascribed thereto in Clause 14.3 *(Assignment by the Lender)*;

"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 Documents" means, together, the MOA, any Assignable Charterparty and the Management Agreement, and in the singular means any of them as the context requires;

*"**Unpaid Sum**"* means any sum due and payable but unpaid by a Security Party 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 Borrower which is resident for tax purposes in the US; or

(b) a Security Party some or all whose payments under the Finance Documents are from sources within the US for US federal income tax purposes;

"Vessel" means the crude oil/product carrier motor vessel "ALPINE AMALIA", of about 57,237 gt and 32,943 nt built in the year 2010 in S. Korea by Hyundai Heavy Industries Co., Ltd., having IMO No. 9460136, currently registered under the laws and flag of the Republic of the Liberia, purchased by the Borrower pursuant to the MOA and which upon her Delivery shall be 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 Borrower with the new name **"P. ALIKI"**, 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;

"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:

(a) Clause headings and the table of contents are inserted for convenience of reference only and shall be ignored in the interpretation of this Agreement;

(b) 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;

(c) where the context so admits, words in the singular include the plural and vice versa;

(d) the words *"including"* and *"in particular"* shall not be construed as limiting the generality of any foregoing words;

(e) 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;

(f) 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;

(g) 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 Borrower;

(h) 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;

(i) references to any person include such person's assignees and successors in title; and

(j) 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 Borrower in one (1) Advance and upon and subject to the terms of this Agreement, the amount specified in Clause 1.1 *(Amount and Purpose)* and the Borrower 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 Borrower and shall be effective on actual receipt thereof by the Lender and, once served, it, subject as provided in Clause 3.6 *(Market disruption)*, 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 Loan shall be advanced to the Borrower following receipt by the Lender from the Borrower of a Drawdown Notice not later than 10:00 a.m. (New York time) on the second Business Day before the date on which the drawdown is intended to be made unless the Lender otherwise approves.

2.4 **Number of Advances agreed**

The Commitment shall be advanced to the Borrower, subject to the terms and conditions of this Agreement, by one (1) Advance and any amount undrawn under the Commitment shall be cancelled and may not be borrowed by the Borrower at a later date.

2.5 **Disbursement**

Upon receipt of the 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 Drawdown Notice, make the Commitment available to the Borrower, and payment to the Borrower shall be made to the account which the Borrower specify in the Drawdown Notice.

2.6 **Application of proceeds**

Without prejudice to the Borrower's 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 Borrower.

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 Borrower 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 Borrower 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 and the Borrower may rebut such evidence with any other means of evidence save for witnesses.. 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 Borrower shall be entitled to cancel any undrawn part of the Commitment under this Agreement upon giving the Lender not less than five (5) Business 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 Borrower. 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 Borrower 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**

The Borrower has not taken or received, and the Borrower undertakes that until all moneys, obligations and liabilities due, owing or incurred by the Borrower under this Agreement and the Security Documents have been paid in full, the Borrower will not take or receive, any security or lien from any other person liable or for any liability whatsoever.

2.11 **Disbursement of the Commitment to Seller's Bank or to the Escrow Agent's Bank (as applicable)**

(a) Notwithstanding the foregoing provisions of this Clause 2, in the event that any part of the Commitment is required to be drawn down prior to the satisfaction of the requirements of Clause 7 *(Conditions precedent)* and remitted to the Seller's Bank or to the Escrow Agent's Bank (as applicable) in accordance with the relevant clause of the MOA (both hereinafter the *"**Seller's Bank**"*), the Lender may in its absolute discretion agree to remit such amount to the Seller's Bank prior to the satisfaction of the requirements of Clause 7 *(Conditions precedent)* expressly subject to the following conditions:

(i) such amount is remitted to the Seller's Bank to be held by it in an account in the Lender's name and/or to the order of the Lender or to the Escrow Agent, as applicable, to be held in a separate account which shall be operated pursuant to the terms and conditions of an Escrow Agreement to be approved by the Lender (the *"**deposit account**"*);

(ii) the principal amount (the *"**deposited amount**"*) of such funds will only be released to the Seller strictly in accordance with the Lender's instructions set out in the SWIFT payment instructions or in the relevant Escrow Agreement, as applicable (together herein, the *"**SWIFT Instructions**"*) of the Lender to the Seller's Bank (or to the Escrow Agent, as applicable);

(iii) the deposited amount so released may be used only for payment to the account of the Seller in satisfaction of the balance of the purchase price of the Vessel; and

(iv) in the event that:

aa) none of the said amount so remitted is released (whether on the expected Delivery Date or thereafter) in accordance with the SWIFT instructions or any part thereof is not so released, or

bb) the Seller's Bank (or the Escrow Agent, as applicable) fails to remit (or to order the remittance, as applicable) the said amount and any earned interest to the Operating Account and/or any other account designated by the Lender in accordance with the SWIFT Instructions:

(1) the continued failure of the Seller's Bank (or the Escrow Agent, as applicable) to comply with the SWIFT instructions shall be deemed to be an Event of Default for the purposes of this Agreement and (2) the Borrower shall forthwith upon demand by the Lender pay to the Lender such amounts that may be certified by the Lender as being the amount required to indemnify the Lender in respect of any cost transferred to the Lender in relation to the deposited amount from the date of payment thereof to the Seller's Bank (or to the Escrow Agent, as applicable) to the date of disbursement of the deposited amount to the Seller or the refund of the deposited amount to the Lender less the amount (if any) of the earned interest received by the Lender from the Seller's Bank (or the Escrow Agent, as applicable).

(b) Without prejudice to the obligations of the Borrower to indemnify the Lender on demand, the Lender shall in good faith take reasonable and proper steps diligently to seek recovery of the deposited amount from the Seller's Bank (or the Escrow Agent, as applicable) (provided that prior to taking such action the Borrower shall have agreed to indemnify the Lender for all costs and expenses which may be incurred in seeking recovery of such amount, including, without limitation, all legal fees and disbursements reasonably and properly incurred) and if the Lender shall recover any part of the deposited amount (and provided that it has previously recovered full indemnification under Clause 2.11(a)(iv)) the Lender shall, so long as no Event of Default has occurred and is continuing, pay to the Borrower the amount so recovered after subtracting any tax suffered or incurred thereon or Expenses incurred by the Lender.

(c) The Lender shall have no liability whatsoever to the Borrower or any other person for any loss caused by the Seller's Bank's (or the Escrow Agent's, as applicable) failure for any reason whatsoever to remit the said amount and any earned interest to the designated account or to comply fully in accordance with the SWIFT Instructions.

(d) Save that no Event of Default exists under this Agreement, any amounts remitted by the Seller's Bank (or the Escrow Agent, as applicable) to the Lender and returned pursuant to this Clause 2.11 will be applied as follows, and express authority is hereby given by the Borrower to the Lender to make such application: in case the purchase of the Vessel has been canceled or delayed these amounts shall be applied in or towards prepayment of the Loan in full, and the remaining amount (if any) shall be freely available to the Borrower;

provided that if any such amount so returned is not a part of the amount of the Loan but part of the Borrower's equity such amount shall be freely available to the Borrower.

For the purposes of this Clause, ***"Escrow Agent's Bank"*** means (in case an Escrow Agent is appointed) the bank of the Escrow Agent appointed by the relevant Borrower in accordance with the terms of the MOA and the provisions of any Escrow Agreement made between that Borrower, the Seller and the said Escrow Agent, and acknowledged and agreed by the Lender.

The provisions of Clause 4.4 *(Amounts payable on prepayment)* shall apply to any prepayment of the Loan made under this Clause 2.11.

3. INTEREST

3.1 Calculation of interest

The Borrower 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:

(a) the Margin; and

(b) the Reference Rate for that day.

3.2 Selection of Interest Period

(a) Notice: The Borrower may by notice received by the Lender not later than 10:00 a.m. (New York time) on the second Business 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 three (3) months (or such other period as may be requested by the Borrower and as the Lender, in its sole discretion, may agree to).

(b) Non-availability of matching deposits for Interest Period selected: If, after the Borrower by notice to the Lender have selected an Interest Period longer that three (3) months, the Lender notifies the Borrower on the same Business 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 Relevant Market when that Interest Period commences, that Interest Period shall be of such duration as the Lender may advise the Borrower 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 Borrower pursuant to Clause 3.2 *(Selection of Interest Periods)* but so that:

(a) Initial Interest Period: the initial Interest Period applicable to the Loan will commence on the Drawdown Date and each subsequent Interest Period will commence forthwith upon the expiry of the preceding Interest Period;

(b) Interest Period overrunning Repayment Date(s): 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 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) Last Interest Period: the last Interest Period in respect of the Loan will terminate on the Final Maturity Date;

(d) Failure to notify: if the Borrower fails 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 agreed between the Lender and the Borrower provided, always, that such period (whether of three (3) months or of different duration) shall comply with this Clause 3.3;

(e) Interest Period not readily available: if the Lender determines that the duration of an Interest Period specified by the Borrower in accordance with Clause 3.2 *(Selection of Interest Period)* is not readily available, then that Interest Period shall have such duration as the Lender, may determine;

(f) No Interest Period to extend beyond Final Maturity Date: No Interest Period for the Loan shall end after the Final Maturity Date and any such Interest Period which would otherwise extend beyond the Final Maturity Date shall instead end on the Final Maturity Date,

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 Business 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 Business Day the Interest Period shall be extended until the next following Business Day unless such next following Business Day falls in the next calendar month in which case such Interest Period shall be shortened to expire on the preceding Business Day.

3.4 **Default Interest**

(a) Default interest: If a Security Party fails to pay any amount payable by it under a Finance Document on its due date, interest shall accrue on the Unpaid Sum from the due date up to the date of actual payment (both before and after judgment) at a rate which, subject to paragraph (b) below, is 2% per 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 3.4 (*Default interest*) shall be immediately payable by the Security Party 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 2.00% per annum higher than the rate which would have applied if that Unpaid Sum had not become due.

(c) 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 period by reference to which it was determined.

(d) 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 six (6) months and shall be payable on demand.

3.5 Notification of duration of Interest Periods and interest rate

The Lender shall notify the Borrower 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, but this shall not be taken to imply that the Borrower is liable to pay such interest only with effect from the date of the Lender's notification. However, omission of the Lender to make such notification (without the application of the Borrower) will not constitute and will not be interpreted as if to constitute a breach of obligation of the Lender except in case of wilful misconduct.

3.6 Market disruption

If before close of business in London on the Quotation Day for the relevant Interest Period, the Lender determines (in its sole discretion) that its cost of funds relating to the Loan would be in excess of the Market Disruption Rate, then Clause 3.7 (*Cost of funds*) shall apply to the Loan for the relevant Interest Period.

3.7 **Cost of funds**

(a) If this Clause 3.7 (*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 Lender to the Borrower, which expresses as a percentage rate per annum the Lender's cost of funds relating to the Loan or the relevant part thereof.

(b) If this Clause 3.7 (*Cost of funds*) applies and the Lender or the Borrower so requires, the Lender and the Borrower shall enter into negotiations (for a period of not more than 20 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 3.9 (*Changes to reference rates*), any substitute or alternative basis agreed pursuant to paragraph (b) above shall, with the prior consent of all the Lender and the Borrower, be binding on all Parties.

(d) If any rate notified to the Lender under sub-paragraph (ii) of paragraph (a) above is less than zero, the relevant rate shall be deemed to be zero.

(e) If no substitute or alternative basis agreed pursuant to paragraph (b) above, the Borrower may give the Lender not less than 5 days' notice of its intention to prepay the Loan at the end of the interest period set by the Lender.

(f) A notice under paragraph (e) above shall be irrevocable; and on the last Business Day of the interest period set by the Lender the Borrower shall prepay (without premium or penalty) the Loan, together with accrued interest thereon at the applicable interest rate and the balance of the Outstanding Indebtedness.

(g) The provisions of Clause 4 *(Repayment-Prepayment)* shall apply in relation to the prepayment made hereunder.

3.8 **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 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 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 Reference Rate for the Loan or that part of the Loan (as applicable) and Clause 3.7 (*Cost of Funds*) shall apply to the Loan or that part of the Loan for that Interest Period.

3.9 **Changes to Reference Rates**

(a) If a Published Rate Replacement Event has occurred in relation to any Published Rate, any amendment or waiver which relates to:

(i) providing for the use of a Replacement Reference 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 Lender and the Borrower.

(c) In this Clause 3.9 (*Changes to reference rates*):

"***Published Rate***" means:

(a) SOFR; or

(b) Term SOFR for any Quoted Tenor.

"***Published Rate Contingency Period*****"** means, in relation to:

(a) Term SOFR (all Quoted Tenors), 10 US Government Securities Business Days; and

(b) SOFR, 10 US Government Securities Business Days.

"***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 Lender 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;

(i) 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;

(ii) 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

(iii) the administrator of that Published Rate or its supervisor announces that that Published Rate may no longer be used; or

(c) the administrator of that Published Rate (or the administrator of an interest rate which is a constituent element of that Published Rate) determines that that Published 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 Lender and the Borrower) temporary; or

(ii) that Published Rate is calculated in accordance with any such policy or arrangement for a period no less than the applicable Published Rate Contingency Period; or

(d) in the opinion of the Lender and the Borrower, that Published Rate is otherwise no longer appropriate for the purposes of calculating interest under this Agreement.

"***Quoted Tenor***" means, in relation to Term SOFR, any period for which that rate is customarily displayed on the relevant page or screen of an information service.

"***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; 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 Reference Rate***" will be the replacement under paragraph (ii) above;

(b) in the opinion of the Lender 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 Lender and the Borrower, an appropriate successor or alternative to a Published Rate.

4. REPAYMENT - PREPAYMENT

4.1 Repayment

The Borrower shall and it is expressly undertaken by the Borrower to repay the Loan by (a) twenty (20) 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 20th) of such Repayment Instalments falling due for payment on the Final Maturity Date and (b) a balloon installment in the amount of Dollars Eleven million ($11,000,000) (the ***"Balloon Instalment"***), such Balloon Instalment to be repaid together with the last (the 20th) Repayment Installment on the Final Maturity Date; subject to the provisions of this Agreement, the amount of each of the Repayment Instalments shall be in the amount of Dollars Five hundred fifty thousand ($550,000);

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 Borrower 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 Borrower 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 Business Day, the due date therefor shall be extended to the next succeeding Business Day unless such Business Day falls in the next calendar month, in which event such due date shall be the immediately preceding Business Day.

4.2 Voluntary Prepayment

The Borrower shall have the right, to prepay without premium or penalty, 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 Borrower 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 Borrower not less than seven (7) Business 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) any prepayment relating to the whole of the Loan may take place only on the last day of an Interest Period;

(c) each 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 reduction of the Balloon Instalment and the remaining Repayment Instalments;

(e) every notice of prepayment shall be effective only on actual receipt by the Lender, shall be irrevocable and shall oblige the Borrower to make such prepayment on the date specified;

(f) the Borrower have provided evidence satisfactory to the Lender that any consent required by the 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 the Borrower or any Security Party has been complied with;

(g) no amount prepaid may be re-borrowed; and

(h) the Borrower may not prepay the Loan or any part thereof save as expressly provided in this Agreement or as otherwise agreed by the Lender;

Provided always that if the Borrower shall, subject always to Clause 4.2(a), make a prepayment on a Business 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 **Mandatory Prepayment in case of Total Loss or sale or refinancing of the Vessel**

(a) Total Loss of Vessel: On the 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 any part thereof) has been already advanced, the Borrower shall prepay the Outstanding Indebtedness the latest on the date falling one hundred and twenty (120) days after the Total Loss Date or, if earlier, on the date upon which the insurance proceeds in respect of such Total Loss are or Requisition Compensation is received by the Borrower (or the Lender pursuant to the Security Documents).

(b) Sale or refinancing of the Vessel: In the event of a sale or other disposal of the Vessel, or in case of refinancing by another bank or a financial institution or if the Borrower requests the Lender's consent for the discharge of the Mortgage on the Vessel, the Borrower shall prepay the Outstanding Indebtedness in full on or before the date on which such refinancing is effected or the sale is completed by delivery of the Vessel to the buyer thereof;

4.4 **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)* 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 Borrower 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 Payments - No set-off or Counterclaims

(a) The Borrower hereby acknowledges that, in performing its obligations under this Agreement, the Lender will be incurring liabilities to third parties in relation to the funding of amounts to the Borrower, such liabilities matching the liabilities of the Borrower to the Lender and that it is reasonable for the Lender to be entitled to receive payments from the Borrower 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 Borrower 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. (New York time) on the Business 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 Borrower, reference: *"ARBAR SHIPPING COMPANY INC../LOAN AGREEMENT DATED: 7TH DECEMBER, 2022"* provided, however, that the Lender shall have the right to change the place of account for payment, upon ten (10) Business Days' prior written notice to the Borrower.

(b) If at any time it shall become unlawful or impracticable for the Borrower to make payment under this Agreement to the relevant account or bank referred to in Clause 5.1(a), the Borrower may request and the Lender may agree to alternative arrangements for the payment of the amounts due by the Borrower to the Lender under this Agreement or the other Finance Documents.

5.2 **Payments on Business Days**

All payments due shall be made on a Business Day. If the due date for payment falls on a day which is not a Business Day, that payment due shall be made on the immediately following Business Day unless such Business Day falls in the next calendar month, in which case payments shall fall due and be made on the immediately preceding Business 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 Borrower to make payment subject to Governmental Withholdings (other than a FATCA Deduction), the Borrower 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 (other than a FATCA Deduction). The Borrower shall indemnify the Lender against any losses or costs incurred by the Lender by reason of any failure of the Borrower 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 Borrower shall, not later than thirty (30) days after each deduction, withholding or payment of any Governmental Withholdings (other than a FATCA Deduction), 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 (other than a FATCA Deduction). The obligations of the Borrower 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 Clause 5.3 *(Gross up)* then, without in any way limiting the rights of the Lender under Clause 5.3 *(Gross up)*, 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 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 Borrower 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 Borrower. 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 Borrower represents and warrants to the Lender that;

(a) Due Incorporation/Valid Existence: Each of the Borrower 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 the Vessel, or, as the case may be, manage the Vessel, 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 Borrower and the other corporate Security Parties has power to execute, deliver and perform its obligations under the Finance Documents and each of the Underlying Documents to which is or is to be a party and for the Borrower to borrow the Commitment and each of the 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 Borrower to borrow will be exceeded as a result of borrowing the Loan;

(c) No litigation etc.: 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 in relation to sums exceeding Five hundred thousand Dollars ($500,000) involving a potential liability of the Borrower or any other Security Party (and in the case of the Corporate Guarantor exceeding $5,000,000) is current or pending or (to its or its officers' knowledge) threatened against the Borrower or any other Security Party, which, if adversely determined, would have a Material Adverse Effect on any of them;

(d) No conflict with other obligations: the execution and delivery by the Borrower and each other Security Party of, the performance of its obligations under, and compliance with the provisions of, the Finance Documents and each of the Underlying Documents to which it is a party will not (i) contravene any existing applicable law, statute, rule or regulation or any judgment, decree or permit to which the Borrower 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 Borrower 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 Borrower or any other Security Party or (iv) result in the creation or imposition of or oblige the Borrower 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 Borrower or any other Security Party;

(e) Financial Condition: the financial condition of the Borrower and of the other Security Parties has not suffered any material deterioration since that condition was last disclosed to the Lender;

(f) No Immunity: neither the Borrower 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 Borrower and the Approved Manager 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 Borrower is aware;

(i) Perfected Securities: the Finance Documents and each of the Underlying 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;

(j) 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 the Borrower is a party:

(i) the 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;

(k) No Notarisation/Filing/Recording: save for the registration of the 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;

(l) No conflict: there are no other agreements or arrangements which may adversely affect or conflict with the Finance Documents or the security thereby created;

(m) Taxes paid: the Borrower has paid all taxes applicable to, or imposed on or in relation to the Borrower, its business or the Vessel; and

(n) 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 the Borrower and any other Security Party which is or is to be a party thereto.

6.2 **Initial representations and warranties**

The Borrower further represents and warrants to the Lender that:

(a) Direct obligations - Pari Passu: the obligations of the Borrower under this Agreement are direct, general and unconditional obligations of the Borrower and rank at least pari passu with all other present and future unsecured and unsubordinated Financial Indebtedness of the Borrower 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; to the best knowledge of the Directors/Officers or shareholders of the Borrower 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 Event of Default: no Event of 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 the Borrower 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 Borrower;

(e) No Default under other Financial Indebtedness: none of the Borrower and the Corporate Guarantor is in default under any agreement relating to Financial Indebtedness in relation to sums exceeding, in the case of the Borrower, Five hundred thousand Dollars ($500,000) and in the case of the Corporate Guarantor exceeding $5,000,000, to which it is a party or by which it is or may be bound;

(f) Ownership/Flag/Seaworthiness/Class/Insurance of the Vessel: the Vessel on the Delivery Date will be:

(i) in the absolute and free from Security Interests (other than Permitted Security Interests) ownership of the Borrower who will on and after the Delivery Date be the sole legal and beneficial owner of the Vessel;

(ii) registered in the name of the Borrower 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 any overdue recommendations of such Classification Society;

(v) insured in accordance with the provisions of this Agreement and the Mortgage;

(vi) managed by the Approved Manager; and

(vii) in full compliance with the ISM and the ISPS Code;

(g) No Charter: save for any Assignable Charterparty and unless otherwise permitted in writing by the Lender, the Vessel will not on or before the Delivery Date be subject to any charter or contract nor to any agreement to enter into any charter or contract which, if entered into after the Delivery Date would have required the consent of the Lender under any of the Finance Documents and there will not on or before the Delivery Date be any agreement or arrangement whereby the Earnings of the 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: except as may already have been disclosed by the Borrower in writing to, and acknowledged in writing by, the Lender:

(i) the Borrower and its Related Companies have complied with the provisions of all Environmental Laws;

(ii) the Borrower and its Related Companies have obtained all Environmental Approvals and are in compliance with all such Environmental Approvals; and

(iii) neither the Borrower nor any of its Related Companies have received notice of any Environmental Claim in excess of $500,000 that the Borrower or any of its 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 Borrower in writing to, and acknowledged in writing by, the Lender:

(i) there is no Environmental Claim in excess of $500,000 pending or, to the best of the Borrower's knowledge and belief, threatened against the Borrower or the Vessel or the 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 Vessel or any other Relevant Ship or the Vessel owned by, managed or crewed by or chartered to the Borrower which could give rise to an Environmental Claim in excess of $500,000;

(k) Copies true and complete: the copies of the Underlying Documents 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) Application made for DOC and SMC: in relation to the Vessel, the DOC applicable to the Approved Manager is presently in full effect, and the Operator has applied or, as the case may be, prior to her Delivery shall apply, to the appropriate Regulatory Agency for a DOC for itself and an SMC in respect of the Vessel to be issued pursuant to the ISM Code within any time limit required or recommended by such Regulatory Agency and that neither the Borrower nor any Operator is aware of any reason why such application may be refused;

(m) Compliance with ISM Code: the Vessel will comply on the Delivery 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 the Vessel shall remain valid on the Delivery Date and thereafter throughout the Security Period;

(n) Compliance with ISPS Code: the Borrower on the Delivery Date shall have a valid and current ISSC in respect thereof and will comply on the Delivery Date and the Operator complies, with the requirements of the ISPS Code and the ISSC which shall be issued in respect of the Vessel shall remain valid on the Delivery Date and thereafter throughout the Security Period;

(o) Shareholdings:

(i) all of the issued shares in the Borrower are held directly by the Parent Company (being as of the date of this Agreement the sole shareholder of the Borrower);

(ii) the Parent Company is a company listed in the Nasdaq Capital Market and the Corporate Guarantor is and will continue to be managed by the Chief Executive Officer disclosed to the Lender at the negotiation of this Agreement ;

(iii) no change of control has been made directly or indirectly in the ownership of the Borrower as a Subsidiary of the Parent Company or the management of the Borrower or any share therein or of the Vessel and 100% of the shares and voting rights in the Borrower will remain throughout the Security Period in the legal ownership of the Parent Company;

(p) No US Tax Obligor: (other than as disclosed to the Lender) none of the Security Parties is a US Tax Obligor;

(q) Sanctions: none of the Security Parties:

(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 Borrower 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;

(r) Taxes paid: the Borrower has paid all taxes applicable to, or imposed on or in relation to itself, its business or the Vessel;

(s) No default under MOA: the Borrower is not in default under any of its obligations under the MOA;

(t) MOA Valid: the copy of the MOA to be delivered to the Lender shall be a true and complete copy of such document constituting valid and binding obligations of the parties thereto enforceable in accordance with its terms and no amendments thereto or variations thereof shall have been (or will be) agreed nor shall any action been taken by the parties thereto which would in any way render such document inoperative or unenforceable; and

(u) No Rebates: there will be no commissions, rebates premiums or other payments by or to or on account of the Borrower or any other Security Party or, to the knowledge of the Borrower, any other person in connection with the MOA other than as shall be disclosed to the Lender by the Borrower in writing.

(v) Compliance with laws and regulations: the Borrower is in compliance in all material respects with any law or regulation applicable to it and pertaining to the labor and employment conditions, the occupational health and safety and the public health, safety and security.

6.3 **Money laundering - acting for own account**

The Borrower further 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; the Borrower is aware that under applicable money laundering provisions, it has an obligation to state for whose account the Loan is obtained; the Borrower 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 Borrower 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 the Borrower 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 Borrower and/or the Corporate Guarantor 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) Business 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 or, as appropriate, signed by the secretary or a director thereof:

(i) certifying that each copy document relating to it referred to in paragraph (a) of this Clause 7.1 is correct, complete and in full force and effect;

(ii) setting out the names of (A) the directors and officers of that Security Party and (B) the shareholders of that Security Party (other than the Parent Company) and the proportion of shares held by each shareholder thereof; and

(iii) confirming that borrowing or guaranteeing or securing, as appropriate, the Loan would not cause any borrowing, guarantee, security or similar limit binding on that Security Party to be exceeded;

(c) Shareholding: such documentation and other evidence, including the Side Letter, as is reasonably requested by the Lender in order for the Lender to comply with all necessary "*know your customer*" or similar identification procedures in relation to the transactions contemplated in the Finance Documents;

(d) Resolutions: minutes of separate meetings of (i) the directors of each corporate Security Party and (ii) the shareholders of each corporate Security Party (other than the Parent Company) 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 corporate 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) DOC: a copy of the DOC applicable to the Approved Manager certified as true and in effect;

(h) 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;

(i) MOA, Management Agreement - Assignable Charterparty: a copy of each of the following documents certified as true and complete by the legal counsel of the Borrower:

(i) The MOA;

(ii) the Management Agreement evidencing that the Vessel is managed by the Approved Manager on terms acceptable to the Lender; and

(iii) any Assignable Charterparty; and

(j) Operating Account: evidence that the Operating Account has 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 or immediately following the drawdown of the Loan or the relevant part thereof:

(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 for the Loan duly executed, issued and delivered to the Lender as provided in Clause 2.2 *(Drawdown Notice and commitment to borrow)*;

(c) Finance Documents: the originals of the **Accounts Pledge Agreement**, **Guarantee**, **Mortgage, General Assignment, Approved Manager's Undertaking, Charterparty Assignment**, **Side Letter**, any **Compliance Certificate** and **Insurance Letter** (and of each document to be delivered by each of them) and each 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 the Vessel is and on the Drawdown Date will be duly registered in the ownership of the Borrower 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 the Vessel will be insured in accordance with the insurance requirements provided for in this Agreement and the Security Documents, including a MII and a MAPI, together with an opinion from insurance consultants (appointed by the Lender at the Borrower's expense) as to the adequacy of the insurances effected or to be effected in respect of the 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 the Vessel;

(f) Insurers' confirmations - Letters of Undertaking: all necessary confirmations by insurers of the Vessel that they will issue letters of undertaking and endorse notice of assignment and loss payable clauses on the Insurances, in market standard form and - in the event of fleet cover - accompanied by waivers for liens for unpaid premium of other Vessel managed by the Approved Manager and which are not subject to any mortgage in favour of the Lender;

(g) MII: the MII and the MAPI shall have been reimbursed by the Borrower as provided in Clause 10.9 *(MII and MAPI costs)*;

(h) Access to class records: due authorisation 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 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 the Mortgage on or before the Drawdown Date will be registered against the Vessel through the Registry under the laws and flag of the Flag State;

(k) Trading certificates: copies of the trading certificates of the Vessel evidencing the same to be valid and in force;

(l) Class confirmation: evidence from the Classification Society that the Vessel on the Delivery Date will be classed with the class notation (referred to in the Mortgage), 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: an extract of the trim and stability booklet certifying the lightweight of the Vessel;

(n) DOC and SMC: (i) a certified copy of the DOC issued to the Operator of the Vessel and (ii) a certified copy of the SMC for the Vessel;

(o) ISM Code Documentation: copies of all ISM Code Documentation certified as true and complete in all material respects by the Borrower and the Approved Manager;

(p) ISPS Code compliance:

(i) evidence satisfactory to the Lender that the 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 the Vessel delivered to the Lender upon its issuance;

(q) Valuation: charter free valuation of the Vessel satisfactory to the Lender, to be obtained by the Lender, at the Borrower's expense, made on the basis and in the manner specified in Clause 8.5(b) *(Valuation of Vessel)*;

(r) Security Parties' process agent: a letter from each Security Party's agent for receipt of service of proceedings referred to in each Security Document to which the relevant Security Party is a party, accepting its appointment under each of the relevant Security Documents;

(s) No Security Interests: evidence that no Security Interests are registered against the Vessel on her previous register;

(t) Acknowledgement of Receipt: a receipt in writing in form and substance satisfactory to the Lender including an acknowledgement and admission of the Borrower and the Corporate Guarantor to the effect that the Commitment or relevant part thereof (as the case may be) was drawn by the Borrower and a declaration by the Borrower 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;

(u) 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;

(v) Flag State opinion: draft opinion of legal advisers to the Lender on matters of the laws of the Flag State of the Vessel;

(w) Pledged Deposit: deposit in the Operating Account the Pledged Deposit referred to in Clause 8.1(k) *(Pledged Deposit)*on or prior to the Drawdown Date;

(x) Fees: evidence that the fees referred to in Clause 10.15 *(Arrangement Fee)* have been paid in full;

(y) Condition survey report: if the Lender so requires, a satisfactory to the Lender physical condition survey report on the Vessel together with a comprehensive record inspection from a surveyor appointed by the Lender, at the Borrower's expense;

(z) Financial covenants: evidence satisfactory to the Lender in the form of annual audited financial statements of the Parent Company for the period ending on December 31, 2021, including, without limitation the Compliance Certificate, that the Parent Company complies fully with the requirements of Clause 8.10 *(Financial Covenants)*;

(aa) Seller's title: evidence to the full satisfaction of the Lender, proving the Seller's title to the Vessel free of any Security Interests, debts or claims of any nature whatsoever;

(bb) Seller's documents: duly certified copy of the Bill of Sale, the protocol of delivery and acceptance of the Vessel, as well as of all other Seller's documents, upon her Delivery;

(cc) No Security Interests on previous register: evidence that no Security Interests are registered on Delivery against the Vessel on her previous register; and

(dd) Purchase Price paid: evidence that the purchase price of the Vessel has been (or upon her delivery will have been) paid in full in accordance with the provisions of the MOA.

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 the 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 of control: the Lender shall be satisfied that:

(i) the Corporate Guarantor remains listed in the NASDAQ Capital Market;

(ii) there has been no change in control directly or indirectly in the legal ownership, or management of the Borrower or any share in the Borrower or of the Vessel; and

(iii) there has been no Material Adverse Change in the financial condition of any Security Party which (change) might, in the reasonable opinion of the Lender, be detrimental to the interests of the Lender; and

(d) No Market Disruption Event: none of the circumstances contemplated by Clause 3.6 *(Market disruption)* 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 Borrower 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 the Borrower 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 Borrower 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)*, the Borrower 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. UNDERTAKINGS

8.1 General

The 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 Event of Default: promptly inform the Lender upon becoming aware of any occurrence which might have a Material Adverse Effect on 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 Event of 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 Event of Default has occurred and is continuing;

(b) Notification of litigation: provide the Lender with details of any legal or administrative action relating to an amount exceeding Five hundred thousand Dollars ($500,000) involving the Borrower, the Vessel, the Earnings or the Insurances in respect of the Vessel or the Corporate Guarantor relating to an amount exceeding Five million Dollars ($5,000,000) , as soon as such action is instituted, unless it is clear that the legal or administrative action cannot be considered material in the context of any Finance Document, and the Borrower shall procure that all appropriate measures are taken to defend any such legal or administrative action;

(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 and the Underlying Documents to which it is a party;

(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:

(i) furnish the Lender, as soon as become available, but in any event within 180 days after the end of each of the Parent Company's Financial Years, the audited consolidated financial statements of the Parent Company (including the Borrower) for that financial year, commencing with the financial statements for the Financial Year ending on 31 December 2021;

(ii) simultaneously with each of the financial statements to be sent to the Lender under paragraph (i) of this Clause 8.1(f), a Compliance Certificate, duly completed and supported by calculations setting out in reasonable detail the materials underling the statements made in such Compliance Certificate; and

(iii) promptly, after each request by the Lender, such further financial or other information and accounts relating to the business, undertaking, assets, liabilities, revenues, financial condition or affairs in respect of the Borrower, the Vessel, the Parent Company, the other Security Parties and the Group as the Lender from time to time may reasonably require;

(g) Compliance Certificate: procure that the Parent Company supplies to the Lender with each set of financial statements delivered pursuant to sub-paragraph (i) of Clause 8.1(f) (*Financial statements*), a Compliance Certificate setting out (in reasonable detail) computations as to compliance with Clause 8.10 (*Financial Covenants*) as at the date as at which those financial statements were drawn up, such Compliance Certificate shall be signed by the chief executive officer or the chief financial officer of the Parent Company;

(h) Requirements as to financial statements: each set of financial statements delivered by the Borrower pursuant to Clause 8.1(f) *(Financial Statements)* will:

(i) be prepared in accordance with internationally accepted accounting principles and practices consistently applied (IFRS or US-GAAP) and be certified by an Approved Auditor;

(ii) fairly represent the financial condition of the Borrower, the Parent Company and the Group at the date of those accounts and of their profit for the period to which those accounts relate; and

(iii) fully disclose or provide for all significant liabilities of the Borrower, the Parent Company and the Group;

(h) 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 or affairs of the Borrower and each Security Party as the Lender from time to time may reasonably require;

(i) 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 Borrower including cash flow analysis and voyage accounts of the 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 Borrower as to their correctness;

(j) Information on the employment of the Vessel: provide the Lender from time to time as the Lender may request with information on the employment of the 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 the Vessel, such information to be certified by one of the directors of the Borrower as to their correctness;

(k) Pledged Deposit: procure that, upon drawdown and at all times during the Security Period, the Borrower shall maintain in the Operating Account the amount of Dollars Five hundred thousand Dollars ($500,000), which amount shall remain pledged in favour of the Lender throughout the Security Period (such amount for the purpose of this Agreement shall be called herein the ***"Pledged Deposit"***);

(l) Banking operations: ensure that all banking operations in connection with the Vessel are carried out through the Lending Office of the Lender;

(m) Subordination: ensure that all Financial Indebtedness of the Borrower to its 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;

(n) Obligations under Finance Documents: duly and punctually perform each of the obligations expressed to be assumed by it under the Finance Documents;

(o) Payment on demand: pay to the Lender on demand any sum of money which is due and payable by the Borrower 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;

(p) Compliance with Laws and Regulations: comply, or procure compliance with all laws or regulations relating to it and/or the Vessel, its ownership, operation and management or to the business of the 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;

(r) 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;

(s) 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;

(t) Parent Company's CEO: procure that the CEO of the Parent Company to be a person acceptable to the Lender throughout the Security Period; and

(u) Compliance with Covenants: duly and punctually perform all obligations under this Agreement and the other Finance Documents.

8.2 **Negative undertakings**

The 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 not, without the prior written consent of the Lender:

(a) Negative pledge:

(i) create or 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 Borrower other than in the normal course of its business of owning, financing, maintaining and operating the Vessel and owning or acquiring ship-owning companies; and

(ii) cease to hold the legal title to, and own the entire beneficial interest in the Vessel, its Insurances and Earnings, free from all Security Interests (other than a Permitted Security Interest) 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 General Assignment and any other Finance Documents;

(b) No further Financial Indebtedness: incur any further Financial Indebtedness in excess of $500,000 nor authorise or accept any capital commitments (other than that normally associated with the day to day operations of the Borrower and the Vessel, and the operation, maintenance and trading of the Vessel) nor enter into any agreement for payment on deferred terms or hire agreement;

(c) No merger: merge or consolidate with any other person;

(d) No disposals:

(i) 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 reasonable opinion of the Lender in relation to the undertakings, assets, rights and revenues of the Borrower) 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) 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;

but paragraphs (i) and (ii) do not apply to:

(aa) any charter of the Vessel; and

(bb) any sale of the Vessel to a *bona fide* third party on arm's length terms, otherwise than as provided in Clause 4.3(b) *(Sale or refinancing of the Vessel)*;

(e) No acquisitions: not acquire any further assets other than the Vessel and rights arising under contracts entered into by or on behalf of the Borrower other than in the ordinary course of its business of owning, operating and chartering the Vessel;

(f) No other business: not undertake any type of business other than its current business of owning, financing and operating the Vessel and the chartering of the Vessel to third parties;

(g) No investments: make any investments in any person, asset, firm, corporation, joint venture or other entity;

(h) No other liabilities or obligations to be incurred: incur any liability or obligation (including, without limitation, any Financial Indebtedness or any obligations under a guarantee or sale and leaseback transaction) except:

(i) liabilities and obligations under the Finance Documents to which it is or, as the case may be, will be a party; and

(ii) liabilities or obligations reasonably incurred in the normal course of its business of trading, operating and chartering, maintaining and repairing the Vessel owned by it (and for the purposes of this Clause 8.2(h) fees to be paid pursuant to the Management Agreement in respect of the Vessel shall be considered as permitted obligations under the Finance Documents) (including, without limitation, any Financial Indebtedness owing to its shareholder(s) or the Approved Manager, subject to the Borrower ensuring on or prior to the Drawdown Date, that the rights of the Lender thereunder are fully subordinated in writing pursuant to a subordination agreement acceptable to the Lender);

(i) No borrowing: incur any Financial Indebtedness except for Financial Indebtedness pursuant to the Finance Documents or in the ordinary course of business of operating, maintaining and repairing the Vessel;

(j) No repayment of borrowings: repay the principal of, or pay interest on or any other sum in connection with, any of Financial Indebtedness except for Financial Indebtedness pursuant to the Finance Documents or in the ordinary course of business of operating, maintaining and repairing the Vessel;

(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 General Assignment and/or the other Finance Documents or not) to any person except in connection with the administration of the Borrower and the operation and/or maintenance and/or repair and/or trading of the Vessel;

(l) No guarantees: 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 the Borrower, guarantees or indemnities from time to time required in the ordinary course of its business, the operation, maintenance and repair of the Vessel or by any protection and indemnity or war risks association with which the Vessel is entered, guarantees required to procure the release of the Vessel from any arrest, detention, attachment or levy or guarantees or undertakings required for the salvage of the Vessel;

(m) No loans: make any loans or advances to, 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 Manager directly or through the Approved Manager of the Vessel or agree to do so, provided, always, that any loans of its shareholders to the Borrower shall be fully subordinated to the Borrower's obligations under this Agreement and the other Finance Documents;

(n) No securities: permit any Financial Indebtedness of the Borrower to any person (other than the Lender) to be guaranteed by any person (save, in the case of the Borrower, for guarantees or indemnities from time to time required in the ordinary course of business, the operation, maintenance and repair of the Vessel or by any protection and indemnity or war risks association with which the Vessel is entered, guarantees required to procure the release of the Vessel from any arrest, detention, attachment or levy or guarantees or undertakings required for the salvage of the Vessel);

(o) No dividends or distributions: if an Event of Default has occurred and is continuing declare or pay any dividends or make other distribution under any name or description or effect any form of redemption, purchase or return of share capital or otherwise dispose 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 the Borrower without the prior written consent of the Lender, such consent not to be unreasonably withheld;

(p) No Subsidiaries: form or acquire any Subsidiaries;

(q) No change of business structure: change the nature, organisation and conduct of the business of the Borrower as owner of the Vessel, 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 the Borrower shall be materially (in the Lender's reasonable 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 amendment to Assignable Charterparty: not waive or fail to enforce, any Assignable Charterparty to which it is a party or any of its provisions, unless that waiver or failure to enforce does not create a Material Adverse Effect, and will promptly notify the Lender of any amendment or supplement to any Assignable Charterparty;

(u) Change of control: ensure that:

(i) no change shall be made directly or indirectly in the ownership, and management of the Borrower or any share in the Borrower or the Vessel;

(ii) the Guarantor shall remain listed in the NASDAQ Capital Market;

(iii) the Borrower shall remain wholly owned and controlled Subsidiary of the Guarantor;

(iv) the Guarantor shall remain holding company of shipowning, all being engaged in activities acceptable to the Lender; and

(v) each of the Relevant Executives holds such executive position within the management structure of the Parent Company as more particularly described in the Side Letter.

(v) Marshall Islands Economic Substance Regulations 2018**:** shall (and shall procure that each of the other Security Parties will) comply with the Marshall Islands Economic Substance Regulations 2018 (as the same may be amended from time to time);

(w) No US Tax Obligor: procure that, unless otherwise agreed by the Lender, no Security Party shall become a US Tax Obligor; and

(x) No Master Agreement Derivatives: not enter into any transaction in a derivative of any description whatsoever.

8.3 **Undertakings concerning the Vessel**

The 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 the 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 the Vessel as the Lender may require;

(b) Mortgage: it will execute, and procure the registration of the Mortgage over the Vessel under the laws and flag of the Flag State immediately upon registration of the Vessel in the ownership of the Borrower following her Delivery;

(c) Chartering: not without the prior written consent of the Lender which shall not be unreasonably withheld (and then only subject to such conditions as the Lender may impose) let or agree to let the Vessel:

(i) on demise charter for any period; or

(ii) by any Assignable Charterparty; or

(iii) other than on an arms' length basis;

(d) Laid-up: not de-activate or lay up the Vessel;

(e) Approved Manager: not without the prior written consent of the Lender (such consent not to be unreasonably withheld) agree or appoint a manager of the Vessel other than the Approved Manager;

(f) Ownership/Management/Control: ensure that the Vessel will be registered on the Delivery Date in the ownership of the Borrower under the laws of the Flag State and thereafter ensure that the Vessel will maintain her registration, ownership, management, control and beneficial ownership;

(g) Class: ensure that the 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 the Vessel;

(h) Insurances:

(i) ensure that all Insurances (as defined in the Mortgage/General Assignment) of the Vessel is maintained and comply with all insurance requirements specified in this Agreement and in the Mortgage and in case of failure to maintain the 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 Borrower (and in case that the Vessel remains in port for an extended period) to effect port risks insurances at the cost of the Borrower which, if paid by the Lender, shall be Expenses;

(ii) if (aa) an Event of Default has occurred and is continuing or (bb) there has been any change in the insurance placement within such year or (cc) there has been a Material Adverse Change of the financial condition of any of the insurers of any of the Vessel at the Lender's reasonable opinion, the Lender shall be entitled to obtain once per year at Borrower's expense such opinion from such insurance consultants (appointed by the Lender at the Borrower's expense) as to the adequacy of the insurances effected or to be effected in respect of the Vessel;

(i) Transfer/Security Interests: not without the prior written consent of the Lender agrees the 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 Vessel (or any of them) (or any share or interest therein) other than Permitted Security Interests;

(j) Not imperil Flag, Ownership, Insurances: ensure that the 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 the Vessel or its unencumbered (other than Security Interests in favour of the Lender and other Permitted Security Interests) ownership or its Insurances;

(k) Mortgage Covenants: ensure that the Borrower always comply with all the covenants provided for in the Mortgage registered over the Vessel;

(l) No assignment of Earnings: ensure that the Borrower will not assign or agree to assign otherwise than to the Lender the Earnings or any part thereof;

(m) No sharing of Earnings: ensure that the Borrower:

(i) will not enter into any agreement or arrangement for the sharing of any Earnings; and/or

(ii) will not 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 the Borrower to any Earnings; and/or

(iii) will not enter into any agreement or arrangement for the release of, or adverse alteration to, any guarantee or Security Interest relating to any Earnings.

(n) 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, in the reasonable opinion of the Lender, amendment or supplement to any Assignable Charterparty;

(o) Assignable Charterparty: ensure and procure that in the event of the Vessel being employed under an Assignable Charterparty:

(i) execute and deliver to the Lender within fifteen (15) days from the Lender's relevant request a specific assignment of all its rights, title and interest in and to such charter in the form of a Charterparty Assignment and a notice of such assignment addressed to the relevant charterer;

(ii) in case an Event of Default has occurred and is continuing, ensure (on a best effort basis) that the relevant charterer 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, ensure (on a best effort basis) that the relevant charterer shall (1) comply with all of the Borrower's undertakings with regard to the employment, insurances, operation, repairs and maintenance of the Vessel contained in this Agreement, the Mortgage and the General Assignment and (2) provide *(inter alia)* an assignment of its interest in the insurances of the Vessel in the form of a tripartite agreement in form and substance acceptable to the Lender, to be made between the Lender, the 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) Vessel' inspection: permit the Lender (i) by surveyors or other persons appointed by it in its behalf to board the Vessel once per year or in case an Event of Default has occurred and is continuing at any time that the Lender might consider to be necessary or useful (but in any event without interfering with the daily operations and the ordinary trading of the Vessel and upon 10 day prior notice to the Borrower) 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 but upon 10 day prior notice to the Borrower by financial or insurance advisors or other persons appointed by the Lender to review the operating and insurance records of the Vessel and the Borrower hereby duly authorises the Lender to review the insurance and operating records of the Borrower and the costs (as supported by vouchers) of any and all such inspections shall be borne by the Borrower;

(r) Trading: use the Vessel only for civil merchant trading;

(s) Compliance with ISM Code: procure that the Approved Manager and any Operator will:

(i) will comply with and ensure that the Vessel and any Operator by no later than the Delivery Date in respect of the Vessel 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 the Borrower's, the Approved Manager's or an Operator's DOC or the SMC in respect of the Vessel; and

(iii) promptly inform the Lender upon the issue to the Borrower, the Approved Manager or any Operator of a DOC and to the Vessel of an SMC or the receipt by the Borrower, the 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 Manager or any Operator will:

(i) maintain at all times a valid and current ISSC in respect of the 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 Vessel; and

(iii) procure that the Vessel will comply at all times with the ISPS Code;

(u) 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 of such Relevant Party obtain and comply with, all Environmental Approvals and to notify the Lender forthwith:

(i) of any Environmental Claim for an amount exceeding Five hundred thousand Dollars ($500,000) per incident made against the Vessel, any Relevant Ship and/or their respective owners; and

(ii) upon becoming aware of any incident which may give rise to an Environmental Claim for an amount exceeding Five hundred thousand Dollars ($500,000) and to keep the Lender advised in writing of the Borrower's response to such Environmental Claim on such regular basis and in such detail as the Lender shall require.

(v) 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 the Vessel to enter or trade to any zone which is declared a war zone by any government or by the Vessel's war risks insurers unless first obtaining the consent to such employment or trade of the insurers and complying with such requirements as to extra premium or otherwise as the insurers may prescribe.

8.4 **Validity of Securities – Earnings – Taxes etc.**

The 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 the Vessel shall be paid to the Operating Account and (ii) the persons from whom the Earnings are from time to time due are irrevocably instructed to pay them to the Operating Account or to such account in the name of the 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 Borrower 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 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) 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 Vessel**

(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 Borrower requiring that such deficiency be remedied and then the Borrower shall (unless the sole cause of such deficiency is the Total Loss of the Vessel and the Borrower 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 five (5) days' notice) within a period of thirty (30) days of the date of receipt by the Borrower of the Lender's said notice (the ***"Prepayment Date"***) 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) on or before the Prepayment Date 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.

Any such additional security provided by the Lender shall be promptly released by the Lender once the Security Requirement ratio has been restored. The provisions of Clauses 4.3 *(Mandatory Prepayment in case of Total Loss or sale or refinancing of the Vessel)* and 4.4 *(Amounts payable on prepayment)* shall apply to prepayments under Clause 8.5(a)(i).

(b) Valuation of Vessel: The Vessel shall, for the purposes of this Clause 8.5, be valued in Dollars once a year or, if an Event of Default has occurred and is continuing at any other time that the Lender shall reasonably require by an Approved Shipbroker, appointed by the Borrower and addressed to the Lender (such valuation to be 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 charterparty or other engagement concerning the Vessel. The Lender and the Borrower agrees to accept such valuation made by such Approved Shipbroker appointed as aforesaid as conclusive evidence of the Market Value of the Vessel at the date of such valuation and such valuation shall constitute the Market Value of the Vessel for the purposes of this Clause 8.5.

The value of the Vessel determined in accordance with the provisions of this Clause 8.5 shall be binding upon the Borrower and the Lender until such time as any further such valuation shall be obtained.

(c) Information: The Borrower undertakes to the Lender to provide the Lender and any such Approved Shipbrokers such information concerning the 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:

(i) the Lender obtaining any valuation of the Vessel referred to in Clause 8.5(b) *(Valuation of Vessel)*; and

(ii) any valuation of any additional security for the purposes of ascertaining the Security Value at any time or necessitated by the Borrower electing to constitute additional security pursuant to Clause 8.5(a)(ii): and

(iii) 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 Borrower.

(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 Vessel)* (whereas the costs shall be borne by the Borrower 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.)*, the Borrower 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 the Vessel:

(i) will not be used by or for the benefit of a Sanctions Restricted Person contrary to Sanctions; and/or

(ii) will not be used in trading in any Sanctions Restricted Jurisdiction or in any manner contrary to Sanctions; and/or

(iii) will not be traded in any manner which would trigger the operation of any sanctions limitation or exclusion clause (or similar) in the Insurances.

(b) The 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.**

The Borrower 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 the 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 (i) above, not employ the 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**

The 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 (other than the Approved Manager, except where appropriate in its capacity as Approved Manager) and each of them duly and punctually comply, with the covenants in Clauses 8.1 *(General)*, 8.3 *(Undertakings concerning the Vessel)*, 8.4 *(Validity of Securities - Earnings - Taxes etc.)*, 8.5 *(Secured Value to Security Requirement ratio - Valuation of the Vessel)*, 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**

The 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 Borrower 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.

8.10 **Financial Covenants**

(a) Financial covenants-Compliance Certificate: the Borrower will ensure that:

(i) for the duration of the Security Period, the Parent Company's consolidated financial position, based on the most recent Accounting Information to comply with the financial covenants set out below:

aa) Corporate Liquidity: maintain an aggregate amount of (a) Cash and (b) Cash Equivalents not less than the higher of:

1. an amount equal to the aggregate of (a) $9,000,000 in respect of the Fleet Vessels owned by members of the Group on the date of this Agreement plus (b) $500,000 per Fleet Vessel (including the Vessel), acquired by a member of the Group after the date of this Agreement, if any; and

2. 7.5% of the Total Debt; and

bb) Working Capital: maintain Working Capital greater than zero Dollars throughout the Security Period; and

cc) Value Adjusted Equity Ratio: maintain a Value Adjusted Equity Ratio at a minimum of 35%.

(ii) Compliance Certificate: a Compliance Certificate for each Accounting Period of the Parent Company, is delivered to the Lender together with each set of financial statements delivered pursuant to sub-paragraph (i) of Clause 8.1(f) (*Financial statements*), duly completed and supported by calculations setting out in reasonable detail the materials underling the statements made in such Compliance Certificate.

(b) Construction: The expressions used in this Clause 8.10 shall be construed in accordance with law and accounting principles internationally accepted as used in the Accounting Information produced in accordance with Clause 8.1(f) *(Financial statements-Compliance Certificate)*.

(c) Definitions: For the purposes of this Agreement:

"***Accounting Information***" means the annual audited consolidated financial statements of the Parent Company, to be provided by the Borrower to the Lender in accordance with Clause 8.1(f) *(Financial Statements)*;

"Accounting Period" means each Financial Year falling during the Security Period for which the Accounting Information is required to be delivered to the Lender pursuant to Clause 8.1(f) *(Financial Statements)*;

"***Cash***" means, at any date of determination under this Agreement, the aggregate value of the Parents and its Subsidiaries credit balances on any deposit, savings or current account and cash in hand (including, without limitation, short term cash deposits with the Account Holder) to which the Parents and/or its Subsidiaries (as applicable) have free, immediate and direct access but excluding any such credit balances and cash subject to an Encumbrance (other than Encumbrances in favour of the Lender) at any time;

*"**Cash Equivalents**"* means, at any date of determination under this Agreement and the Guarantee, the aggregate value of the Group's:

(a)	certificates of deposit of, or overnight bank deposits with, any Lender or any commercial bank whose short-term securities are rated at least A-2 by Standard and Poor's Rating Group and P-3 by Moody's Investor Services, Inc. having maturities of six (6) months or less from the date of acquisition;
(b)	commercial paper of, or money market accounts or funds with or issued by, any Lender or by an issuer rated at least A-2 by Standard & Poor's Ratings Group and P-3 by Moody's Investor Services, Inc. and having an original tenor of six (6) months or less; and
(c)	medium term fixed or floating rate notes of any Lender or an issuer rated at least AA- by Standard & Poor's Rating Group and/or Aa3 by Moody's Investor Services, Inc. at the time of acquisition and having a remaining term of six (6) months or less from the date of acquisition,

but excluding any of those assets subject to an Encumbrance (other than Encumbrances in favour of the Lender) at any time,

provided that the Parent and/or its Subsidiaries (as applicable) have free, immediate and direct access.

"Fleet Market Value" in relation to a Fleet Vessel means, as of the date of calculation, the Market Value of that Fleet Vessel as determined in accordance with the provisions *(mutatis-mutandis)* of Clause 8.5(b) *(Valuation of Vessel)* of this Agreement;

"Fleet Vessel" means any vessels (including, but not limited to, the Vessel) from time to time owned by a member of the Group (directly) but excluding, for the avoidance of doubt, any newbuilding vessels not delivered to the relevant member of the Group at the relevant time, which, at the relevant time, are included within the Total Assets of the Parent Company in the balance sheet of the Accounting Information and "***Fleet Vessels***" means any or all of them as the context may require;

"Total Assets" means, in respect of an Accounting Period, the aggregate, on a consolidated basis, value of all assets of the Parent Company included in the Accounting Information as *"current assets"* and the value of all investments and all other tangible and intangible assets of the Parent Company properly included in the Accounting Information as *"fixed assets"* in accordance with IFRS or US GAAP; and

"Total Debt" means, in respect of an Accounting Period, the aggregate amount of the Financial Indebtedness all the members of the Group at that time as shown in the Parent's latest financial statements delivered to the Lender pursuant to Clause 8.1(f) (*Financial statements*).

"Value Adjusted Equity Ratio" means the amount of the Parent's total shareholders' equity as reflected in the most recent Accounting Information adjusted by the difference between the Fleet Market Value and the book value of the Fleet Vessels divided by market value adjusted total assets, as evidenced by the latest financial statements.

"Working Capital" means the consolidated current assets minus the consolidated current liabilities (next year's instalment on long-term debt and subordinated shareholder loans shall be excluded from the current liabilities).

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) Business Days of demand and other sums due shall be treated as having been paid at the stipulated time if paid within five (5) Business Days of its falling due); or

(b) Breach of Insurance and certain other obligations: the Borrower 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 Borrower or any other person or the Borrower commits any breach of or omit to observe any of the obligations or undertakings expressed to be assumed by them under Clause 8 *(Undertakings)* and, in respect of any such failure, cancellation, disclaim, 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

(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 twenty (20) 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 to an Underlying Document 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:

(i) any Financial Indebtedness of (aa) the Borrower related to an amount exceeding the amount of Five

hundred thousand Dollars ($500,000) and (bb) the Corporate Guarantor related to an amount exceeding the amount of Five million Dollars ($5,000,000) (in each case herein, the **"*Permitted Amount*")** is not paid when due (unless contested in good faith); or

(i) any Financial Indebtedness of any of the Borrower and the Corporate Guarantor relating to an amount exceeding the Permitted Amount (by declaration 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 the relevant Security Party of a voluntary right of prepayment), or

(ii) any creditor of any of the Borrower and the Corporate Guarantor becomes entitled to declare any such Financial Indebtedness relating to an amount exceeding the Permitted Amount due and payable, or

(iii) any facility or commitment available to any of the Borrower and the Corporate Guarantor relating to Financial Indebtedness relating to an amount exceeding the Permitted Amount 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 (as the case may be) ability to pay its debts as they fall due, or

(iv) any guarantee given by any of the Borrower and the Corporate Guarantor in respect of Financial Indebtedness relating to an amount exceeding the Permitted Amount 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 Borrower and the Corporate Guarantor relating to an amount exceeding the Permitted Amount is not stayed or complied with within thirty (30) Business 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 Borrower and the Corporate Guarantor and is not discharged , or bail is lodged in respect thereof, within thirty (30) Business Days; 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 Borrower 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 of the Borrower and the Corporate Guarantor or an order

is made or resolution passed for the winding up of any of the Borrower and the Corporate Guarantor 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 of the Borrower and the Corporate Guarantor or the Lender believes that any such petition or other step is imminent or an administration order is made in relation to any of the Borrower and the Corporate Guarantor; or

(k) Appointment of receivers and managers: any administrative or other receiver is appointed of any of the Borrower and the Corporate Guarantor 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 of the Borrower and the Corporate Guarantor 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 Borrower is 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 reasonable 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 sixth (60) days; or

(p) 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

(q) Unlawfulness: it becomes impossible or unlawful at any time for any Security Party, to fulfil any of the covenants, undertakings 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

(r) 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

(s) 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

(t) Arrest: the Vessel 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 the Borrower and the Borrower shall fail to procure the release of the Vessel within a period of sixty (60) days thereafter; or

(u) Registration: the registration of the Vessel 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 Delivery Date and is not permanently registered under the laws and flag of the Flag State at least thirty (30) days prior to the deadline for completing such permanent registration; or

(v) Unrest: the Flag State of the 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 Borrower has failed within forty five (45) days from receiving notice from the Lender to this effect to (i) delete the Vessel from its Flag State and (ii) re-register the Vessel under another Flag State approved by the Lender in its sole discretion through a relevant Registry, in each case, at the Borrower's cost and expense; or

(w) Environment: any Relevant Party and/or the Approved Manager and/or any of their respective Environmental Affiliates fails to comply with any Environmental Law or any Environmental Approval in respect of the Vessel or any Relevant Ship, or the Vessel 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 non-compliance or incident or the consequences thereof could (in the opinion of the Lender) be expected to have a Material Adverse Change as described hereinbelow under paragraph (ff); or

(x) 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 the Vessel is entered for insurance or insured against protection and indemnity risks (including oil pollution risks) to the effect that any cover in relation to the Vessel (including without limitation, liability for Environmental Claims arising in jurisdictions where the Vessel operates or trades) is or may be liable to cancellation, qualification or exclusion at any time; or

(y) Change of Management: the Vessel ceases to be managed by the Approved Manager (for any reason other than the reason of a Total Loss or sale of the Vessel) without the approval of the Lender (which shall not be unreasonably withheld) and the Borrower fails to appoint another Approved Manager prior to the termination of the mandate with the previous Approved Manager; or

(z) Deviation of Earnings: any Earnings of the Vessel are not paid to the Operating Account for any reason whatsoever (other than with the Lender's prior written consent); or

(aa) 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(s) *(Compliance with ISM Code)* and Clause 8.3(t) *(Compliance with ISPS Code)* are not complied with and the Vessel ceases to comply with the ISM Code or, as the case may be, the ISPS Code; or

(bb) Sanctions: (without prejudice to the generality of sub-

Clause 9.1(c) *(Breach of other obligations)*) for any reason whatsoever the provisions of Clause 8.6 *(Sanctions)* and Clause 8.7 *(Compliance with laws etc.)* are not complied with; or

(cc) Material Adverse Change: there occurs, in the reasonable opinion of the Lender, a Material Adverse Change in the financial condition of any of the Borrower and the Corporate Guarantor as described by the Borrower or any other Security Party to the Lender in the negotiation of this Agreement, which might, in the reasonable opinion of the Lender, materially impair the ability of the above Security Parties (or any of them) to perform their respective obligations under this Agreement and the Finance Documents to which is or is to be a party; or

(dd) 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 Borrower 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 Borrower 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 Borrower; 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 the Vessel, 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 Borrower (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 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 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 Borrower shall on demand (and it is hereby expressly undertaken by the Borrower to) indemnify the Lender, without prejudice to any of the other rights of the Lender under any of the Finance Documents, against any loss (excluding loss of the applicable Margin but including 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 *(Mandatory Prepayment in case of Total Loss or sale or refinancing of the Vessel)*, 8.5(a) *(Security shortfall-Additional Security)*, Clause 12.1 *(Unlawfulness)* or Clause 12.5 *(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 or the relevant part thereof not being advanced for any reason (excluding any default by the Lender and any reason specified in Clauses 3.6 *(Market disruption)*, 4.3(a) *(Total Loss of 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.

10.2 **Expenses**

The Borrower shall (and it is hereby expressly undertaken by the Borrower to) pay to the Lender on demand:

(a) Initial and Amendment expenses: all expenses (including legal, printing and out-of-pocket expenses) reasonably incurred by the Lender and properly documented 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 Borrower 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 legal and out-of-pocket expenses) incurred by the Lender and properly documented 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 Vessel or the Finance Documents. The said legal costs shall be supported by relevant invoices and due and payable on the Drawdown Date; and

(d) Other expenses: any and all other Expenses.

10.3 Break Costs

If 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 Lender has or will, with effect from a specified date, incur Break Costs:

(a) the Lender shall promptly notify the Borrower;

(b) the Borrower shall, within five Business Days of the Lender's demand, pay to the Lender the amount of such Break Costs; and

(c) the Lender shall, as soon as reasonably practicable, following a request by the Borrower, provide a certificate confirming the amount of the 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 Borrower.

In this Clause 10.3, ***"Break Costs"*** means, in relation to a Payment the amount (if any) by which:

(i) the interest which the Lender, should have received in accordance with Clause 3 *(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 Lender, would be able to obtain by placing an amount equal to such Payment on deposit with a leading bank 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.

10.4 **Value Added Tax**

All fees and expenses payable pursuant to this Clause 10 shall be paid together with value added tax (if applicable) 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.

10.5 Stamp duty etc.

The Borrower 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 Borrower to pay such stamp taxes or charges.

10.6 Environmental Indemnity

The Borrower 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.

10.7 Currency Indemnity

If any sum due from the Borrower 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 Borrower 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 Borrower shall (and it is hereby expressly undertaken by the Borrower 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.

10.8 Maintenance of the Indemnities

The indemnities contained in this Clause 10 shall apply irrespective of any indulgence granted to the Borrower 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 Borrower 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 costs and MAPI costs

The Borrower 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) 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 Borrower shall pay on demand to the Lender its proportion of premium due in respect of the Vessel 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 Borrower shall (save for manifest error) be conclusive and binding upon the Borrower.

10.10 **Central Bank or European Central Bank reserve requirements indemnity**

The Borrower 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)*.

10.11 Communications Indemnity

It is hereby agreed in connection with communications that:

(a) Express authority is hereby given by the Borrower 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 (as defined in Clause 16.8 *(Meaning of "notice")*, 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 Borrower 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 16.1 *(Notices)* or any other fax or electronic address usually used by it or the Approved Manager 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 Borrower 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 Borrower 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 Borrower, 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 Borrower and the Lender will be indemnified in full pursuant to this Clause save in case of Lender's wilful misconduct.

(f) The Lender shall have the right to ask the Borrower to furnish any information the Lender may require to establish the authority of any person purporting to act on behalf of the Borrower 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 Borrower 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 Borrower or by any of its authorised representative(s).

(g) It is undertaken by the Borrower 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 Borrower 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 Borrower to comply with the obligations under this Clause 10.11.

10.12 Electronic communication

Any communication from the Lender made by electronic means will be sent unsecured and without electronic signature,

however, the Borrower 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 Borrower hereby acknowledges and accepts 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 Borrower resulting from such unsecured electronic mail communication.

(b) If the Borrower 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

(iii) in case electronic communication is sent to recipients with the domain <*@unitizedocean.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.

10.13 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.

10.14 FATCA status

(a) Subject to Clause 10.14(c) below, each party shall, within ten (10) Business Days of a reasonable request by another party:

(i) confirm to that other party whether it is:

(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 10.14(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 10.14(a)(i) above shall not oblige the Lender to do anything which would or might in its 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 its status or to supply forms, documentation or other information requested in accordance with Clause10.14(a) above (including, for the avoidance of doubt, where Clause 10.14(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.

10.15 **Arrangement fee**

(a) Arrangement fee: The Borrower shall pay to the Lender an arrangement fee in an amount of Dollars equal to zero point five zero per cent. (0.50%) of the amount of the Loan.

(b) Non-refundable: The Arrangement Fee shall be payable by the Borrower to the Lender irrespective of utilisation/cancellation in part or in whole of the Commitment and/or the MOA cancellation or non-Delivery of the Vessel 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 Borrower 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 of the Security Documents as provided in Clause 7 *(Conditions Precedent)*.

11.2 **Maintenance of Securities**

It is hereby undertaken by the Borrower 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 Borrower, 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 10 *(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 other Security Party under any corresponding or similar provision in any other Finance Document);

bb) Secondly, in or towards payment of any default interest then due and payable to the Lender;

cc) 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;

dd) Fourthly, in or towards repayment of the Loan (whether the same is due and payable or not);

(ii) SECOND 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 Business 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 the 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 Borrower:

(i) to apply any credit balance standing upon any account of the 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 Borrower under this Agreement, the General Assignment and/or any of the other Finance Documents;

(ii) in the name of the Borrower 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 the 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 Borrower;

bb) to convert or translate all or any part of a deposit or other credit balance into Dollars, such conversion or translation to be made at the Lender's market rate of exchange in its usual course of business for the purpose of the set-off; 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 Borrower forthwith upon the exercise of any right of set-off giving full details in relation thereto.

12. UNLAWFULNESS, INCREASED COST AND 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 Borrower whereupon the Commitment shall be reduced to zero and the Borrower shall be obliged to prepay the Loan or to determine or charge interest rates based upon Term SOFR 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 Borrower 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 12.6 *(Exception)*):

(i) the Lender shall notify the Borrower in writing of such event promptly upon it becoming aware of the same; and

(ii) the Borrower 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 Borrower 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 Borrower as to the amount of any increased cost or reduction and the method of calculating the same and the Borrower shall be allowed to rebut such evidence by any means of evidence save for witness. A claim under Clause 12.2 *(Increased Cost)* and must be discharged by the Borrower on the next Interest Payment Date or alternatively within seven (7) days of demand by the Lender. It shall not be a defence to a claim by the Lender under this Clause 12.4 that any increased cost or reduction could have been avoided by the Lender. Any amount due from the Borrower 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

(a) Prepayment: If any additional amounts are required to be paid by the Borrower to the Lender by virtue of Clause 12.2 *(Increased Cost)*, the Borrower shall be entitled, on giving the Lender not less than seven (7) 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.

(b) Application of prepayment: Clause 4 *(Repayment-Prepayment)* shall apply in relation to the prepayment.

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 ACCOUNT

13.1 General

The Borrower undertakes with the Lender that it will:

(a) on or before the Drawdown Date open **the** Operating Account; and

(b) ensure and procure that all moneys payable to the Borrower in respect of the Earnings of the Vessel and the Insurances thereon shall, unless and until the Lender directs to the contrary pursuant to the General Assignment, be paid to the 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)*,

provided, always, that any moneys received in a currency other than Dollars, may be converted in Dollars by the Lender at the Lender's spot rate of exchange.

13.2 Application of Earnings

Unless and until an Event of Default shall occur (whereupon the provisions of Clause 11.3 *(Application of receipts)* shall be applicable) and subject to the terms and conditions of the Accounts Pledge Agreement no monies shall be withdrawn from the Operating Account save as hereinafter provided. Subject to no Event of Default having occurred and being continuing, all monies paid to the Operating Account (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:

(a) First: in or towards 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);

(b) Second: in or towards payment of the Operating Expenses; and

(c) Third: any credit balance shall be, subject to the provisions of this Agreement (including dividends restriction, as provided in Clause 8.2(o) *(No dividends or distributions)*) and the Accounts Pledge Agreement, available to the Borrower to be used for any purpose not inconsistent with the Borrower's 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 shall have occurred and is continuing, be released to the Borrower.

13.4 Drawings from Operating Account

After the occurrence of an Event of Default which is continuing the Lender shall not permit the Borrower to make any drawings from their respective Operating Account.

13.5 Authorisation

The Lender shall be entitled (but not obliged) at any time, and to this respect the Lender is hereby authorised by the Borrower from time to time to debit the Operating Account, without notice to the Borrower, 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 10 *(Indemnities - Expenses – Fees)*. The Lender shall notify the Borrower following any such discharge of any amount due and payable to the Lender giving the necessary details in relation thereto.

13.6 Obligations unaffected

Nothing in this Clause 13 contained shall be deemed to affect:

(a) the liability and absolute obligation of the Borrower 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 Borrower or any other Security Party under any Finance Document.

13.7 Relocation of Operating Account

The Borrower, 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 the 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 the Operating Account.

13.8 Application on Event of Default

Upon the occurrence of an Event of Default which is continuing or at any time thereafter (whether or not notice of default has been given to the Borrower) 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 Account and accrued interest (if any) without notice to the Borrower in the manner specified in Clause 11.3 *(Application of receipts)* (and express and irrevocable authority is hereby given by the Borrower to the Lender so to set off by debiting the Operating Account accordingly by the same and the Borrower shall be released to the extent of such set off and application.

13.9 No Security Interests

The Borrower hereby covenants with the Lender that the Operating Account and any moneys therein shall not be charged, assigned, transferred or pledged nor shall there be granted by the Borrower or suffered to arise any third party rights over or against the whole or any part of the Operating Account other than in favour of the Lender as promised herein and in the General Assignment.

13.10 Operation of Operating Account

The Operating Account shall be operated by the Borrower to the degree permitted by this Agreement and the General Assignment in accordance with the Lender's usual terms and conditions (full knowledge of which the Borrower 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 Borrower).

13.11 Release

Upon payment in full of all the Outstanding Indebtedness in full, any balance then standing to the credit of the Operating Account shall be released and paid to the 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 Borrower and their respective successors and assigns.

14.2 **No Assignment by the Borrower and other Security Parties**

Neither the Borrower 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 Borrower and the other Security Parties but with thirty (30) days prior notice to the Borrower, 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:

(a) another branch, any Subsidiary or Affiliate of, or company controlled by, the Lender,

(b) another first class international bank or financial institution, insurer, social security fund, pension fund, capital investment company, financial intermediary or special purpose vehicle associated to any of them or any other person, or

(c) 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 Borrower and/or of any other Security Party 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 liabilities (actual or contingent) of the Borrower and/or of any other Security Party are increased, neither the Borrower nor any other Security Party shall 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 Borrower 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 Borrower and the other Security Parties, provided that the liabilities of the Borrower 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 Borrower' liabilities (actual or contingent) are increased, the Borrower 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 Borrower, in which case any cost arising therefrom shall be for the account of the Borrower.

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 Borrower undertakes, 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 Borrower 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)*, the Borrower subject to Clause 14.3 *(Assignment by the Lender)* 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 such information about the Borrower as the Lender shall consider appropriate if the Lender first procures that the relevant prospective assignee, substitute or transferee (such person together with any prospective assignee, substitute or transferee being hereinafter described as the *"**Prospective Assignee**"*) shall undertake to the Lender by way of a non disclosure agreement to keep secret and confidential and shall not, without the consent of the Borrower, 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 Borrower.

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 Borrower 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 with notice to the Borrower. The Borrower will assist the Lender as necessary to achieve a successful securitisation (or similar transaction) provided that the Borrower 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 Borrower's 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 Borrower 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 Borrower 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 Borrower, 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 **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.

15.5 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.

15.6 **Amendments - No modification, waiver etc. unless in writing**

(a) 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.

(b) 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.

15.7 **Severability of provisions**

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 Borrower 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**

The Borrower 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 opinion of the Lender may be necessary or desirable for perfecting the security contemplated or constituted by the Finance Documents.

15.10 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.

15.11 **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 Borrower acknowledges and accepts that the Lender may be required by law regulation or regulatory requirement or any request of any central bank or any court order to disclose information and deliver documentation relating to the Borrower and the transactions and matters in relation to this Agreement and/or the other Finance Documents to governmental or regulatory agencies and authorities.

(c) The Borrower acknowledges and accepts that in case of occurrence of any of the Events of Default which is continuing the Lender may disclose information and deliver documentation relating to the Borrower 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 Borrower expressly authorises any such disclosure and delivery.

(d) The Borrower acknowledges and accepts that the Lender may be prohibited from disclosing information to the Borrower by reason of law or duties of confidentiality owed or to be owed to other persons.

(e) This Clause 15.11 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.

15.12 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 or the personal data that have been or will be lawfully received by the Lender in relation to this Agreement and the Finance Documents will be included at the personal data database maintained by the Lender as processing agent *(Υπεύθυνη Επεξεργασίας)* and will be processed by the Lender for the purpose of properly serving, supporting and monitoring their current business relationship.

(b) Process of personal data to Teiresias: The Borrower hereby expressly gives its consent to the communication for process in the meaning of law 2472/97 by the Lender of its personal data contained in this Agreement, the Finance Documents, in the Operating Account for onwards communication thereof to an inter-banking database record called *"Teiresias"* kept and solely used by banks and financial institutions. The Borrower is entitled at any relevant time throughout the Security Period to revoke its consent given hereunder by written notice addressed to the Lender and the Registrar of *"Teiresias A.E."* at 2, Alamanas street, 15125 Maroussi, Athens, Greece.

(c) 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. NOTICES AND COMMUNICATIONS

16.1 **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 Clauses 10.11 *(Communications Indemnity)*, and Clause 10.12 *(Electronic Communication)* and 16.6 *(Effect of 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 UNITIZED OCEAN TRANSPORT LIMITED,
373 Syngrou Ave. & 2-4 Ymittou Str.,
175 64 Palaio Faliro, Athens, Greece
Facsimile No: +30 216 600 2599
Attention: Mr. Andreas Nikolaos Michalopoulos
E-mail:

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:

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.

16.2 **Effective date of notices**

Subject to Clauses 16.3 *(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.

16.3 Service outside business hours

However, if under Clause 16.2 *(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 16.4 *(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.

16.4 Illegible notices

Clauses 16.2 *(Effective date of notices)* and 16.3 *(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.

16.5 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.

16.6 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 (5) Business 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 Business 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 16.6.

16.7 Language

Any notice under or in connection with a Finance Document shall be in English.

16.8 **Meaning of "notice"**

In this Clause 16, ***"notice"*** includes any demand, consent, authorisation, approval, instruction, waiver or other communication.

17. LAW AND JURISDICTION

17.1 **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 Borrower but the Borrower shall be allowed to rebut such evidence save for witness.

17.2 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**"*). The Borrower 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 17.2 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.

17.3 **Process Agent for English Proceedings**

Without prejudice to any other mode of service allowed under any relevant law the Borrower irrevocably designates, appoints and empowers Messrs. HILL DICKINSON SERVICES (LONDON) LTD, currently of The Broadgate Tower, 20 Primrose Street, London EC2A 2EW, United Kingdom (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) the Borrower 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, the 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 Borrower's 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 Borrower in accordance with Clause 16 *(Notices and communications)*; and

(b) the Borrower hereby agrees that failure by a Process Agent for English Proceedings to notify the Borrower of the process will not invalidate the proceedings concerned.

17.4 **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 the Borrower and it is agreed and undertaken by the Borrower 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 the Borrower agrees that any judgment or order obtained in an English court shall be conclusive and binding on the Borrower and shall be enforceable without review in the courts of any other jurisdiction.

17.5 **Process Agent (*antiklitos*) in Greece**

MRS. AIKATERINI OIKONOMEA, an Attorney-at-Law, currently c/o Unitized Ocean Transport limited, 373 Syngrou Ave. & 2-4 Ymittou Str. 175 64 Palaio Faliro, Athens, Greece (hereinafter called the ***"Process Agent for Greek Proceedings"***) is hereby appointed by the Borrower 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.

17.6 **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.

17.7 **Meaning of "proceedings"**

In this Clause 17 "***proceedings***" means proceedings of any kind, including an application for a provisional or protective measure.

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SCHEDULE 1

Form of Drawdown Notice

Schedule 2

Form of Insurance Letter

Schedule 3

Form of COMPLIANCE CERTIFICATE

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. Aikaterini Oikonomea	)	
for and on behalf of	)	
ARBAR SHIPPING COMPANY INC.,	)	
of the Marshall Islands,	)	/s/ Aikaterini Oikonomea
in the presence of:	)	Attorney-in-fact

Witness: /s/ Ioannis Kotronias
Name: Ioannis Kotronias
Address: 13 Defteras Merarchias
Piraeus, Greece
Occupation: t. Attorney-at-Law

SIGNED by	)	
Mr. Konstantinos Flokos and	)	/s/ Konstantinos Flokos
Mrs. Chrysanthi Papathanasopoulou	)	Attorney-in-fact
for and on behalf of	)	
ALPHA BANK S.A.,	)	
of Greece,	)	
in the presence of:	)	/s/ Chrysanthi Papathanasopoulou
		Attorney-in-fact

Witness: /s/ Ioannis Kotronias
Name: Ioannis Kotronias
Address: 13 Defteras Merarchias
Piraeus, Greece
Occupation: t. Attorney-at-Law

Exhibit 8.1

List of Subsidiaries as at December 31, 2022

Name of Subsidiary	**Place of Incorporation**
Unitized Ocean Transport Limited	Marshall Islands
Taburao Shipping Company Inc.	Marshall Islands
Tarawa Shipping Company Inc.	Marshall Islands
Toka Shipping Company Inc.	Marshall Islands
Arno Shipping Company Inc.	Marshall Islands
Maloelap Shipping Company Inc.	Marshall Islands
Garu Shipping Company Inc.	Marshall Islands
Bock Shipping Company Inc.	Marshall Islands
Arbar Shipping Company Inc.	Marshall Islands
Performance Shipping USA LLC	Delaware, USA

Exhibit 12.1

CERTIFICATION OF THE PRINCIPAL EXECUTIVE OFFICER

I, Andreas Michalopoulos, certify that:

1. I have reviewed this annual report on Form 20-F of Performance Shipping 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(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and

5. The Company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: April 27, 2023

/s/Andreas Michalopoulos
Andreas Michalopoulos
Chief Executive Officer, Director and Secretary (Principal Executive Officer)

Exhibit 12.2

CERTIFICATION OF THE PRINCIPAL FINANCIAL OFFICER

I, Anthony Argyropoulos, certify that:

1. I have reviewed this annual report on Form 20-F of Performance Shipping 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(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and

5. The Company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: April 27, 2023

/s/ Anthony Argyropoulos
Anthony Argyropoulos
Chief Financial Officer (Principal Financial Officer)

Exhibit 13.1

PRINCIPAL EXECUTIVE OFFICER CERTIFICATION
PURSUANT TO 18 U.S.C. SECTION 1350

In connection with this Annual Report of Performance Shipping Inc. (the "Company") on Form 20-F for the year ended December 31, 2022 as filed with the Securities and Exchange Commission (the "SEC") on or about the date hereof (the "Report"), I, Andreas Michalopoulos, Chief Executive Officer, Director and Secretary of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement has been provided to the Company and will be retained by the Company and furnished to the SEC or its staff upon request.

Date: April 27, 2023

/s/Andreas Michalopoulos
Andreas Michalopoulos
Chief Executive Officer, Director and Secretary (Principal Executive Officer)

Exhibit 13.2

PRINCIPAL FINANCIAL OFFICER CERTIFICATION
PURSUANT TO 18 U.S.C. SECTION 1350

In connection with this Annual Report of Performance Shipping Inc. (the "Company") on Form 20-F for the year ended December 31, 2022 as filed with the Securities and Exchange Commission (the "SEC") on or about the date hereof (the "Report"), I, Anthony Argyropoulos, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement has been provided to the Company and will be retained by the Company and furnished to the SEC or its staff upon request.

Date: April 27, 2023

/s/ Anthony Argyropoulos
Anthony Argyropoulos
Chief Financial Officer (Principal Financial Officer)

Exhibit 15.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements:

(1) Registration Statement (Form F-3 No. 333-271398) of Performance Shipping Inc.,
(2) Registration Statement (Form F-3 No. 333-266946) of Performance Shipping Inc.,
(3) Registration Statement (Form F-3 No. 333-237637) of Performance Shipping Inc., and
(4) Registration Statement (Form F-3 No. 333-197740) of Performance Shipping Inc.;

of our report dated March 23, 2023, with respect to the consolidated financial statements of Performance Shipping Inc. included in this Annual Report (Form 20-F) of Performance Shipping Inc. for the year ended December 31, 2022.

/s/ Ernst & Young (Hellas) Certified Auditors Accountants S.A.

Athens, Greece
April 27, 2023

Exhibit 15.2

CONSENT OF WATSON FARLEY & WILLIAMS LLP

Reference is made to the annual report on Form 20-F of Performance Shipping Inc. (the "Company") for the year ended December 31, 2022 (the "Annual Report") and the registration statements on Form F-3 (Registration No. 333-271398, Registration No. 333-266946, Registration No. 333-237637 and Registration No. 333-197740) of the Company, including the prospectuses contained therein (the "Registration Statements"). We hereby consent to (i) the filing of this letter as an exhibit to the Annual Report, which is incorporated by reference into the Registration Statements and (ii) each reference to us and the discussions of advice provided by us in the Annual Report under the section "Item 10. Additional Information-E. Taxation" and to the incorporation by reference of the same in the Registration Statements, in each case, without admitting we are "experts" within the meaning of the Securities Act of 1933, as amended, or the rules and regulations of the U.S. Securities and Exchange Commission promulgated thereunder with respect to any part of the Registration Statements.

/s/ Watson Farley & Williams LLP
Watson Farley & Williams LLP
New York, New York
April 27, 2023